

**ORDINANCE**

**AN ORDINANCE APPROVING A LEASE-PURCHASE WITH CLAYTON HOLDINGS LLC**

**WHEREAS**, the City is a home rule municipality with all powers granted by Article XX of the Colorado Constitution and its Home Rule Charter;

**WHEREAS**, Article XX, § 6 of the Colorado Constitution states: "The statutes of the state of Colorado, **so far as applicable**, shall continue to apply to such cities and towns, except insofar as superseded by the charters of such cities and towns or by ordinance passed pursuant to such charters." Colo. Const. art. XX, § 6 (emphasis added);

**WHEREAS**, Section 5.8 of the City's Home Rule Charter provides that ordinances adopted by the City Council become effective five days after publication after final passage;

**WHEREAS**, C.R.S. § 31-15-801 purports to require that municipalities approve long term lease agreements and lease-purchase agreements by ordinance that is not effective for at least thirty (30) days after passage;

**WHEREAS**, C.R.S. § 31-15-801 conflicts with Section 5.8 of the City's Home Rule Charter, which provides that ordinances are effective five days after publication after final passage;

**WHEREAS**, C.R.S. § 31-15-801 contains no declaration of statewide concern and specifically applies to a "city" or a "town", which terms have been construed to mean a statutory city and statutory town by the Colorado Court of Appeals in the case of *Allely v. City of Evans*, 124 P.3d 911 (Colo. App. 2005);

**WHEREAS**, the City Council hereby finds and determines that the procedures for approval of lease-purchase agreements are a matter of purely local concern;

**WHEREAS**, as a home rule municipality, in the matter of deciding the procedures applicable to the approval of lease-purchase agreements, which is a matter of purely local concern, the City is not subject to those portions of C.R.S. §§ 31-15-801 and -802 which conflict with Section 5.8 of the City's Home Rule Charter;

**WHEREAS**, the City is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated the 13<sup>th</sup> day of September, 2017, with Commerce Bank; and

**WHEREAS**, the City has carefully reviewed its financing requirements for the current calendar year and reasonably expects that it will not issue more than ten

million dollars (\$10,000,000) of tax-exempt obligations during the calendar year.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANITOU SPRINGS, COLORADO, THAT:**

**Section 1:** The City be, and hereby is, authorized to enter into the Lease with Clayton Holdings, LLC (attached hereto with related documents, including without limitation the escrow agreement, as **Exhibit A**, collectively referred to as the “Lease”) for a period of 108 months.

**Section 2:** The following officials of the City be, and hereby are, authorized, empowered and directed to sign on its behalf the Lease and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Lease and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>
<u>Nicole Nicoletta</u>	<u>Mayor</u>	_____
<u>Rebecca Davis</u>	<u>Finance Director</u>	_____
<u>Nicole Ortega</u>	<u>Deputy Finance Director</u>	_____

**Section 3:** Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, this Lease be and hereby is designated a "qualified tax-exempt obligation" includable within the ten million dollars (\$10,000,000) of the aggregate issues designated as "qualified tax-exempt obligations" for the calendar year within which this Lease is entered into.

**Section 4:** The City shall not designate more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year as qualified tax-exempt obligations and the City, together with its subordinate entities, does not reasonably expect to issue more than ten million dollars (\$10,000,000) of tax exempt obligations during the current calendar year.

**Section 5:** If any article, section, paragraph, sentence, clause or phrase of this ordinance is held to be unconstitutional or invalid for any reason, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each part or parts hereof irrespective of the fact that any one part or parts be declared unconstitutional or invalid.

**Section 6:** The repeal or modification of any provision of Manitou Springs Municipal Code by this ordinance shall not release, extinguish, alter, modify or change in whole or in part any penalty, forfeiture or liability, either civil or criminal, which shall have been incurred under such provision. Each provision shall be treated and held as still remaining in force for the purpose of sustaining any and all proper actions, suits, proceedings and prosecutions for enforcement of the penalty, forfeiture or liability, as well as for the purpose of sustaining any judgment, decree or order which can or may be rendered, entered or made in such actions, suits, proceedings or prosecutions.

**Section 7:** This ordinance is deemed necessary for the protection of the health, welfare and safety of the community.

**Section 8:** This ordinance shall take effect five (5) days after publication following final passage.

Passed on first reading and ordered published this 15 day of August, 2017.

/s/ Donna Kast  
City Clerk, Donna Kast

A Public Hearing on this ordinance will be held at the September 5, 2017, City Council meeting. The Council Meeting will be held at 6:00 P.M. at City Hall, 606 Manitou Avenue, Manitou Springs, Colorado.

Ordinance Published: August 17, 2017 (in full)  
*City's Official Website and City Hall*

Passed on second reading and adopted by Council this 5 day of September, 2017.

/s/ Nicole Nicoletta  
Mayor, Nicole Nicoletta

Attest: /s/ Donna Kast  
City Clerk, Donna Kast

Ordinance Published: September 7, 2017 (in full)  
*City's Official Website and City Hall*



## CLAYTON HOLDINGS, LLC

### STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT

**Lease Number: 5000217-001**

This State and Municipal Lease/Purchase Agreement (the "Lease") is made and entered into on this, the Twenty-Third day of August, 2017 by and between Clayton Holdings, LLC with offices at 8000 Forsyth Boulevard, Suite 510, St. Louis, Missouri 63105 (herein called the "Lessor"), and the City of Manitou Springs with its principal address at 606 Manitou Avenue, Manitou Springs, Colorado 80829 (herein called the "Lessee"), wherein it is agreed as follows:

- 1. LEASE OF EQUIPMENT:** Lessee hereby requests Lessor to acquire the equipment described in Schedule A attached hereto and made a part hereof. Subject to the terms and conditions hereof, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the equipment described in Schedule A, with all replacement parts, repairs, additions and accessories incorporated therein or affixed thereto (herein collectively called the "Equipment").
- 2. DELIVERY AND ACCEPTANCE:** Lessee agrees to order the Equipment from the supplier of such Equipment, but will not be liable for specific performance of this Lease or for damages if for any reason the supplier delays or fails to fill the order. Lessee will cause the Equipment to be delivered at the location specified in Schedule A (the "Equipment Location"). Lessee will pay all transportation and other costs, if any, incurred in connection with the delivery and installation of the Equipment. Any delay in such delivery will not affect the validity of this Lease. Lessee will accept the Equipment as soon as it has been delivered and is operational, or as soon as any manufacturer or vendor pre-acceptance test period has expired. Lessee will have no more than thirty (30) days from the date of delivery of the Equipment to accept such Equipment. In the event the Equipment is not accepted by Lessee within thirty (30) days from the date of its delivery, Lessor, at Lessor's sole option, will have the right to terminate this Lease. Lessee will evidence its acceptance of the Equipment by executing and delivering to Lessor a delivery and acceptance certificate in the form of Schedule B attached hereto and made a part hereof (the "Acceptance Certificate"). Lessee hereby authorizes the Lessor to add to this Lease and to any other description of the Equipment the serial number of each item of Equipment when available.
- 3. TERM:** This Lease will become effective upon the execution hereof by Lessee and Lessor. The initial term of this Lease will commence on the earlier of the date Lessee executes the Acceptance Certificate or the date funds sufficient to purchase the Equipment are deposited with a bank or trust company in an escrow fund (the "Start Date") and will extend through the end of Lessee's fiscal year containing the Start Date. Unless earlier terminated as expressly provided for in this Lease, the term of this Lease will be automatically renewed on a year-to-year basis for the number of annual fiscal periods necessary to comprise the lease term as set forth in Schedule C attached hereto and made a part hereof (the "Lease Term").
- 4. RENT:** Lessee agrees to pay Lessor or any Assignee (as defined in Section 22 below), the rental payments for the Equipment as set forth in Schedule C (the "Rental Payments"). A portion of each Rental Payment is paid as and represents the payment of interest as set forth in Schedule C. The Rental Payments will be payable without notice or demand, at the office of Lessor (or such other place as Lessor or any Assignee may designate in writing, from time to time) and will commence on the Start Date or as otherwise set forth in Schedule C, and the remaining Rental Payments will be payable on the same day of each consecutive month or quarter or semiannual or annual period thereafter (as designated in Schedule C) for the duration of the Lease Term. Any notice, invoicing, purchase orders, quotations or other forms or procedures requested by Lessee in connection with payment will be fully explained and provided to Lessor or any Assignee sufficiently in advance of the payment due date for the completion thereof by Lessor or any Assignee prior to such payment date, but none of the foregoing will be a condition to Lessee's obligation to make any such payment. If Lessee fails to pay any monthly rental payment or any other sums under the Lease within ten (10) days when the same becomes due, Lessee shall pay to Lessor (in addition to and not in lieu of other rights of Lessor) a late charge equal to the greater of five (5%) percent of such delinquent amount or Twenty-Five Dollars (\$25.00), but in any event not more than the maximum permitted by law. Such late charge shall be payable by Lessee upon demand by Lessor and shall be deemed rent hereunder. Lessee acknowledges and agrees that the late charge (i) does not constitute interest, (ii) is an estimate of the costs Lessor will incur as a result of the late payment and (iii) is reasonable in amount. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments hereunder will constitute a current expense of Lessee and will not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee. EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 8 HEREOF, THE RENTAL PAYMENTS SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS AND WILL NOT BE SUBJECT TO ANY SETOFF, DEFENSE, COUNTERCLAIM, ABATEMENT OR RECOUPMENT FOR ANY REASON WHATSOEVER.

Notwithstanding the foregoing, in the event that Lessee, by its use of the Equipment or by its actions or omissions or by any means whatsoever, causes any interest payments as set forth in Schedule C to be included in Lessor's gross income, Lessee agrees that the interest portion of the Rental Payments on Schedule C will be adjusted commencing with the first day of the next succeeding fiscal year of the Lessee, but only if this Lease is renewed for such fiscal year, and thereafter, so that Lessor, its Assignees and any participants with such, will be in the same after-tax position they would have been in had such payment been excluded from the gross income of Lessor, its Assignees and any participants with such under Section 103 of the Code.

