

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.31
(ID # 7596)

MEETING DATE:

Tuesday, July 31, 2018

FROM : PURCHASING AND FLEET SERVICES:

SUBJECT: PURCHASING AND FLEET SERVICES: Approval of the Agreement for the Multi-year Lease Line of Credit for Financing Purchases of Fixed Assets with Bank of America Public Capital Corp., [Districts All]; [\$50,000,000 total]; 100% Department Budgets

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Master Equipment Lease/Purchase Agreement with Bank of America Public Capital for a \$25,000,000 line of credit, with the option for an additional \$25,000,000 after the initial funds are exhausted and authorize the Chairman of the Board to execute the Agreement on behalf of the County, and;
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding, and as approved by County Counsel, to sign amendments that do not change the substantive terms of the agreement.

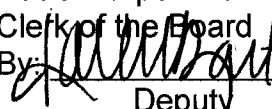
ACTION:


Teresa Summers, Director of Purchasing 7/17/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington and Perez
Nays: None
Absent: Ashley
Date: July 31, 2018
xc: Purchasing

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$15-25 Million	\$15-25	\$ 50 Million	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: 100% Department Budgets			Budget Adjustment: No	
			For Fiscal Year: 18/19-19/20	

C.E.O. RECOMMENDATION: APPROVE

BACKGROUND:

Summary

A lease line of credit is a financing tool available to departments to purchase capital equipment when funds for outright purchases are limited. This financing mechanism has been in place within the county for over 23 years through a competitive bid process that sets in place an award for a fixed line of credit amount. In order to provide financing on an "as needed" basis, the Purchasing Department formally solicits an open line of credit via the Request for Proposal (RFP) process for a total amount to be accessed until the line of credit is exhausted. This provides for a readily available funding source that does not require Purchasing to go to the Board of Supervisors for approval of multi-year financing each time a department wishes to finance their preapproved purchase of equipment. Once the amount has been exhausted, a new bid solicitation is released for a new line of credit. The last line of credit was approved by the Board of Supervisors on December 15, 2015 (M.O. 3-29) for \$40 million.

The county's line of credit has allowed departments to replace capital equipment when the useful life has expired or when purchasing new capital equipment. Use of the line of credit is an option to departments and not a requirement. This financing is consistent with Board Policy B-24, Debt Management Policy, and is reviewed and approved by the Debt Advisory Committee prior to Board submittal. The lease line of credit is used for capital equipment, installation services related to the capital purchases and other limited capital projects.

Through the budget process or a separate Form 11, the Board of Supervisors approves items for purchase either on a cash basis or through financing. Departments can only access the line-of-credit if their capital asset purchase has been approved by the Board and the expense is accounted for in their budget. The Master Lease Agreement is with the County of Riverside, administered through the Purchasing Department, and the loan payments are paid directly by the departments. Departments may utilize the lease line of credit, however if more advantageous, the County reserves the right to utilize other financing.

Typical equipment financed through the lease line of credit includes fleet vehicles, fire trucks, information technology equipment, plant operations equipment, medical equipment and other capital equipment. Departments that have used the line of credit in the past include Fire, Fleet Services (for vehicles for various departments), RCIT, RUHS-Medical Center, and the

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Transportation Department. The finance period is based on a variety of factors, including useful life of the equipment, bank requirements and/or department preference.

Impact on Residents and Businesses

There are no direct impacts to residents or businesses.

Additional Fiscal Information

A lease line of credit is needed to meet the needs of departments for capital equipment purchases approved in the FY18/19 for approximately \$22 Million. Budgeted financing requests include: fire trucks and radios for the Fire Department, heavy-duty vehicles for Transportation, technology equipment for RCIT, and vehicle purchases for various departments. Additionally, it is anticipated there may be financing requests for equipment for the new RUHS medical office building (MOB) project. As of result, Purchasing is requesting authority for a \$50 Million total line of credit to accommodate the needs of various department and the MOB.

