

## ESCROW AGREEMENT

MUNICIPAL LEASE-PURCHASE AGREEMENT No.8073 (THE "AGREEMENT")  
BY AND BETWEEN

Lessor, Government Capital Corporation and Lessee, City of Allen, Texas  
TAX ID #75-6004912 Dated as of February 13, 2018

THIS ESCROW AGREEMENT (the "Agreement") is made and entered into as of February 13, 2018 ("Agreement Date"), by and among Government Capital Corporation ("Lessor"), City of Allen, Texas ("Lessee") and UMB BANK, N.A. ("Agent").

### WITNESSETH:

WHEREAS, Lessor and Lessee have entered into a certain Municipal Lease-Purchase Agreement dated as of February 13, 2018 (the "Lease"), pursuant to which the property more particularly described therein (the "Property") will be leased to the Lessee under the terms stated in the Lease;

WHEREAS, Lessor and Lessee desire to make funding arrangements for the acquisition of the Property, and Agent agrees to serve as escrow agent for such funding and acquisition;

NOW THEREFORE, in consideration of the mutual agreements and covenant herein contained and for other valuable consideration, the parties hereby agree as follows:

1. Agent shall undertake the duties and obligations of escrow agent as set forth in this Agreement. Agent shall not be deemed to be a party to the Lease.
2. Lessor has delivered to Agent the sum of \$75,622.26 ("Escrow Amount") for deposit by Agent in the City of Allen, Texas Escrow Account (the "Fund"). The Fund will be administered by Agent pursuant to the terms of this Agreement.
3. Deposits in the Fund shall be used to pay for the acquisition of the Property. The Property may be acquired as individual items or as groups of items. Agent shall make disbursements from the Fund in payment for the acquisition of each item or group of items of the Property promptly upon receipt of a properly executed Escrow Disbursement Request Form, in the form attached hereto as "Schedule 1", for that portion of the acquisition of the Property for which payment is requested. Upon full acquisition of an item or group of items of the Property, any remaining cost of such item or group of items shall be disbursed promptly by the Agent upon receipt of a properly executed Acceptance Certificate and a corresponding Escrow Disbursement Request Form in the form attached hereto as "Schedule 1", for that portion of the Property for which payment is requested. Payment by Agent shall be to the payee shown on the Escrow Disbursement Request Form.
4. Agent will invest the Fund, as specified by Lessor, in general obligations of the United States or in obligations fully insured by the United States or in certificates of deposit of a bank which is either fully insured by an agency of the federal government or fully collateralized by such federal or federally guaranteed obligations, or in no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that includes in their investment objectives the maintenance of a stable net asset value of \$1 for each share, or Money Market Mutual Funds registered under the Investment Act of 1940. Agent will retain in the Fund all earnings from investment of the Fund until termination of the Fund pursuant to Section 5 hereof. Agent will be entitled to sell or redeem any such investments as necessary to make any distributions required under this Agreement and shall not be liable for any loss resulting from such sale or redemption. In the absence of written investment direction from the Lessor, the Agent shall in and reinvest the amounts in the Fund in Money Market Mutual Funds registered under the Investment Act of 1940.
5. Upon execution of one or more Acceptance Certificates by Lessee and payment of acquisition costs by Agent for all the Property (as confirmed in writing by the Lessor to the Escrow Agent), this Agreement and the Funds shall terminate, and Agent shall transfer to Lessor all remaining sums in the Fund. If not terminated earlier, this Agreement and the Fund shall terminate on July 31, 2018 ("Termination Date"). In this latter event, interest accrued pursuant to investment of the Fund under the terms of Section 4 hereof and all remaining principal in the Fund shall be transferred by Agent to Lessor; Exhibit "A" attached to the Lease shall thereupon be revised to delete any non-acquired portions of the Property and to substitute an amended amortization payment schedule to reflect the reduced acquisition costs.
6. Lessor and Lessee may by written agreement between themselves remove the Agent, at any time and for any reason, and appoint a successor escrow agent. Such removal shall not be effective until thirty (30) days after written notice thereof if provided to Agent.
7. Agent may at any time and for any reason resign as escrow agent by giving written notice to Lessor and Lessee of its intention to resign and of the proposed date of resignation, which date shall be not less than thirty (30) days after giving Lessee and Lessor written notice of intent to resign, nor less than thirty (30) days after being appointed by Lessor and Lessee. Upon the effective date of any resignation, the Escrow Agent shall deliver all cash and other property in the Fund to a successor escrow agent designated by Lessor, and if no successor has been appointed, shall deliver all such cash and other property to the Lessor and all obligations of the Escrow Agent shall cease.
8. Agent shall have no obligation under the terms of this Agreement to make any disbursement except from the Fund. Agent makes no warranties or representations as to the Property or as to performance of the obligations of Lessor or Lessee under this Agreement or the Lease.
9. Agent shall be entitled to rely in good faith upon any documents signed by a party hereto and shall have no duty to investigate the veracity of such documents. Agent (i) may assume that any person giving notice pursuant to the terms hereof is authorized to do so and (ii) shall not be liable for good faith reliance thereon. Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and, to the extent it acts in good faith without negligence or willful misconduct, it shall be fully protected in acting in accordance with the opinion or instructions of such counsel. The Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or willful misconduct. The Lessor agree to indemnify and save Agent harmless from all losses, costs, liabilities, actual damages, fees and expenses (including, but not limited to, reasonable attorney's fees and expenses) suffered or incurred by Agent arising from the performance of its obligations under this Agreement ("Acts"), except such Acts as arise from or attributable to the negligence or willful misconduct of Agent. 10. To the limited extent required to perfect the security interest granted by Lessee to Lessor in the cash and negotiable instrument from time to time comprising the Fund, Lessor hereby appoints the Agent as its security agent, and the Agent hereby accepts the appointment as security agent, and agrees to hold physical possession of such cash negotiable instruments on behalf of Lessor.
11. This Agreement may be amended by written agreement executed by all the parties.
12. This Agreement may be executed in several counterparts, each of which shall be an original. The parties hereto agree the transactions described herein may be conducted and related documents may be stored by electronic means.
13. Agent shall be entitled to fees and expenses for its regular services as Agent as set forth in its fee letter delivered to the Lessor and Lessee. . All of the Escrow Agent's compensation, costs and expenses shall be paid by the Lessee unless agreed to by Lessor.