- 5. AUTHORITY AND AUTHORIZATION:** Lessee represents, warrants and covenants that (a) it will do or cause to be done all things necessary to preserve and keep in full force and effect (i) its existence, and (ii) subject to Section 8 hereof, the Lease; (b) it has complied with all bidding and budgeting requirements where necessary and by due notification has presented this Lease for approval and adoption as a valid obligation on its part and that all requirements have been met and procedures have been followed to ensure the enforceability of the Lease; (c) it has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal year period; (d) no event has occurred and no condition exists which, upon the execution of this Lease or with notice or the passage of time or both, would constitute a default under any debt, revenue or purchase obligation which it has issued or to which it is a party (the "Obligation") nor has it been in default under any Obligation at any time during the past five (5) years, and (e) no lease, rental agreement or contract for purchase, to which Lessee has been a party, at any time during the past five (5) years, has been terminated by Lessee as a result of insufficient funds being appropriated in any fiscal period.

6. **LESSEE CERTIFICATION:** Lessee warrants and covenants that (i) it is a state, or a political subdivision thereof, within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and the related regulations and rulings thereunder; (ii) subject to Section 8 hereof, Lessee's obligation under this Lease constitutes an enforceable obligation issued by or on behalf of a state, or political subdivision thereof, such that any interest income derived under this Lease and due Lessor or its Assignee, including, but not limited to, those amounts designated as interest in Schedule C, will not be includable in the gross income of Lessor, its Assignee or any participants with such for the purposes of federal income taxation; (iii) this Lease represents a valid deferred payment obligation of Lessee for the amount herein set forth; (iv) Lessee has the legal capacity to enter into this Lease and is not in contravention of any state, county, district, city or town statute, rule, regulation or other governmental provision; (v) during the Lease Term, the Equipment will not be used in a trade or business of any other person or entity; (vi) Lessee will complete and file on a timely basis, Internal Revenue Service form 8038G or 8038GC, as appropriate, in the manner set forth in Section 149(e) of the Code; (vii) Lessee will not take any action or permit the omission of any action reasonably within its control which action or omission will cause the interest portion of any Rental Payment hereunder to be includable in gross income for federal income taxation purposes; (viii) Lessee's federal employer identification number below is correct; (ix) Rental Payments represent the fair value of the use of the respective Equipment, and that the Purchase Price represents the fair purchase price of the Equipment and the Rental Payments do not exceed a reasonable amount so as to place the Lessee under an economic or practical compulsion to appropriate moneys to make Rental Payments under the Lease or to exercise its option to purchase the Equipment pursuant to the Schedule C. In making such determinations, Lessee has given consideration to the current market value of the Equipment, the cost of acquiring the Equipment and the option to purchase the Equipment; and (x) the duration of the Lease Term does not exceed the weighted average useful life of the Equipment.
7. **APPROPRIATIONS AND ESSENTIAL USE:** Lessee reasonably believes that sufficient funds can be obtained to make all Rental Payments during the Lease Term. The responsible financial officer of Lessee will do all things lawfully within his or her power to obtain funds from which the Rental Payments, including any Rental Payments required by Section 4 hereof, may be made, including making provisions for such payments, to the extent necessary, in each proposed annual budget submitted for approval in accordance with applicable procedures of Lessee. Notwithstanding the foregoing, the decision whether or not to budget or appropriate funds or to extend this Lease for any subsequent annual fiscal period is solely within the discretion of the then current governing body of Lessee. It is Lessee's current intent to make the Rental Payments for the full Lease Term if funds are legally available therefore, and in that regard Lessee represents that (a) the use of the Equipment is essential to its proper, efficient, and economic functioning or to the services that it provides to its citizens; (b) Lessee has an immediate need for and expects to make immediate use of substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future; and (c) the Equipment will be used by the Lessee only for the purpose of performing one or more of its governmental or proprietary functions consistent with the permissible scope of its authority.
8. **NONAPPROPRIATION OF FUNDS:** In the event no funds or insufficient funds are appropriated and budgeted or otherwise made available for Rental Payments, including any Rental Payments required by Section 4 hereof, for any fiscal period in which the Rental Payments for the Equipment are due under this Lease, then, without penalty, liability or expense to Lessee, this Lease will thereafter terminate and be rendered null and void on the last day of the fiscal period for which appropriations were made, except as to (i) the portions of the Rental Payments herein agreed upon for which funds have been appropriated and budgeted or are otherwise available and (ii) Lessee's other obligations and liabilities under this Lease relating to, accruing or arising prior to such termination. Lessee will, not less than sixty (60) days prior to the end of such applicable fiscal period, in writing, notify Lessor and any Assignee of such occurrence, but failure to give such notice will not prevent such termination. In the event of such termination, Lessee agrees to peaceably surrender possession of the Equipment to Lessor or its Assignee on the day of such termination, packed for shipment in accordance with manufacturer's specifications and eligible for manufacturer's maintenance, and freight prepaid and insured to any location in the continental United States designated by Lessor, all at Lessee's expense, Lessor or its Assignee may exercise all available legal and equitable rights and remedies in retaking possession of the Equipment.
9. **EXCLUSION OF WARRANTIES; LIMITATIONS OF LIABILITY; DISCLAIMER OF CONSEQUENTIAL DAMAGES: LESSEE HAS SELECTED BOTH THE EQUIPMENT AND THE VENDOR(S) FROM WHOM LESSOR IS TO PURCHASE THE EQUIPMENT IN RELIANCE HEREON. LESSEE ACKNOWLEDGES AND AGREES THAT THE EQUIPMENT IS OF A SIZE, DESIGN AND CAPACITY SELECTED BY LESSEE, THAT LESSOR IS NOT A MANUFACTURER, VENDOR, DISTRIBUTOR OR LICENSOR OF SUCH EQUIPMENT, AND THAT LESSOR LEASES THE EQUIPMENT AS IS AND HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO INCLUDING ANY WARRANTIES OF TITLE OR AGAINST INFRINGEMENT OR ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR PRACTICE, ALL OF WHICH ARE SPECIFICALLY DISCLAIMED BY LESSOR AND IN NO EVENT SHALL LESSOR BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO THE SALE, LEASE, USE, PERFORMANCE OR MAINTENANCE OF THE EQUIPMENT, INCLUDING INTERRUPTION OF SERVICE, LOSS OF DATA, LOSS OF REVENUE OR PROFIT, LOSS OF TIME OR BUSINESS, OR ANY SIMILAR LOSS, EVEN IF ANY SUCH PERSON IS ADVISED IN ADVANCE OF THE POSSIBILITY OR CERTAINTY OF SUCH DAMAGES AND EVEN IF LESSEE ASSERTS OR ESTABLISHES A FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED IN THIS LEASE.**
- Lessee acknowledges that neither the original vendor nor licensor of the Equipment (including the salespersons of any of them) is an agent of Lessor, nor are they authorized to waive or alter any terms of this Lease. Lessee hereby waives any claim (including any claim based on strict or absolute liability in tort) it might have against Lessor or any assignee of the Lessor for any loss, damage or expense caused by or with respect to the Equipment. Lessor hereby assigns to Lessee during the Lease Term, to the extent permitted by law, all manufacturer's warranties, if any, that it may have with respect to the Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense. Lessor authorizes Lessee, to the extent permitted by law, to enforce in its own name any warranty, representation or other claim enforceable against the manufacturer. Lessor assumes no responsibility for shipment, delivery, installation or maintenances, and all claims of Lessee with respect thereto, whether for delay, damage or otherwise, will be made against the manufacturer. Lessor, at its option, may provide in its purchase order that the manufacturer agrees that any of such claims may be made by Lessee directly against the manufacturer. The obligation of Lessee to pay the Rental Payments as defined in Section 4 will not be abated, impaired or reduced by reason of any claims of Lessee with respect to the Equipment, including but not limited to its condition, quality, workmanship, delivery, shipment, installation, defects or otherwise.
10. **TITLE, SECURITY INTEREST:** During the Lease Term, title to the Equipment is deemed to be in Lessee, subject to Lessor's rights under this Lease, so long as no Event of Default pursuant to section 19 below has occurred and/or this Lease has not been terminated pursuant to the provisions of Section 8 above. Upon the earlier of (i) termination of this Lease in accordance with Section 8 above or (ii) the occurrence of an Event of Default by Lessee pursuant to Section 19 below, title will immediately and without any action by Lessee vest in Lessor, and Lessee will immediately surrender possession of the Equipment to Lessor. Lessee will, nevertheless, execute and deliver any instruments as Lessor may reasonably request to evidence such transfer. The parties recognize that the Equipment includes motor vehicles subject to the registration of title

requirements of State law. Lessee will, at its sole expense, obtain for each such vehicle constituting Equipment leased hereunder, a certificate of title, issued in Lessee's name. Immediately upon receipt, Lessee shall forward each original certificate of title to Lessor, and will notify the Lessor of the license plate number of each vehicle constituting Equipment leased hereunder. The original certificates of title will be held by Lessor in escrow until it has received all Rental Payments through the maximum Lease Term, at which time Lessor will promptly return the original certificates of title to Lessee. Lessee, irrevocably designates, makes, constitutes and appoints Lessor and its assignee as Lessee's true and lawful attorney (and agent-in-fact) with power, in Lessee's or Lessor's or its assignee's name, to endorse Lessee's name upon any bill of sale, application for certificate of title or other instrument relating to the Equipment in order to vest title in Lessor or its assignee, and transfer possession to Lessor or its assignee; provided, however, that such power may not be exercised by Lessor or its assignee unless (i) this Lease has been terminated in accordance with Section 8 above or (ii) an Event of Default by Lessee has occurred pursuant to Section 19 below.

Lessee will, at Lessee's expense, take such action as shall be necessary from time to time to avoid suspension or revocation of any certificates of title and to renew and maintain all certificates of registration. If Lessee is required to obtain any new certificate of title or of registration, Lessee will, at Lessee's expense and with written notice to Lessor of such action, obtain such new certificate of title or of registration in the form described above. Immediately upon receipt, Lessee will deliver the original certificate of title to Lessor and will notify the Lessor of the license plate number of each vehicle constituting Equipment leased hereunder. Lessee will provide Lessor with all license, registration and vehicle identification numbers relating to each vehicle and will arrange for the registration and titling of all such vehicles. Lessee will notify Lessor of any changes to the certificate of registration or license plate within 10 days of such change. Lessee will comply with all present and future laws, regulations, and orders relating to the vehicles constituting Equipment leased hereunder.

