

VIA ELECTRONIC MAIL

November 14, 2019

Lizett Aguilar
Assistant Superintendent, Business Services
Sylvan Union School District
605 Sylvan Ave
Modesto, CA 95350

RE: Financing Quote – Capital Lease Financing

Dear Ms. Aguilar:

Santander Bank is pleased to submit the following proposal for your review and acceptance. Our proposed terms and conditions are as follows:

Company Overview: Santander Bank is a market leader in providing cost-effective financing to public entities nationwide. With over \$3 billion in financings we have the knowledge, flexibility and financial strength that is unmatched in the finance industry.

Our public finance team of professionals has a thorough understanding of the municipal market to ensure transactions are completed quickly, efficiently and cost effectively.

Santander Bank was founded in Northern Spain in 1857, with over \$1.7 trillion in assets. Santander is one of the world's strongest, safest and most successful banks and has grown to become one of the five largest banks in the world by profit.

Structure: Tax-exempt Lease/Purchase Financing ("Lease")

Borrower: Sylvan Union School District, CA ("SUSD")

Lender: Santander Bank, N.A. ("Santander")

Interest Rates & Term: The below Interest Rates are valid for 30 days and will be indexed thereafter unless otherwise agreed upon by Santander. After which time Interest Rates and Payments will be indexed according to changes to the average life Libor of the financing term. For every change in Libor, an adjustment will be made to the Interest Rate and Payment and the Interest Rate will be locked 10 business days prior to closing.

Student Devices: \$899,988.96

Option #1: 1st Payment due at closing followed by 2 annual payments due on 7/01/2020 and 7/01/2021.

Rate = 2.54%

	Date	Payment	Interest	Principal	Balance
	12/1/2019				899,988.96
1	12/1/2019	305,455.93	0.00	305,455.93	594,533.03
2	7/1/2020	305,455.93	8,812.45	296,643.48	297,889.55
3	7/1/2021	305,455.93	7,566.38	297,889.55	0.00
Grand Totals		916,367.79	16,378.83	899,988.96	

Option #2: 3 annual payments with the first payment due on 7/01/2020 followed by payments due on 7/01/2021 and 7/01/2022.

Rate = 2.54%

	Date	Payment	Interest	Principal	Balance
	12/1/2019				899,988.96
1	7/1/2020	312,110.40	13,340.06	298,770.34	601,218.62
2	7/1/2021	312,110.40	15,270.95	296,839.45	304,379.17
3	7/1/2022	312,110.40	7,731.23	304,379.17	0.00
Grand Totals		936,331.20	36,342.24	899,988.96	

Staff Devices: \$431,233.26

Option #1: 1st Payment due at closing followed by 4 annual payments due on 7/01/2020, 7/01/2021, 7/01/2022 and 7/01/2023.

Rate = 2.42%

	Date	Payment	Interest	Principal	Balance
	12/1/2019				431,233.26
1	12/1/2019	89,715.19	0.00	89,715.19	341,518.07
2	7/1/2020	89,715.19	4,822.98	84,892.21	256,625.86
3	7/1/2021	89,715.19	6,210.35	83,504.84	173,121.02
4	7/1/2022	89,715.19	4,189.53	85,525.66	87,595.36
5	7/1/2023	89,715.19	2,119.83	87,595.36	0.00
Grand Totals		448,575.95	17,342.69	431,233.26	

Option #2: 5 annual payments with the first payment due on 7/01/2020 followed by payments due on 7/01/2021, 7/01/2022, 7/01/2023 and 7/01/2024.

Rate = 2.42%

	Date	Payment	Interest	Principal	Balance
	12/1/2019				431,233.26
1	7/1/2020	91,696.72	6,089.96	85,606.76	345,626.50
2	7/1/2021	91,696.72	8,364.16	83,332.56	262,293.94
3	7/1/2022	91,696.72	6,347.51	85,349.21	176,944.73
4	7/1/2023	91,696.72	4,282.06	87,414.66	89,530.07
5	7/1/2024	91,696.72	2,166.65	89,530.07	0.00
Grand Totals		458,483.60	27,250.34	431,233.26	

Prepayment Terms: On any payment date after the lease's first anniversary with no prepayment penalty.

Tax Assumption: Interest income received by Santander will be exempt from Federal and State Income Tax.

Escrow Agreement: Santander will establish an Internal Escrow account for SUSD. In this case, there will be no fee assessed to SUSD for establishing the Internal Escrow account. All interest earnings shall be retained by Santander in consideration of managing the Internal Escrow account.

Credit Review: Upon award by SUSD, Santander will complete the credit approval process after receiving a complete credit package which consists of the equipment list/vendor quotes, last two years audited financial statements (four years if financed amount is over \$1MM) and an executed Lease Application from SUSD.


Closing Costs and Fees: SUSD will be responsible for any fees or expenses with respect to its (i) legal counsel and financial advisor fees and (ii) permits, titles and registration fees, if applicable. Santander is willing to finance any expenses related to closing the transaction.

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This proposal is subject to final credit approval and final documentation. Please feel free to call me at 714-374-5289 with any questions or further clarification.

Thank you for the opportunity to present this proposal.

Sincerely,

A handwritten signature in purple ink that reads "Bruce Block". The signature is written in a cursive, flowing style.

Bruce Block
Senior Vice President