14. In the event of any disagreement between the undersigned or any other person, resulting in adverse claims and demands being made on the Fund, the Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Agent shall not be or become liable to the undersigned for its refusal to comply with such conflicting or adverse demands, and the Escrow Agent shall be entitled to refuse and refrain to act until: (a) the rights of the adverse claimants shall have been fully and finally adjudicated in a Court assuming and having jurisdiction of the parties and money, papers and property involved herein or affected hereby, or (b) all differences shall have been adjusted by agreement and the Agent shall have been notified thereof in writing, signed by all the interested parties.

15. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Escrow Agent pursuant to this Agreement shall be allocable to the Lessor for credit to Lessee subject to the terms of this Agreement. The Lessor and Lessee agree to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of execution of this Agreement and any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

LESSOR: Government Capital Corporation

BY: \_\_\_\_\_  
Authorized Signer

LESSEE: City of Allen, Texas

BY: \_\_\_\_\_  
Peter H. Vargas, City Manager

AGENT: UMB BANK, N.A.

BY: \_\_\_\_\_  
Agent Rep, Agent Rep Title

**Escrow Disbursement Request Form – Instruction Sheet**

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**\*\*\* THE FOLLOWING FORM IS TO PAY YOUR VENDOR FROM THE ESCROW ACCOUNT\*\*\***

To process the payment to your Vendor, please make sure to:

- 1) Print or make copies of the blank **Escrow Disbursement Request Form** if there are multiple disbursements.
- 2) Complete an **Escrow Disbursement Request Form** for each Vendor.
- 3) Attach a copy of your Vendor's Invoice(s).
- 4) Have the Authorized Signer sign the Disbursement Form in BOTH places as well as date the form at the bottom.
- 5) You can fax or e-mail the Disbursement Form to start/begin the disbursement process; however, please send the original by regular mail to avoid delays.