11. **PERSONAL PROPERTY:** The Equipment is, and will remain, personal property and will not be deemed to be affixed or attached to real property or any building thereon. If requested by Lessor, Lessee will, at Lessee's expense, furnish to Lessor landlord or mortgagee waiver with respect to the Equipment.
12. **USE; REPAIRS:** Lessee will use the Equipment in a careful manner for the use contemplated by the manufacturer of the Equipment and will comply with all laws, ordinances, insurance policies and regulations relating to, and will pay all costs, claims, damages, fees and charges arising out of, its possession, use or maintenance. Lessee, at its sole costs and expense, will maintain the Equipment according to the manufacturer's recommended guidelines or the equivalent and meet any and all recertification requirements and will furnish proof of such maintenance, if requested by Lessor and will furnish all needed servicing and parts, which parts will become part of the Equipment. If the Equipment is such as is customarily covered by a maintenance agreement, Lessee will furnish Lessor with a maintenance agreement with a party satisfactory to Lessor.
13. **ALTERATIONS:** Lessee will not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent, and any permitted alteration or attachment which cannot be readily removed without damaging the Equipment's originally intended function or value will become part of the Equipment.
14. **LOCATION; INSPECTION:** The Equipment will not be removed from, or if the Equipment consists of rolling stock, its permanent base will not be changed from the Equipment Location without Lessor's prior written consent, which consent will not be unreasonably withheld. Lessor will be entitled to enter upon the Equipment Location or elsewhere during reasonable business hours to inspect the Equipment or observe its use and operations.
15. **LIENS AND TAXES:** Lessee will keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee will pay, when due, all charges and taxes (federal, state and local) 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 will have the right, but will not be obligated, to pay said charges and taxes. If Lessor pays any charges or taxes for which Lessee is responsible or liable under this Lease, Lessee will, upon demand, reimburse Lessor therefor.
16. **RISK OF LOSS; DAMAGE; DESTRUCTION:** Lessee assumes all risk of loss of or damage to the Equipment from any cause whatsoever, and no such loss of or damage to the Equipment will relieve Lessee of the obligation to make the Rental Payments or to perform any other obligation under this Lease. In the event of damage to any item of Equipment, Lessee will immediately place the same in good repair (the proceeds of any insurance recovery will be applied to the cost of such repair). If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee, at the option of Lessor, will (a) replace the same with like equipment in good repair; or (b) on the next Rental Payment date pay to Lessor (i) all amounts owed by Lessee under this Lease, including the Rental Payment due on such date, and (ii) an amount not less than the balance of the Rental Payments then remaining unpaid hereunder. In the event that Lessee is obligated to make such payment with respect to less than all of the Equipment, Lessor will provide Lessee with the pro rata amount of the Rental Payment and the balance of the Rental Payments then remaining unpaid hereunder, as applicable, to be made by Lessee with respect to the Equipment which has suffered the event of loss.
17. **INSURANCE:** Lessee will, at its expense, maintain at all times during the Lease Term (a) fire and extended coverage, public liability and property damage insurance with respect to the Equipment in such amounts, covering such risks, and with such insurers as will be satisfactory to Lessor. In no event will the insurance limits be less than the greater of (i) an amount equal to the balance of the Rental Payments then remaining for the Lease Term or (ii) any minimum required by any co-insurance provisions of such insurance, (b) liability insurance that protects Lessor from liability in all events in form and amount satisfactory to Lessor, and (c) workers' compensation coverage as required by the laws of the state in which Lessee is located. Each insurance policy required by clause (b) of the preceding sentence will name Lessee as an insured and Lessor or its assigns as an additional insured and loss payee, as appropriate, and each insurance policy required by the preceding sentence will contain a clause requiring the insurer to give Lessor or its Assignee at least thirty (30) days prior written notice of any alteration in the terms of such policy or the cancellation thereof. The proceeds of any such policies will be payable to Lessee and Lessor or its assigns, as their interest may appear. Upon acceptance of the Equipment and upon each insurance renewal date, Lessee will deliver to Lessor a certificate evidencing such insurance. In the event of any loss, damage, injury or accident involving the Equipment, Lessee will promptly provide Lessor with written notice hereof and make available to Lessor all information and documentation relating thereto. Notwithstanding the foregoing, with Lessor's prior written consent, Lessee may self-insure against any and all risks for which insurance is required.
18. **INDEMNIFICATION:** To the extent permitted by law, and solely from legally available funds, Lessee agrees to indemnify Lessor against, and hold Lessor, its Assignees, or any participants with such, harmless from, any and all claims, actions, proceedings, expenses, damages, liabilities or losses (including, but not limited to, attorneys' fees and court costs) arising in connection with the Equipment, including, but not limited to, its selection, purchase, delivery, possession, use, operation or return and the recovery of claims under insurance policies thereon.
19. **EVENTS OF DEFAULT:** The Term "Event of Default" as used in this Lease, means the occurrence of any one or more of the following events: (a) Lessee fails to make any Rental Payment (or any other payment) as it becomes due in accordance with the terms of this Lease, and any such failure continues for ten (10) days after the date thereof; (b) Lessee fails to perform or observe any other covenant, condition or agreement to be

performed or observed by it hereunder and such failure is not cured within ten (10) days after written notice thereof by Lessor; (c) the discovery by Lessor that any statement, representation or warranty made by Lessee in this Lease or in any document delivered by Lessee pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect; (d) Lessee becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or of all or substantial part of its assets, a petition for relief is filed by Lessee under federal bankruptcy, insolvency or similar laws, or a petition in a proceeding under any bankruptcy, insolvency or similar laws, is filed against Lessee and is not dismissed within thirty (30) days thereafter; (e) Lessee suffers an adverse material change in its financial condition or operations from the date hereof and, as a result, Lessor deems itself insecure; or (f) Lessee is in default under any other agreement executed at any time with Lessor, its affiliates or Lessor's Assignee or under any other agreement or instrument by which it is bound.

- 20. REMEDIES:** Upon the occurrence of an Event of Default, Lessor may, at its option, exercise any one or more of the following remedies: (a) by written notice to Lessee, declare an amount equal to all amounts then due under this Lease and all remaining Rental Payments which will become due during the then current fiscal year of Lessee to be immediately due and payable, whereupon the same will become immediately due and payable; (together with interest on such amount at the lesser of one and one-half (1 ½ %) percent per month or the maximum permitted by law from the date on which Lessor has declared this Lease to be in default; (b) by written notice to Lessee, request Lessee to (and Lessee agrees that it will), at Lessee's expense, promptly return the Equipment to Lessor in the manner set forth in Section 8 hereof, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same without liability to Lessor or its agents for such entry or for damage to property or otherwise; (c) sell or lease the Equipment or sublease it for the account of Lessee, holding Lessee liable for (i) all Rental Payments and other payments due to the effective date of such selling, leasing or subleasing, and (ii) for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the remaining amounts payable by the Lessee through the end of the then current fiscal year of Lessee hereunder; and (d) exercise any other right, remedy or privilege which may be available to it under applicable law, including the right to (i) proceed by appropriate court action to enforce the terms of this Lease, (ii) recover damages for the breach of this Lease, and (iii) rescind this Lease as to any or all of the Equipment.

In addition, Lessee will remain liable for all covenants and indemnities under this Lease and for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

- 21. EARLY PURCHASE OPTION:** Lessee may, upon sixty (60) days prior written notice to Lessor, and provided Lessee has fully paid and performed all other obligations hereunder and provided no Event of Default has occurred and is continuing, pay to Lessor the applicable amount set forth on Schedule C attached hereto, whereupon title to the Equipment will become unconditionally vested in Lessee, and Lessor will transfer any and all of its right, title and interest in the Equipment to Lessee as is, where is, without warranty, express or implied, except that Lessor will warrant to Lessee that the Equipment is free and clear of any liens created by Lessor.
- 22. ASSIGNMENT:** Except as expressly provided herein, Lessee will not (a) assign, transfer, pledge, hypothecate or grant any security interest in, or otherwise dispose of, this Lease or the Equipment or any interest in this Lease or the Equipment or (b) sublet or lend the Equipment or permit the Equipment to be used by anyone other than Lessee or Lessee's employees unless Lessee obtains the prior written consent of Lessor and an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations satisfactory to Lessor that such action will not adversely affect the exclusion of the interest portions of the Rental Payments from gross income for federal income tax purposes.

Lessor, without the consent of Lessee, may assign all or any portion or portions of its right, title and interest in and to this Lease, the Equipment and any other documents executed with respect to this Lease, and/or grant or assign all or any portion or portions of its security interest in this Lease and the Equipment, in whole or in part to various assignees, their agents or trustees (each and any one hereinafter referred to as an "Assignee"). Any such assignment to an Assignee may provide that the Lessor or the Assignee will act as a collection and paying agent for owners of certificates of participation in this Lease, or may provide that a third-party trustee or agent will act as collection and paying agent for any Assignee, provided that any such trustee or agent will maintain registration books as a register of all persons who are owners of certificates of participation or other interest in Rental Payments and Lessee receives written notification of the name and address of the trustee or agent and a copy of the pooling and fractionalization agency or trustee agreement, if any. Any such Assignee will have all of the assigned rights of Lessor under this Lease. Subject to the foregoing, this Lease will inure to the benefit of and will be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Any assignment or reassignment of any of Lessor's right, title or interest in this Lease or the Equipment will be effective upon receipt by Lessee of a duplicate original of the counterpart document by which the assignment or reassignment is made, disclosing the name and address of each such Assignee and, where applicable, to whom further payments hereunder should be made. During the Lease Term, Lessee covenants that it will keep a complete and accurate record of all assignments in form necessary to comply with Section 149(a) of the Code and the regulations, proposed or existing, from time to time promulgated thereunder. Lessee agrees to acknowledge in writing any assignments if so required.

Lessee agrees that, upon notice of assignment, if so instructed it will pay directly to the Assignee, or its Trustee or Agent without abatement, deduction or setoff all amounts which become due hereunder. Lessee further agrees that it will not assert against any Assignee, Trustee or Agent any defense, claim, counterclaim or setoff on account of any reason whatsoever with respect to any Rental Payments or other amounts due hereunder or with respect to any action brought to obtain possession of the Equipment pursuant to this Lease.

- 23. FINANCIAL STATEMENTS:** Each year during the term of this Lease, Lessee hereby agrees to deliver to Lessor a copy of: (i) annual audited financial statements within one hundred twenty (120) days of Lessee's fiscal year-end; and (ii) within a reasonable period of time, any other financial information Lessor requests from time to time.
- 24. NATURE OF AGREEMENT:** Lessor and Lessee agree that upon the due and punctual payment and performance of the installments of Rental Payments and other amounts and obligations under this Lease, title to the Equipment will vest permanently in Lessee as provided in this Lease, free and clear of any interest, lien or security of Lessor therein.
- 25. AMENDMENTS:** This Lease may be amended or any of its terms modified for the purpose of adding Equipment, with the written consent of the parties hereto. In such event, additions to or additional Schedules attached hereto will be executed by Lessee. All other amendments or modifications of the terms of this Lease (except for the addition or serial numbers for the Equipment as set forth in the Acceptance Certificate) must be accomplished by written consent of Lessee and Lessor, or its Assignee, if any; provided, however, that no amendment of this Lease will operate to reduce or delay any Rental Payments to be made hereunder without the consent of Lessor, or its Assignee, at the time of such amendment.
- 26. NOTICES:** All notices to be given under this Lease must be made in writing and mailed by certified mail 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 is effective upon receipt.

27. **SECTION HEADINGS:** All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.
28. **GOVERNING LAW:** This Lease will be governed by the provisions hereof and by the laws of the State of Colorado.
29. **FURTHER ASSURANCES:** Lessee will deliver to Lessor (i) an opinion of counsel in substantially the form of Schedule D attached hereto or as Lessor may otherwise request; and (ii) if applicable, a certificate of a duly authorized official as to designation as a qualified tax-exempt obligation. Moreover, Lessee will execute or provide, as requested by Lessor, any documents and information that are reasonably necessary with respect to the transaction contemplated by this Lease.
30. **ENTIRE AGREEMENT:** This Lease, together with the Schedules attached hereto and made a part hereof 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 lease of the Equipment, and this Lease will not be modified, amended, altered or changed except with the written consent of Lessee or Lessor.
31. **SEVERABILITY:** Any provision of this Lease found to be prohibited by law will be ineffective to the extent of such prohibition without invalidating the remainder of this Lease.
32. **WAIVER:** The waiver by Lessor of any breach by Lessee of any term, covenant or condition, hereof will not operate as a waiver of any subsequent breach hereof.
33. **CERTIFICATION AS TO ARBITRAGE:** Lessee hereby represents as follows:
- (a) The estimated total costs of the Equipment will not be less than the total principal amount of the Rental Payments.
  - (b) The Equipment has been ordered or is expected to be ordered within six months of the effective date of this Lease, and the Equipment is expected to be delivered and installed, and the Vendor fully paid, within one (1) year of the effective date of this Lease.
  - (c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of Rental Payments.
  - (d) The Equipment has not been, and is not expected to be, sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the final Rental Payment.
  - (e) To the best of Lessee's knowledge, information and belief, the above expectations are reasonable.
34. **ELECTRONIC TRANSACTIONS.** The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE. TO PROTECT YOU (LESSEE(S) AND US (LESSOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

**BY SIGNING BELOW, YOU AND WE AGREE THAT THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN US.**

<p><i>Lessor: <u>Clayton Holdings, LLC</u></i></p> <p><i>Authorized Signature:</i> _____</p> <p><i>Printed Name:</i> _____</p> <p><i>Title:</i> _____</p> <p><i>Date:</i> _____</p>	<p><i>Lessee: <u>City of Manitou Springs</u></i></p> <p><i>Authorized Signature:</i> _____</p> <p><i>Printed Name: <u>Nicole Nicoletta</u></i></p> <p><i>Title: <u>Mayor</u></i></p> <p><i>Date:</i> _____</p> <p><i>EIN: <u>84-6000692</u></i></p>
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**SCHEDULE A TO  
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT  
Lease No. 5000217-001**

<b>Location of Equipment</b>	
Street: 606 Manitou Avenue City: Manitou Springs State: Colorado Zip Code: 80829	
<b>Description of Equipment</b>	<b>Equipment Cost</b>
Radios for Rosenbauer Pumper Fire Truck	\$30,000
Two (2) New Honda Crf250x Motorcycles for Fire Department [VIN: _____]	\$14,500
Four (4) New Police 700/800MhZ Radios	\$19,450
One (1) New Ford Escape Interceptor for Parking Enforcement [VIN: _____]	\$41,000
Riding Mower for Public Works [SN: _____]	\$9,050
One (1) New Rosenbauer MN Custom EXT Pumper Fire Truck [VIN: _____]	\$554,855
Extraction Equipment for Rosenbauer Pumper Fire Truck	\$74,590
Asphalt Roller for Public Works	\$51,050
Wood Chipper	\$40,000
<b><u>Total Equipment Cost</u></b>	<b><u>\$834,495.00</u></b>

Lessee hereby certifies that the description of the property set forth above constitutes a complete and accurate description of all Equipment as subject to in the Lease.

<p><i>Lessee: City of Manitou Springs</i></p> <p><i>Authorized Signature:</i> _____</p> <p><i>Printed Name:</i> <u>Nicole Nicoletta</u></p> <p><i>Title:</i> <u>Mayor</u></p> <p><i>Date:</i> _____</p>
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**SCHEDULE B TO  
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT  
Lease No. 5000217-001  
DELIVERY AND ACCEPTANCE CERTIFICATE**

TO: Clayton Holdings, LLC

Reference is made to the State and Municipal Lease/Purchase Agreement between the undersigned City of Manitou Springs ("Lessee"), and Clayton Holdings, LLC ("Lessor"), dated the Twenty-Third day of August, 2017 ("Lease") and to the Equipment as such term is defined therein. In connection therewith we are pleased to confirm to you the following:

1. All of the Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that Lessor is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
4. The serial number for each item of Equipment which is set forth on Schedule A to the Lease is correct.

This certificate will not be considered to alter, construe, or amend the terms of the Lease.

*Lessee: City of Manitou Springs*

*Authorized Signature: \_\_\_\_\_*

*Printed Name: Nicole Nicoletta*

*Title: Mayor*

*Date: \_\_\_\_\_*

**SCHEDULE C  
PAYMENT SCHEDULE**

Lessee: City of Manitou Springs  
 Lessor: Clayton Holdings, LLC  
 Lease Number: 5000217-001  
 Lease term in Months: One Hundred-Eight (108) Months  
 Rental Periods: Ten (10) Annual Payments, in Advance  
 First Payment Date: September 13, 2017  
 Capital Cost of Equipment: \$834,495.00

<b>Rental Payment Date</b>	<b>Payment Amount</b>	<b>Amount Credited to Interest</b>	<b>Amount Credited to Capital Cost</b>	<b>Outstanding Principal Balance</b>
09/13/2017	\$109,704.60	\$0.00	\$109,704.60	\$724,790.40
09/13/2018	\$109,704.60	\$21,310.08	\$88,394.52	\$636,395.88
09/13/2019	\$109,704.60	\$18,711.13	\$90,993.47	\$545,402.41
09/13/2020	\$109,704.60	\$16,035.77	\$93,668.83	\$451,733.58
09/13/2021	\$109,704.60	\$13,281.74	\$96,422.86	\$355,310.72
09/13/2022	\$77,451.24	\$10,446.75	\$67,004.49	\$288,306.23
09/13/2023	\$77,451.24	\$8,476.70	\$68,974.54	\$219,331.69
09/13/2024	\$77,451.24	\$6,448.73	\$71,002.51	\$148,329.18
09/13/2025	\$77,451.24	\$4,361.13	\$73,090.11	\$75,239.07
09/13/2026	<u>\$77,451.24</u>	<u>\$2,212.17</u>	<u>\$75,239.07</u>	<u>\$0.00</u>
<b>TOTALS:</b>	<b>\$935,779.20</b>	<b>\$101,284.20</b>	<b>\$834,495.00</b>	

In the event Lessee desires to prepay this lease, they may do so in whole, but not in part at a premium of the then current outstanding principal balance, calculated as follows; 3% in year (1), 2% in year (2), and 1% in each year thereafter until maturity. There is no prepayment penalty if Lessee is using internally generated funds for prepayment.

Interest, if any, accruing from the Start Date to the actual date of funding shall be retained by Lessor as additional consideration for entering into this Lease Purchase Agreement.

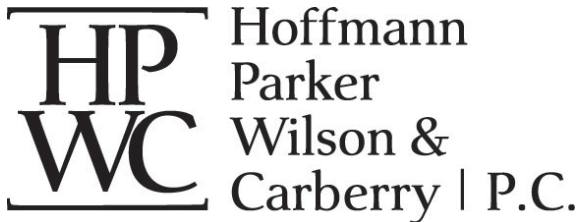
Lessee: City of Manitou Springs

Authorized Signature: \_\_\_\_\_

Printed Name: Nicole Nicoletta

Title: Mayor

Date: \_\_\_\_\_



Corey Y. Hoffmann  
Kendra L. Carberry  
Jefferson H. Parker  
M. Patrick Wilson

Of Counsel  
J. Matthew Mire  
Hilary M. Graham

**Denver Office**  
511 16<sup>th</sup> Street, Suite 610  
Denver, CO 80202-4260  
(303) 825-6444

**Vail Office**  
P.O. Box 2616  
Vail, CO 81658  
(970) 390-4941

Kathryn M. Sellars  
M. Keith Martin  
Andrew J. Gomez  
Daniel P. Harvey  
Ruthanne H. Goff

Clayton Holdings, LLC  
8000 Forsyth Boulevard, Suite 510  
St. Louis, Missouri 63105

September 5, 2017

**Re: State and Municipal Lease/Purchase Agreement No. 5000217-001 dated the 23rd day of August, 2017 (the “Lease”), between Clayton Holdings, LLC (“Lessor”) and City of Manitou Springs.**

Ladies and Gentlemen:

As legal counsel to Lessee, I have examined (a) the Lease, which, among other things, provides for the sale to and purchase by the Lessee of the Equipment, (b) an executed counterpart of the ordinance or resolution of Lessee which, among other things, authorizes Lessee to execute the Lease and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions.

Based on the foregoing, I am of the following opinions:

1. Lessee is a public body corporate and politic, duly organized and existing under the laws of the State, and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) police power.
2. Lessee has the requisite power and authority to purchase the Equipment and to execute and deliver the Lease and to perform its obligations under the Lease.
3. The Lease and the other documents either attached thereto or required therein have been duly authorized, approved and executed by and on behalf of Lessee, and the Lease is a valid and binding obligation of Lessee enforceable in accordance with its terms.
4. The authorization, approval and execution of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in

August 28, 2017

Page 2

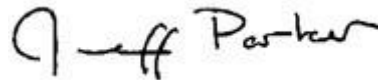
accordance with all open meeting laws, public bidding laws and all other applicable state and federal laws.