***WHEN YOU ARE READY TO PAY YOUR VENDOR, PLEASE FOLLOW THE ABOVE PROCEDURES, AND SEND FORMS TO:***

Government Capital Corporation  
Attn.: Doc. Dept.  
345 Miron Drive  
Southlake, TX 76092  
Phone: 817-421-5400  
Fax: 817-251-3208  
[docdept@govcap.com](mailto:docdept@govcap.com)

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**EXHIBIT A**  
**DESCRIPTION OF PROPERTY**

TEXAS MUNICIPAL LEASE-PURCHASE AGREEMENT No.8073 (THE "AGREEMENT")  
BY AND BETWEEN

**Lessor**, Government Capital Corporation and **Lessee**, City of Allen, Texas  
Schedule dated as of February 13, 2018

QTY	DESCRIPTION
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Motorcycles with ABS as follows:

**Three (3) 2018 Harley Davidson FLHP Motorcycle w/ABS**

H-D Parts & Accessories (emergency package, heated grips, center stand, etc.)

Screamin Eagle Parts & Accessories (Stage-I air intake, mufflers, ECM tuning, etc)

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**PROPERTY LOCATION:**  
205 W McDermott  
Allen, TX 75013

# Harley-Davidson of Dallas

# Quotation

Paul Langford  
304 Central Expressway South  
Allen, TX 75013  
Phone 214-495-0259 Fax 775-659-0029  
[paul@hdofdallas.com](mailto:paul@hdofdallas.com)

DATE 10/17/2017

**Quotation For:**  
City of Allen Purchasing Division  
Request for Quote 2017-7-105  
305 Century Parkway  
Allen, TX 75013  
214-509-4630

Quotation valid until: 2/28/2018  
Prepared by: Shawn Feiock

**Instructions:**  
Enter a T in each row that should be taxed. (Note:  
This box won't print.)

**Comments or Special Instructions:**  
Price Per Vehicle

P.O. NUMBER	SHIP DATE	F.O.B. POINT	TERMS
Quote No. 2017-7-105	90-120 days from date ordered		Net 30

QUANTITY	DESCRIPTION	UNIT PRICE	TAXABLE?	AMOUNT
1	2018 FLHP Motorcycles w/ ABS	17,099.00	NO	17,099.00
1	H-D Parts & Accessories (emergency package, heated grips, center stand, etc.)	2,700.62	NO	2,700.62
1	Installation of Parts & Accessories	715.00	NO	715.00
1	Shop Supplies	30.00	NO	30.00
1	Screamin Eagle Parts & Accessories (Stage-I air intake, mufflers, ECM tuning, etc.)	1,034.80	NO	1,034.80
1	Installation of Parts & Accessories	330.00	NO	330.00
1	Shop Supplies	-	NO	
1	Priority Maintenance Program 3yr (12 in all)	2,299.00	NO	2,299.00
1	One Year Extended Warranty (3yr Total)	999.00	NO	999.00
0	WHELEN POLICE LIGHTING AND ALL OTHER SPECIALTY EQUIPMENT TO BE QUOTED SEPERATELY			

Guaranteed 3 year trade-in value of \$7500 per vehicle, less any damage or wear and tear on vehicle (i.e. tires and brakes, cosmetic conditions, physical damage, etc.)  
Guaranteed trade-in value is not an offer for outright purchase, and is valid only in the event of a trade-in for a new current year model.

SUBTOTAL	\$ 25,207.42
TAX RATE	
SALES TAX	
OTHER	
TOTAL	\$ 25,207.42

If you have any questions concerning this quotation, Paul Langford, 214-495-0259, [paul@hdofdallas.com](mailto:paul@hdofdallas.com)

THANK YOU FOR YOUR BUSINESS!

**ESCROW AGREEMENT - SCHEDULE 1**  
MUNICIPAL LEASE-PURCHASE AGREEMENT No.8073 (THE "AGREEMENT")  
BY AND BETWEEN  
Lessor, Government Capital Corporation and Lessee, City of Allen, Texas  
Dated as of February 13, 2018

**ESCROW DISBURSEMENT REQUEST FORM**

UMB BANK, N. A., acting as escrow agent (the "Agent") under the Escrow Agreement dated as of February 13, 2018 (Escrow Date), by and among the Agent, Government Capital Corporation as Lessor and City of Allen, Texas as Lessee, is hereby requested to pay to the person or corporation designated below as Payee the sum set forth below in payment of the acquisition and installation costs of the property described below. The amount shown below is due and payable under the invoice of Payee with respect to the described property and has not formed the basis of any prior request for payment.