5. There is no current proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal, that I have knowledge of as of the date of this letter, which would adversely affect the transactions contemplated by the Lease or the security interest of Lessor or its assigns, as the case may be, in the Equipment.

Furthermore, I confirm that the name of the Lessee as stated in the Lease, as **City of Manitou Springs** is the exact legal name of the Lessee for all purposes contemplated herein.

All capitalized terms herein shall have the same meanings as in the Lease. Lessor, its successors and assigns and any counsel rendering an opinion on the tax-exempt status of the interest components of Rental Payments are entitled to rely on this opinion.

Very truly yours,



Jefferson H. Parker

[jhparker@hpwclaw.com](mailto:jhparker@hpwclaw.com)

**SCHEDULE E TO  
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT  
Lease No. 5000217-001**

I, \_\_\_\_\_ (Witness), do hereby certify that I am the duly elected, or appointed and acting Secretary/Clerk of the City of Manitou Springs, an agency duly organized and existing under the laws of the State of Colorado (the "Lessee"), and that the following resolutions have been presented to and duly adopted by the \_\_\_\_\_ at a meeting duly and regularly held and convened in accordance with applicable law on the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

WHEREAS, the Lessee is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated the Twenty-Third day of August, 2017, with Clayton Holdings, LLC;

WHEREAS, Lessee has carefully reviewed its financing requirements for the current calendar year and reasonably expects that it will not issue more than ten million dollars (\$10,000,000) of tax-exempt obligations during the calendar year;

NOW, THEREFORE, be it RESOLVED, that the Lessee be, and hereby is, authorized to enter into the Lease with Clayton Holdings, LLC for a period of 108 months, and be it further

RESOLVED, that the following officials of the Lessee be, and hereby are, authorized, empowered and directed to sign on its behalf the Lease and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Lease and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>
<u>Nicole Nicoletta</u>	<u>Mayor</u>	_____
<u>Rebecca Davis</u>	<u>Finance Director</u>	_____
<u>Nicole Ortega</u>	<u>Deputy Finance Director</u>	_____

RESOLVED, that pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, this Lease be and hereby is designated a "qualified tax-exempt obligation" includable within the ten million dollars (\$10,000,000) of the aggregate issues designated as "qualified tax-exempt obligations" for the calendar year within which this Lease is entered into.

RESOLVED, that Lessee shall not designate more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year as qualified tax-exempt obligations and Lessee, together with its subordinate entities, does not reasonably expect to issue more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year.

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal hereto this day \_\_\_\_\_ of \_\_\_\_\_, 2017.

NAME OF LESSEE: City of Manitou Springs

WITNESSED BY (SECRETARY/CLERK):

\_\_\_\_\_

**SCHEDULE F  
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT  
Lease No. 5000217-001**

**ESSENTIAL USE/SOURCE OF FUNDS LETTER**

**August 23, 2017**

Clayton Holdings, LLC  
8000 Forsyth Boulevard, Suite 510  
St. Louis, Missouri 63105

Re: State and Municipal Lease/Purchase Agreement No. 5000217-001, dated the Twenty-Third day of August, 2017 (the "Lease"), between CLAYTON HOLDINGS, LLC ("Lessor") and the City of Manitou Springs ("Lessee")

Ladies and Gentlemen:

This confirms and affirms that the Equipment described in the Lease is essential to the function of the undersigned or to the service we provide to our citizens.

Further, we have an immediate need for, and expect to make immediate use of, substantially all such Equipment, which need is not temporary or expected to diminish in the foreseeable future. Such Equipment will be used by us only for the purpose of performing one or more of our governmental or proprietary functions consistent with the permissible scope of our authority. Specifically, such Equipment was selected by us to be used as follows:

\_\_\_\_\_

The estimated useful life of such Equipment based upon manufacturer's representations and our projected needs is \_\_\_\_\_ years.

Our source of funds for payments of the Rental Payments due under the Lease for the current fiscal year is \_\_\_\_\_.

We currently expect and anticipate adequate funds to be available for all future payments of rent due after the current fiscal year for the following reasons:

\_\_\_\_\_

Very truly yours,

Lessee: City of Manitou Springs

Authorized Signature: \_\_\_\_\_

Printed Name: Nicole Nicoletta

Title: Mayor

Date: \_\_\_\_\_

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

**SCHEDULE G  
PROOF OF INSURANCE**

Insurance Agent Name: Jessica Cowlshaw

Agency Name: CIRSA

Address: 3665 Cherry Creek N Dr #3, Denver, CO 80209

Phone Number: 303-757-5475

E-Mail: jessicac@cirsa.org

Ladies and Gentlemen:

Please add CLAYTON HOLDINGS, LLC as both sole loss payee under the property insurance covering the Equipment listed on attached Schedule A, and as additional insured under the general liability insurance policy. The minimum liability coverage is \$1,000,000.00. Please mail or fax an insurance certificate to:

Clayton Holdings, LLC  
P.O. Box 11309  
St. Louis, MO 63105  
**Fax # 314-746-3744**

Please note that the Bank requires 30 day written notice of cancellation of the policy covering leased equipment.

*Lessee: City of Manitou Springs*

*Authorized Signature: \_\_\_\_\_*

*Printed Name: Nicole Nicoletta*

*Title: Mayor*

*Date: \_\_\_\_\_*





**ACH Payment Authorization Form**

Lease No. / Loan No: 5000217-001

Lessee / Borrower: City of Manitou Springs

I authorize Commerce Bank (“Commerce”) to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any debit entries in error on behalf of CBI Equipment Finance, Clayton Holdings or Commerce Bank as lender or lessor in the amount shown, and from the checking or savings account with the depository institution (“Bank”) named \_\_\_\_\_ below, on the payment due date.

Bank Name: \_\_\_\_\_

Address: \_\_\_\_\_

ABA Routing No.: \_\_\_\_\_

Account No.: \_\_\_\_\_ (X) Checking ( ) Savings

This is a (X) New or ( ) Updated authorization form.

**Annual** Debit Amount(s): \$109,704.60 (first 5 payments) \$77,451.24 (remaining 5 payments)

Begin Auto Debit with Invoice Date Due: 09/13/2017

The final or balloon payment, if different from the annual payment, will not be auto debited.

I understand that this authorization will remain in full force and effect until I notify COMMERCE BANK at the address or phone number below that I wish to revoke this authorization. I understand that COMMERCE BANK requires at least 5 days prior notice in order to process any such cancellation.

X \_\_\_\_\_ X \_\_\_\_\_

Borrower / Lessee Signature

Date

Note that there is NO charge for this service.

Also, your “Bank” need not be Commerce Bank to benefit from this feature. Any bank account can be auto debited. To commence service please return this form with your document package or **send this signed form and a voided check (unless COMMERCE BANK is already currently debiting this same account for another lease schedule) to:**

COMMERCE BANK  
P.O. Box 11309  
Clayton, MO 63105 or  
LeasingACH@Commercebank.com

To discontinue or amend service, please email the request to the address above or call COMMERCE BANK at 314.746.3726.

**SCHEDULE I  
DISBURSEMENT AUTHORIZATION**

September 13, 2017

To: Clayton Holdings, LLC  
8000 Forsyth Boulevard, Suite 510  
St. Louis, Missouri 63105

RE: Lease Number 5000217-001

Ladies and Gentlemen,

Please disburse the proceeds of the above lease as follows:

Wire or send to

<b>PAYEE</b>	<b>AMOUNT</b>
Commerce Bank Escrow Account	\$834,495.00
<b>Total Disbursement</b>	<b>\$834,495.00</b>

Sincerely,

*Lessee: City of Manitou Springs*

*Authorized Signature: \_\_\_\_\_*

*Printed Name: Nicole Nicoletta*

*Title: Mayor*

*Date: \_\_\_\_\_*

## ESCROW AGREEMENT

---

This Escrow Agreement (the "Escrow Agreement"), dated as of the Twenty-Third day of August, 2017 and entered into among **Clayton Holdings, LLC**, a Missouri banking corporation (together with its successors and assigns, "Lessor"), the **City of Manitou Springs**, a municipal corporation and political subdivision existing under the laws of Colorado ("Lessee"), and **The Commerce Trust Company**, a Missouri banking corporation, as escrow agent (together with its successors and assigns, the "Escrow Agent").

**Name of Acquisition Fund: "Manitou Springs City CH Sch. 001 "**

**Amount of Deposit into the Acquisition Fund: \$834,495.00**

### TERMS AND CONDITIONS

1. This Escrow Agreement relates to and is hereby made a part of the State and Municipal Lease/Purchase Agreement dated as of the Twenty-Third day of August, 2017, (the "Lease"), between Lessor and Lessee.

2. Except as otherwise defined herein, all terms defined in the Lease shall have the same meaning for the purposes of this Escrow Agreement as in the Lease.

3. Lessor, Lessee and the Escrow Agent agree that the Escrow Agent will act as sole Escrow Agent under the Lease and this Escrow Agreement, in accordance with the terms and conditions set forth in this Escrow Agreement. The Escrow Agent shall not be deemed to be a party to the Lease, and this Escrow Agreement shall be deemed to constitute the entire agreement between Lessor and Lessee and the Escrow Agent.

4. There is hereby established in the custody of the Escrow Agent a special trust fund designated as set forth above (the "Acquisition Fund") to be held and administered by the Escrow Agent in trust for the benefit of Lessor and Lessee in accordance with this Escrow Agreement.

5. Lessor shall deposit in the Acquisition Fund the amount specified above. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent upon written order of an authorized Lessee representative, in accordance with the Arbitrage Instructions attached as **Exhibit A**, in Qualified Investments (as defined below) maturing or subject to redemption at the option of the holder thereof prior to the date on which it is expected that such funds will be needed. If an Authorized Lessee Representative fails to timely direct the investment of any moneys held hereunder, the Escrow Agent shall invest and reinvest such moneys in Qualified Investments described in 6(vi) below. Such investments shall be held by the Escrow Agent in the Acquisition Fund; any interest and gain earned on such investments shall be deposited in the Acquisition Fund, and any losses on such investments shall be charged to the Acquisition Fund. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment. Qualified Investments described in 6(vi) below will be subject to an annualized sweep fee charged monthly to the earnings on monies invested.

6. "Qualified Investments" means, to the extent the same are at the time legal for investment of the funds being invested: (i) direct general obligations of the United States of America; (ii) obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America; (iii) general obligations of the agencies and instrumentalities of the United States of America acceptable to Lessor; (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution including the Escrow Agent or any affiliate thereof, provided that such certificates of deposit, time deposits or demand deposits, if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, are fully secured by obligations described in (i), (ii) or (iii) above; or (v) repurchase agreements with any state or national bank or trust company, including the Escrow Agent or any affiliate thereof, that are secured by obligations of the type described in (i), (ii) or (iii) above, provided that such collateral is free and clear of claims of third parties and that the Escrow Agent or a third party acting solely as agent for the Escrow Agent has possession of such collateral and a perfected first security interest in

such collateral; or (vi) money market mutual funds that are invested in securities described in (i), (ii) or (iii) and that are rated "Aaa" by Moody's Investors Service or "AAAm-G" by Standard & Poor's Ratings Services or the comparable rating by Fitch IBCA, Inc.

7. Moneys in the Acquisition Fund shall be used to pay for the cost of acquisition of the Equipment listed in the Lease. Such payment shall be made from the Acquisition Fund upon presentation to the Escrow Agent of one or more properly executed Payment Request and Acceptance Certificates, a form of which is attached as **Exhibit B**, executed by Lessee and approved by Lessor, together with an invoice for the cost of the acquisition of said Equipment and a written approval by Lessor of the Vendor be paid. In making any disbursement pursuant to this **Section 7**, the Escrow Agent may conclusively rely as to the completeness and accuracy of all statements in such Payment Request and Acceptance Certificate, and the Escrow Agent shall not be required to make any inquiry, inspection or investigation in connection therewith. The approval of each Payment Request and Acceptance Certificate by the Lessor shall constitute unto the Escrow Agent an irrevocable determination by the Lessor that all conditions precedent to the payment of the amounts set forth therein have been completed.

8. The Acquisition Fund shall terminate upon the occurrence of the earlier of (a) the presentation of a proper Payment Request and Acceptance Certificate and the Final Acceptance Certificate, a form of which is attached as **Exhibit C**, properly executed by Lessee, or (b) the presentation of written notification by the Lessor, or, if the Lessor shall have assigned its interest under the Lease, then the assignees or subassignees of all of Lessor's interest under the Lease or an Agent on their behalf, that the Lease has been terminated pursuant to **Section 8** or **20** of the Lease. Upon termination as described in clause (a) of this paragraph, any amount remaining in the Acquisition Fund shall be used to prepay the principal portion of Rental Payments unless Lessor directs that payment of such amount be made in such other manner directed by Lessor that, in the opinion of nationally recognized counsel in the area of tax-exempt municipal obligations satisfactory to Lessor, will not adversely affect the exclusion of the interest components of Rental Payments from gross income for federal income tax purposes. If any such amount is used to prepay principal, the Rental Payment Schedule attached to the Lease shall be revised accordingly as specified by Lessor. Upon termination as described in clause (b) of this paragraph, any amount remaining in the Acquisition Fund shall immediately be paid to Lessor or to any assignees or subassignees of Lessor interest in this Lease.

9. The Escrow Agent may at any time resign by giving at least 30 days written notice to Lessee and Lessor, but such resignation shall not take effect until the appointment of a successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Lessor and Lessee. In addition, the Escrow Agent may be removed at any time, with or without cause, by an instrument in writing executed by Lessor and Lessee. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Lessor and Lessee. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Lessor, Lessee and the predecessor Escrow Agent. Thereupon such successor Escrow Agent shall, without any further act or deed, be fully vested with all the trusts, powers, rights, duties and obligations of the Escrow Agent under this Escrow Agreement and the predecessor Escrow Agent shall deliver all moneys and securities held by it under this Escrow Agreement to such successor Escrow Agent whereupon the duties and obligations of the predecessor Escrow Agent shall cease and terminate. If a successor Escrow Agent has not been so appointed within 90 days of such resignation or removal, the Escrow Agent may petition a court of competent jurisdiction to have a successor Escrow Agent appointed.

10. Any corporation or association into which the Escrow Agent may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Escrow Agent hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

11. The Escrow Agent incurs no responsibility to make any disbursements pursuant to the Escrow Agreement except from funds held in the Acquisition Fund. The Escrow Agent makes no representations or warranties as to the title to any Equipment listed in the Lease or as to the performance of any obligations of Lessor or Lessee.

12. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of this Escrow Agreement other than its own execution thereof or any instrument deposited with it, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to those specifically provided herein.

13. Unless the Escrow Agent is guilty of negligence or willful misconduct with regard to its duties hereunder, Lessee, to the extent permitted by law, and Lessor jointly and severally hereby agree to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Escrow Agreement; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

14. The aggregate amount of the costs, fees, and expenses of the Escrow Agent in connection with the creation of the escrow described in and created by this Escrow Agreement and in carrying out any of the duties, terms or provisions of this Escrow Agreement is a one time fee in the amount of \$250.00 to be paid by Lessee concurrently with the execution and delivery of this Escrow Agreement.

Notwithstanding the preceding paragraph, the Escrow Agent shall be entitled to reimbursement from Lessor of reasonable out-of-pocket, legal or extraordinary expenses incurred in carrying out the duties, terms or provisions of this Escrow Agreement. Claims for such reimbursement may be made to Lessor and in no event shall such reimbursement be made from funds held by the Escrow Agent pursuant to this Escrow Agreement. The Escrow Agent agrees that it will not assert any lien whatsoever on any of the money or Qualified Investments on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Escrow Agreement or otherwise.

15. If Lessee, Lessor or the Escrow Agent shall be in disagreement about the interpretation of the Lease or this Escrow Agreement, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Escrow Agent shall be indemnified by Lessor and Lessee, to the extent permitted by law, for all costs, including reasonable attorneys' fees and expenses, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under this Escrow Agreement until a final judgment in such action is received.

16. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action or non-action taken by the Escrow Agent in accordance with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of facts or errors of judgment, or for any acts or omissions of any kind unless caused by its negligence or willful misconduct.

17. This Escrow Agreement shall be governed by and construed in accordance with the laws of the state in which the Escrow Agent is located.

18. In the event any provision of this Escrow Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

19. This Escrow Agreement may not be amended except by a written instrument executed by Lessor, Lessee and the Escrow Agent.

20. This Escrow Agreement may be executed in several counterparts, each of which so executed shall be an original.

**IN WITNESS WHEREOF**, Lessor, Lessee and the Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives.

**Clayton Holdings, LLC**  
LESSOR

By: \_\_\_\_\_

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

**City of Manitou Springs**  
LESSEE

By: \_\_\_\_\_

*Printed Name: Nicole Nicoletta*

*Title: Mayor*

**The Commerce Trust Company**  
ESCROW AGENT

By: \_\_\_\_\_

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

## EXHIBIT A

### ARBITRAGE INSTRUCTIONS

These Arbitrage Instructions provide procedures for complying with § 148 of the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exclusion from federal gross income of the interest portions of the Rental Payments under the Lease.

**1. Temporary Period/Yield Restriction.** Except as described in this paragraph, money in the Acquisition Fund must not be invested at a yield greater than the yield on the Lease. Proceeds of the Lease in the Acquisition Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Start Date of the Lease. If any unspent proceeds remain in the Acquisition Fund after three years, such amounts may continue to be invested without yield restriction so long as Lessee pays to the IRS all yield reduction payments under § 1.148-5(c) of the Treasury Regulations.

**2. Opinion of Bond Counsel.** These Arbitrage Instructions may be modified or amended in whole or in part upon receipt of an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations, satisfactory to Lessor, that such modifications and amendments will not adversely affect the exclusion of the interest components of Rental Payments from gross income for federal income tax purposes.

**EXHIBIT B**

**FORM OF PAYMENT REQUEST AND ACCEPTANCE CERTIFICATE**

To: The Commerce Trust Company, as Escrow Agent, and Clayton Holdings, LLC, as Lessor  
8000 Forsyth Blvd., Suite 510  
St. Louis, Missouri 63105

Re: Manitou Springs City CH Sch. 001 Acquisition Fund established by the Escrow Agreement, dated August 23, 2017 (the "Escrow Agreement") among **Clayton Holdings, LLC**, as lessor ("Lessor"), **City of Manitou Springs**, as lessee ("Lessee"), and The Commerce Trust Company, as Escrow Agent (the "Escrow Agent")

Ladies and Gentlemen:

The Escrow Agent is hereby requested to pay from the Acquisition Fund to the person or corporation designated below as Payee, the sum set forth below in payment of a portion or all of the cost of the acquisition of the equipment or the interest portions of Rental Payment(s) described below. The amount shown below is due and payable under the invoice of the Payee attached hereto with respect to the cost of the acquisition of the equipment or payment of the interest portions of Rental Payment(s) and has not formed the basis of any prior request for payment.

The equipment described below is part or all of the "Equipment" that is listed in State and Municipal Lease/Purchase Agreement dated as of Twenty-Third day of August, 2017 (the "Lease") described in the Escrow Agreement.

Equipment: \_\_\_\_\_

Payee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Amount: \$ \_\_\_\_\_

Lessee hereby certifies and represents to and agrees with Lessor and the Escrow Agent as follows:

- (1) The Equipment described above (a) has been delivered, installed and accepted on the date hereof, or (b) the amount requested is a down payment currently due on said Equipment.
- (2) If (1)(a) is applicable, Lessee has conducted such inspection and/or testing of said Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts said Equipment for all purposes.
- (3) If (1)(a) is applicable, Lessee is currently maintaining the insurance coverage required by **Section 17** of the Lease.

Lessee hereby certifies and represents to Lessor and the Escrow Agent that no event or condition that constitutes, or with notice or lapse of time or both would constitute, an Event of Default (as such term is defined in the Lease) exists at the date hereof.