PAYEE: \_\_\_\_\_

AMOUNT: \_\_\_\_\_

DESCRIPTION OF PROPERTY: \_\_\_\_\_

INVOICE # \_\_\_\_\_ DATED: \_\_\_\_\_

Indicate Method for Payment Disbursement:

\_\_\_\_\_ Overnight Check \*\*\*      \_\_\_\_\_ Regular Mail Check      \_\_\_\_\_ Wire Funds

Mailing Address: \_\_\_\_\_ Wire Instructions: \_\_\_\_\_

(\*\*\*Please note that there might be a fee charged for overnight delivery. This fee will be deducted from the Escrow Balance before disbursement is made.)

**Lessee:** City of Allen, Texas

By: \_\_\_\_\_  
Peter H. Vargas, City Manager

**Lessor:** Government Capital Corporation

By: \_\_\_\_\_  
Authorized Signer

**ACCEPTANCE CERTIFICATE**

City of Allen, Texas as Lessee under that certain Municipal Lease-Purchase Agreement dated as of February 13, 2018 ("Agreement Date") (the "Lease"), hereby acknowledges receipt in good condition of all the property described on the attached Vendor Invoice(s), hereby accepts such property, and hereby certifies that Lessor has fully and satisfactorily performed all covenants and conditions to be performed by it under the Lease with regard to such property, that such property is fully insured in accordance with Section 10 of the Lease and that such property constitutes all or a portion of the Property as that term as defined in the Lease.

Date: \_\_\_\_\_, 2018.

By Lessee:

\_\_\_\_\_  
Peter H. Vargas, City Manager

For Lessee: City of Allen, Texas

**Information Return for Small Tax-Exempt  
Governmental Bond Issues, Leases, and Installment Sales**

► Under Internal Revenue Code section 149(e)

OMB No. 1545-0720

Caution: If the issue price of the issue is \$100,000 or more, use Form 8038-G.

<b>Part I Reporting Authority</b>		Check box if Amended Return <input type="checkbox"/>	
1 Issuer's name City of Allen, Texas (Contract No.8073)		2 Issuer's employer identification number (EIN) 7 5 6 0 0 4 9 1 2	
3 Number and street (or P.O. box if mail is not delivered to street address) 305 Century Parkway		Room/suite	
4 City, town, or post office, state, and ZIP code Allen, TX 75013		5 Report number (For IRS Use Only) [ ] [ ] [ ]	
6 Name and title of officer or other employee of issuer or designated contact person whom the IRS may call for more information Eric Cannon, CFO		7 Telephone number of officer or legal representative 214-509-4627	

<b>Part II Description of Obligations</b> Check one: a single issue <input checked="" type="checkbox"/> or a consolidated return <input type="checkbox"/>	
8a Issue price of obligation(s) (see instructions)	8a \$75,622 26
b Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ►	
9 Amount of the reported obligation(s) on line 8a that is:	
a For leases for vehicles	9a \$75,622 26
b For leases for office equipment	9b
c For leases for real property	9c
d For leases for other (see instructions)	9d
e For bank loans for vehicles	9e
f For bank loans for office equipment	9f
g For bank loans for real property	9g
h For bank loans for other (see instructions)	9h
i Used to refund prior issue(s)	9i
j Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank)	9j
k Other	9k
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box <input checked="" type="checkbox"/>	
11 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions) <input type="checkbox"/>	
12 Vendor's or bank's name: Government Capital Corporation	
13 Vendor's or bank's employer identification number: 7 5 2 4 6 2 1 6 0	

<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(s) that I have authorized above.			
	Signature of issuer's authorized representative Peter H. Vargas, City Manager		Date Type or print name and title	
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ►	Firm's EIN ►		
	Firm's address ►	Phone no.		

**General Instructions**

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

**What's New**

The IRS has created a page on IRS.gov for information about the Form 8038 series and its instructions, at [www.irs.gov/form8038](http://www.irs.gov/form8038). Information about any future developments affecting the Form 8038 series (such as legislation enacted after we release it) will be posted on that page.

**Purpose of Form**

Form 8038-GC is used by the 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**

Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.

Issuers of a tax-exempt governmental obligation with an issue price of \$100,000 or more must file Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

**Filing a separate return for a single issue.** Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.

An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that an election was made to

pay a penalty in lieu of arbitrage rebate (see the line 11 instructions).

**Filing a consolidated return for multiple issues.** For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return including all such issues issued within the calendar year.

Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, if the issue is a construction issue, a separate Form 8038-GC must be filed to give the IRS notice of the election to pay a penalty in lieu of arbitrage rebate.