Dated: \_\_\_\_\_, 20\_\_\_\_

APPROVED:

**Clayton Holdings, LLC**  
LESSOR

**City of Manitou Springs**  
LESSEE

By: \_\_\_\_\_

By: \_\_\_\_\_

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

Printed Name: Nicole Nicoletta  
Title: Mayor



**EXHIBIT C**

**FINAL ACCEPTANCE CERTIFICATE**

[THIS CERTIFICATE IS TO BE EXECUTED ONLY WHEN **ALL** EQUIPMENT  
HAS BEEN ACCEPTED]

The undersigned hereby certifies that the equipment described above, together with the equipment described in and accepted by Payment Request and Acceptance Certificates previously filed by Lessee with the Escrow Agent and Lessor pursuant to the Escrow Agreement, constitutes all of the Equipment subject to the Lease.

Dated: \_\_\_\_\_

**City of Manitou Springs**  
LESSEE

By: \_\_\_\_\_

Printed Name: Nicole Nicoletta

Title: Mayor

**Form 8038-G**

(Rev. September 2011)  
Department of the Treasury  
Internal Revenue Service

**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

<b>Reporting Authority</b>		<b>If Amended Return, check here</b> <input checked="" type="checkbox"/> <b>D</b>	
1 Issuer's name <b>City of Manitou Springs</b>		2 Issuer's employer identification number (EIN) <b>84-6000692</b>	
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) Room/suite <b>606 Manitou Avenue</b>		5 Report number (For IRS Use Only) <b>3</b>	
6 City, town, or post office, state, and ZIP code <b>Manitou Springs, Colorado 80829</b>		7 Date of issue <b>09/13/2017</b>	
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) <b>Rebecca Davis, Finance Director</b>		10b Telephone number of officer or other employee shown on 10a <b>719.685.2549</b>	

**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 <b>Fire Dept equip, (1)Fire Truck, (2) Motorcycles, (1) Interceptor , mower, roller, chipper</b>	18	<b>\$834,495.</b>	<b>00</b>
19 If obligations are TANs or RANs, check only box 19a If obligations are BANs, check only box 19b	<b>D</b>		
20 If obligations are in the form of a lease or installment sale, check box	<b>0</b>		

I:m-•	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	<b>09/13/2026</b>	<b>\$ 834,495.00</b>	<b>\$ N/A</b>	<b>9</b> years	<b>2.940</b> %

**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	

**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)		_____

**Miscellaneous**

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

<b>Signature and Consent</b>	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	<b>Nicole Nicoletta, Mayor</b>	Type or print name and title
			<i>r</i>	
<b>Paid Preparer Use Only</b>	Print preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed   PTIN <b>P01980904</b>
	<b>Thomas Hotard</b>			
	Firm's name  > <b>Thomas Hotard</b>	Firm's EIN  >		
	Firm's address  > <b>8000 Forsyth Blvd, Suite 510, St. Louis, MO 63105</b>	Phone no. <b>(314) 746-3876</b>		

# Instructions for Form 8038-G

(Rev. September 2012)



Department of the Treasury  
Internal Revenue Service

(Use with the September 2011 revision of Form 8038-G.)

## Information Return for Tax-Exempt Governmental Obligations

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### Purpose of Form

Form 8038-G is used by issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

#### Who Must File

IF the issue price (line 21, column (b)) is...	THEN, for tax-exempt obligations issued after December 31, 1986, issuers must file...
\$100,000 or more	A <b>separate</b> Form 8038-G for <b>each</b> issue
Less than \$100,000	Form 8038-GC, Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales



*For all build America bonds and recovery zone economic development bonds use Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds. For tax credit bonds and specified tax credit bonds use Form 8038-TC, Information Return for Tax Credit Bonds and Specified Tax Credit Bonds.*

#### When To File

File Form 8038-G on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the bond is issued. Form 8038-G may not be filed before the issue date and must be completed based on the facts as of the issue date.

**Late filing.** An issuer may be granted an extension of time to file Form 8038-G under Section 3 of Rev. Proc. 2002-48, 2002-37 I.R.B. 531, if it is determined that the failure to file timely is not due to willful neglect. Type or print at the top of the form "Request for Relief under section 3 of Rev. Proc. 2002-48" and attach a letter explaining why Form 8038-G was not submitted to the IRS on time. Also indicate whether the bond issue in question is under examination by the IRS. Do not

submit copies of the trust indenture or other bond documents. See *Where To File* next.

#### Where To File

File Form 8038-G, and any attachments, with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

**Private delivery services.** You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

#### Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate.

For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

For build America bonds (Direct Pay), build America bonds (Tax Credit), and recovery zone economic development bonds, complete Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds.

For qualified forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, qualified school construction bonds, clean renewable energy bonds, and all other qualified tax credit bonds (except build America bonds), file Form 8038-TC,

Information Return for Tax Credit Bonds and Specified Tax Credit Bonds.

#### Rounding to Whole Dollars

You may show amounts on this return as whole dollars. To do so, drop amounts less than 50 cents and increase amounts from 50 cents through 99 cents to the next higher dollar.

#### Questions on Filing Form 8038-G

For specific questions on how to file Form 8038-G send an email to the IRS at [TaxExemptBondQuestions@irs.gov](mailto:TaxExemptBondQuestions@irs.gov) and put "Form 8038-G Question" in the subject line. In the email include a description of your question, a return email address, the name of a contact person, and a telephone number.

#### Definitions

**Tax-exempt obligation.** This is any obligation, including a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.

#### Tax-exempt governmental obligation.

A tax-exempt obligation that is not a private activity bond (see next) is a tax-exempt governmental obligation. This includes a bond issued by a qualified volunteer fire department under section 150(e).

**Private activity bond.** This includes an obligation issued as part of an issue in which:

- More than 10% of the proceeds are to be used for any private activity business use, **and**
- More than 10% of the payment of principal or interest of the issue is **either (a)** secured by an interest in property to be used for a private business use (or payments for such property) **or (b)** to be derived from payments for property (or borrowed money) used for a private business use.

It also includes a bond, the proceeds of which **(a)** are to be used directly or indirectly to make or finance loans (other than loans described in section 141(c)(2)) to persons other than governmental units and **(b)** exceeds the lesser of 5% of the proceeds **or** \$5 million.

**Issue price.** The issue price of obligations is generally determined under Regulations section 1.148-1(b). Thus,

when issued for cash, the issue price is the first price at which a substantial amount of the obligations are sold to the public. To determine the issue price of an obligation issued for property, see sections 1273 and 1274 and the related regulations.

**Issue.** Generally, obligations are treated as part of the same issue if they are issued by the same issuer, on the same date, and in a single transaction, or a series of related transactions. However, obligations issued during the same calendar year (a) under a loan agreement under which amounts are to be advanced periodically (a "draw-down loan") or (b) with a term not exceeding 270 days, may be treated as part of the same issue if the obligations are equally and ratably secured under a single indenture or loan agreement and are issued under a common financing arrangement (for example, under the same official statement periodically updated to reflect changing factual circumstances). Also, for obligations issued under a draw-down loan that meet the requirements of the preceding sentence, obligations issued during different calendar years may be treated as part of the same issue if all of the amounts to be advanced under the draw-down loan are reasonably expected to be advanced within 3 years of the date of issue of the first obligation. Likewise, obligations (other than private activity bonds) issued under a single agreement that is in the form of a lease or installment sale may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first obligation.

**Arbitrage rebate.** Generally, interest on a state or local bond is not tax-exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

**Construction issue.** This is an issue of tax-exempt bonds that meets both of the following conditions:

1. At least 75% of the available construction proceeds are to be used for construction expenditures with respect to property to be owned by a governmental unit or a section 501(c)(3) organization, **and**
2. All the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds, or private activity bonds issued to finance property to be owned by a governmental unit or a section 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make

an irrevocable election to pay a penalty. The penalty is equal to 1½% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C) and the Instructions for Form 8038-T.

**Pooled financing issue.** This is an issue of tax-exempt bonds, the proceeds of which are to be used to finance purpose investments representing conduit loans to two or more conduit borrowers, unless those conduit loans are to be used to finance a single capital project.

## Specific Instructions

### Part I—Reporting Authority

**Amended return.** An issuer may file an amended return to change or add to the information reported on a previously filed return for the same date of issue. If you are filing to correct errors or change a previously filed return, check the *Amended Return* box in the heading of the form.

The amended return must provide all the information reported on the original return, in addition to the new or corrected information. Attach an explanation of the reason for the amended return and write across the top, "Amended Return Explanation." Failure to attach an explanation may result in a delay in processing the form.

**Line 1.** The issuer's name is the name of the entity issuing the obligations, not the name of the entity receiving the benefit of the financing. For a lease or installment sale, the issuer is the lessee or the purchaser.

**Line 2.** An issuer that does not have an employer identification number (EIN) should apply for one on Form SS-4, Application for Employer Identification Number. You can get this form on the IRS website at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676). You may receive an EIN by telephone by following the instructions for Form SS-4.

**Line 3a.** If the issuer wishes to authorize a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) to communicate with the IRS and whom the IRS may contact about this return (including in writing or by telephone), enter the name of such person here. The person listed in line 3a must be an individual. Do not enter the name and title of an officer or other employee of the issuer here (use line 10a for that purpose).

**Note.** By authorizing a person other than an authorized officer or other employee of the issuer to communicate with the IRS and whom the IRS may contact about this return, the issuer authorizes the IRS to

communicate directly with the individual entered on line 3a and consents to disclose the issuer's return information to that individual, as necessary, to process this return.

**Lines 4 and 6.** If you listed an individual on line 3a to communicate with the IRS and whom the IRS may contact about this return, enter the number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code of that person. Otherwise, enter the issuer's number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code.

**Note.** The address entered on lines 4 and 6 is the address the IRS will use for all written communications regarding the processing of this return, including any notices.

**Line 5.** This line is for IRS use only. Do not make any entries in this box.

**Line 7.** The date of issue is generally the date on which the issuer physically exchanges the bonds that are part of the issue for the underwriter's (or other purchaser's) funds. For a lease or installment sale, enter the date interest starts to accrue in an MM/DD/YYYY format.

**Line 8.** If there is no name of the issue, please provide other identification of the issue.

**Line 9.** Enter the CUSIP (Committee on Uniform Securities Identification Procedures) number of the bond with the latest maturity. If the issue does not have a CUSIP number, write "None."

**Line 10a.** Enter the name and title of the officer or other employee of the issuer whom the IRS may call for more information. If the issuer wishes to designate a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) whom the IRS may call for more information about the return, enter the name, title, and telephone number of such person on lines 3a and 3b.

*Complete lines 10a and 10b even*



*if you complete lines 3a and 3b.*

### Part II—Type of Issue



*Elections referred to in Part II are made on the original bond documents, not on this form.*

Identify the type of obligations issued by entering the corresponding issue price (see *Issue price* under *Definitions* earlier). Attach a schedule listing names and EINs of organizations that are to use proceeds of these obligations, if different from those

of the issuer, include a brief summary of the use and indicate whether or not such user is a governmental or nongovernmental entity.

**Line 18.** Enter a description of the issue in the space provided.

**Line 19.** If the obligations are short-term tax anticipation notes or warrants (TANs) or short-term revenue anticipation notes or warrants (RANs), check box 19a. If the obligations are short-term bond anticipation notes (BANs), issued with the expectation that they will be refunded with the proceeds of long-term bonds at some future date, check box 19b. Do not check both boxes.

**Line 20.** Check this box if property other than cash is exchanged for the obligation, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of obligation is sometimes referred to as a "municipal lease.") Also check this box if real property is directly acquired in exchange for an obligation to make periodic payments of interest and principal. **Do not** check this box if the proceeds of the obligation are received in the form of cash, even if the term "lease" is used in the title of the issue.

### Part III—Description of Obligations

**Line 21.** For column (a), the final maturity date is the last date the issuer must redeem the entire issue.

For column (b), see *Issue price* under *Definitions* earlier.

For column (c), the stated redemption price at maturity of the entire issue is the sum of the stated redemption prices at maturity of each bond issued as part of the issue. For a lease or installment sale, write "N/A" in column (c).

For column (d), the weighted average maturity is the sum of the products of the issue price of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue (from line 21, column (b)). For a lease or installment sale, enter instead the total number of years the lease or installment sale will be outstanding.

For column (e), the yield, as defined in section 148(h), is the discount rate that, when used to compute the present value of all payments of principal and interest to be paid on the obligation, produces an amount equal to the purchase price, including accrued interest. See Regulations section 1.148-4 for specific rules to compute the yield on an issue. If the issue is a variable rate issue, write "VR" as the yield of the issue. For other

than variable rate issues, carry the yield out to four decimal places (for example, 5.3125%). If the issue is a lease or installment sale, enter the effective rate of interest being paid.

### Part IV—Uses of Proceeds of Bond Issue

For a lease or installment sale, write "N/A" in the space to the right of the title for Part IV.

**Line 22.** Enter the amount of proceeds that will be used to pay interest from the date the bonds are dated to the date of issue.

**Line 24.** Enter the amount of the proceeds that will be used to pay bond issuance costs, including fees for trustees and bond counsel. If no bond proceeds will be used to pay bond issuance costs, enter zero. Do not leave this line blank.

**Line 25.** Enter the amount of the proceeds that will be used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148(h) (for example, bond insurance premiums and certain fees for letters of credit).

**Line 26.** Enter the amount of proceeds that will be allocated to such a fund.

**Line 27.** Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds within 90 days of the date of issue.

**Line 28.** Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds after 90 days of the date of issue, including proceeds that will be used to fund an escrow account for this purpose.

### Part V—Description of Refunded Bonds

Complete this part only if the bonds are to be used to refund a prior issue of tax-exempt bonds. For a lease or installment sale, write "N/A" in the space to the right of the title for Part V. **Lines 31 and 32.** The remaining

weighted average maturity is determined without regard to the refunding. The weighted average maturity is determined in the same manner as on line 21, column (d).

**Line 34.** If more than a single issue of bonds will be refunded, enter the date of issue of each issue. Enter the date in an MM/DD/YYYY format.

### Part VI—Miscellaneous

**Line 35.** An allocation of volume cap is required if the nonqualified amount for the issue is more than \$15 million but is not

more than the amount that would cause the issue to be private activity bonds.

**Line 36.** If any portion of the gross proceeds of the issue is or will be invested in a guaranteed investment contract (GIC), as defined in Regulations section 1.148-1(b), enter the amount of the gross proceeds so invested, as well as the final maturity date of the GIC and the name of the provider of such contract.

**Line 37.** If the issue is a pooled financing issue (as defined under *Pooled financing issue* in *Definitions*), enter the amount of the proceeds used to make loans to other governmental units, the interest on which is tax-exempt.

**Line 38.** If the issue is a loan of proceeds from a pooled financing issue (as defined under *Pooled financing issue* in *Definitions*), check the box and where asked for the date of issue, EIN, and name of the issuer of the master pool obligation, enter the date of issue, EIN, and name of the issuer of the pooled financing issue.

**Line 40.** Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038-T for each 6-month period after the date the bonds are issued. Do not make any payment of penalty in lieu of arbitrage rebate with this form. See Rev. Proc. 92-22, 1992-1 C.B. 736 for rules regarding the "election document."

**Line 41a.** Check this box if the issuer has identified a hedge on its books and records according to Regulations sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5) that permit an issuer of tax-exempt bonds to identify a hedge for it to be included in yield calculations for computing arbitrage.

**Line 42.** In determining if the issuer has super-integrated a hedge, apply the rules of Regulations section 1.148-4(h)(4). If the hedge is super-integrated, check the box.

**Line 43.** If the issuer takes a "deliberate action" after the issue date that causes the conditions of the private business tests or the private loan financing test to be met, then such issue is also an issue of private activity bonds. Regulations section 1.141-2(d)(3) defines a deliberate action as any action taken by the issuer that is within its control regardless of whether there is intent to violate such tests. Regulations section 1.141-12 explains the conditions to taking remedial action that prevent an action that causes an issue to meet the private business tests or private loan financing test from being treated as a deliberate action. Check the box if the issuer has established written procedures to ensure timely remedial action for all nonqualified bonds according to

Regulations section 1.141-12 or other remedial actions authorized by the Commissioner under Regulations section 1.141-12(h).

**Line 44.** Check the box if the issuer has established written procedures to monitor compliance with the arbitrage, yield restriction, and rebate requirements of section 148.

**Line 45a.** Check the box if some part of the proceeds was used to reimburse expenditures. Figure and then enter the amount of proceeds that are used to reimburse the issuer for amounts paid for a qualified purpose prior to the issuance of the bonds. See Regulations section 1.150-2.

**Line 45b.** An issuer must adopt an official intent to reimburse itself for preissuance expenditures within 60 days after payment of the original expenditure unless excepted by Regulations section 1.150-2(f). Enter the date the official intent was adopted. See Regulations section 1.150-2(e) for more information about official intent.

### Signature and Consent

An authorized representative of the issuer must sign Form 8038-G and any applicable certification. Also print the name and title of the person signing Form 8038-G. The authorized representative of the issuer signing this form must have the authority to consent to the disclosure of the issuer's return information, as necessary to process this return, to the person(s) that have been designated in Form 8038-G.

**Note.** If the issuer in Part 1, lines 3a and 3b authorizes the IRS to communicate (including in writing and by telephone) with a person other than an officer or other employee of the issuer, by signing this form, the issuer's authorized representative consents to the disclosure of the issuer's return information, as necessary to process this return, to such person.

### Paid Preparer

If an authorized officer of the issuer filled in this return, the paid preparer's space should remain blank. Anyone who prepares the return but does not charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the issuer, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature (a facsimile signature is acceptable),
- Enter the preparer information, and
- Give a copy of the return to the issuer.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

Learning about the law or the form .....	2 hr., 41 min.
Preparing, copying, assembling, and sending the form to the IRS ....	3 hr., 3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send the form to this office. Instead, see *Where To File*.

**8038-G QUESTIONNAIRE**

Name of Lessee: City of Manitou Springs  
 Address of Lessee: 606 Manitou Avenue, Manitou Springs, Colorado 80829  
 Contact Person: Rebecca Davis, Finance Director  
 Telephone Number: 719-685-2549  
 Email Address: rdavis@comsgov.com  
 Lessee's FEIN: 84-6000692

**GENERAL**

*In September 2011, the Internal Revenue Service ("IRS") updated Form 8038-G (the form used by Lessees to report the issuance of a tax-exempt obligation). The revised Form 8038-G asks specific questions about written procedures to: (1) monitor private use of assets financed with proceeds of a tax-exempt obligation and, as necessary, to take remedial actions to correct any violations of federal tax restrictions on the use of financed assets; and (2) monitor the yield on the investment of gross proceeds of tax-exempt obligations and, as necessary, make payments of arbitrage rebate earned to the United States. In addition, the revised Form 8038-G asks Lessees to report whether any proceeds will be used to reimburse the Lessee for an expenditure paid prior to issuance. This questionnaire is designed to obtain the information necessary to complete Form 8038-G for the Lease. Lessee will be required to review and approve the information entered prior to signing the 8038-G form.*

*At this time, the consequences of not having adopted written procedures to monitor private use of financed assets and yield on the investment of gross proceeds of tax-exempt obligations are unknown. If you have further questions, please consult your regular bond or legal counsel.*

**Part 1 – Written Tax Compliance Procedures**

**Note: If either of these questions is not answered, we will assume the Lessee has not adopted the described procedures.**

1. Has the Lessee established written procedures to monitor compliance with federal tax restrictions for the term of the lease? The written procedures should identify a particular individual within Lessee's organization to monitor compliance with the federal tax requirements related to use of the financed assets and describe actions to be taken in the event failure to comply with federal tax restrictions is contemplated or discovered. **Yes\_\_\_ No \_\_\_**
2. Has the Lessee established written procedures to monitor the yield on the investment of proceeds of the Lease on deposit in an escrow account or similar fund prior to being spent and to ensure that any positive arbitrage rebate earned is paid to the United States? **Yes\_\_\_ No \_\_\_**

**Part 2 – Reimbursement of Prior Expenditures**

1. As of the funding date, were any of the proceeds of the Lease used to reimburse Lessee for expenditures paid to acquire the financed assets prior to the funding date of the Lease? **Yes\_\_\_ No \_\_\_**

*If yes, please attach a spreadsheet listing the expenditure(s) together with the date paid, vendor paid and purpose of the expenditure or other proof of the expenditure(s) containing this information (i.e. invoices, receipts, cancelled checks).*

**Items 2 and 3 need to be completed ONLY if the answer to item 1 above is YES.**

2. Please attach a copy of Lessee's resolution of intent to finance the financed assets, which includes date of adoption.
3. What is the amount of proceeds of the Lease reimbursed to Lessee? \$ \_\_\_\_\_

BY: \_\_\_\_\_

NAME: Nicole Nicoletta

TITLE: Mayor

DATE: \_\_\_\_\_