Contract History and Price Reasonableness

In March 2018, Purchasing issued RFP #PUARC-1595 to establish a new line of credit to meet future County financing requirements. Bids were sent to ten major lending institutions as well as advertised on the Purchasing website, requesting rates for a \$50 million line of credit to be issued in two \$25 million increments, to be used as required by the County. Bids were received from two financial institutions, Banc of America, and J.P. Morgan Chase Bank. The evaluation team consisting of the Auditor Controller, Executive Office and the Treasurer's Office reviewed the responses and determined the interest rates offered by Banc of America were deemed competitive and most favorable to the county.

On June 14, 2018 Purchasing presented the evaluation team's recommendation to the Debt Advisory Committee who unanimously approved the recommendation to award the lease line of credit to Banc of America Public Capital Corp who offered the lowest rates and was the most responsive/responsible vendor to meet the needs of the County. Below are examples of the proposed rates based on Treasury rates for the week ending February 2, 2018. When a department finalizes their requested financing, the rate will be fixed based on the current Treasury Rates.

**Proposed Award
Banc of America Public Capital Corp Proposed Finance Rates**

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Term	Index	Interest Rate
24 Months	Two year treasuries	2.2697%
36 Months	Three year treasuries	2.4011%
60 Months	Five year treasuries	2.5698%
84 Months	Seven year treasuries	2.8306%
120 Months	Ten year treasuries	3.0278%

*Based on February 2, 2018 Treasury rates.



Gregory V. Priamos, Director County Counsel 7/17/2018

CERTIFICATE

The undersigned, a duly elected and acting Karen Barton Deputy Clerk of County of Riverside ("Lessee") certifies as follows:

A. The following listed persons are duly elected and acting officials of Lessee (the "Officials") in the capacity set forth opposite their respective names below and that the facsimile signatures are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of Lessee, to negotiate, execute and deliver the Master Equipment Lease/Purchase Agreement dated as of July 31, 2018 and the Schedule(s) thereunder and all future Schedule(s) (the "Agreements") by and between Lessee and Banc of America Public Capital Corp, and these Agreements are binding and authorized Agreements of Lessee, enforceable in all respects in accordance with their terms.

NAME OF OFFICIAL	TITLE	SIGNATURE
<u>Chuck Washington</u>	<u>Chairman</u>	<u>Chuck Wolf</u>
_____	_____	_____

Dated: July 31, 2018

By: Karen Barton
Name: Karen Barton
Title: Board Assistant/Deputy

(The signer of this Certificate cannot be listed above as authorized to execute the Agreements.)

MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT

This Master Equipment Lease/Purchase Agreement (the "*Agreement*") dated as of July 31, 2018, and entered into between Banc of America Public Capital Corp, a Kansas corporation ("*Lessor*"), and County of Riverside, a county and political subdivision of the State of California organized and existing under the laws of the State of California ("*Lessee*").

WITNESSETH:

WHEREAS, Lessee desires to lease and acquire from Lessor certain equipment described in each Schedule (as each such term is defined herein), subject to the terms and conditions of and for the purposes set forth in each Lease; and in the event of a conflict the terms of a Schedule prevail; and

WHEREAS, the relationship between the parties shall be a continuing one and items of equipment may be added to the Equipment from time to time by execution of additional Schedules by the parties hereto and as otherwise provided herein; and

WHEREAS, Lessee is authorized under the constitution and laws of the State to enter into this Agreement and the Schedules hereto for the purposes set forth herein; and

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"*Acquisition Amount*" means the amount specified in each Lease and represented by Lessee to be sufficient to acquire the Equipment listed in such Lease.

"*Acquisition Fund*" means, with respect to any Lease, the escrow fund established and held by the Acquisition Fund Custodian pursuant to the related Acquisition Fund Agreement, if any.

"*Acquisition Fund Agreement*" means, with respect to any Lease, an Escrow and Account Control Agreement, substantially in the form of Exhibit A attached hereto, in form and substance acceptable to and executed by Lessee, Lessor and the Acquisition Fund Custodian, pursuant to which an Acquisition Fund is established and administered.

"*Acquisition Fund Custodian*" means the Escrow Agent identified in any Acquisition Fund Agreement, and its successors and assigns.

"Acquisition Period" means, with respect to each Lease, that period stated in the Schedule to such Lease during which the Lease Proceeds attributable to such Lease may be expended on Equipment Costs.

"Agreement" means this Master Equipment Lease/Purchase Agreement, including the exhibits hereto, together with any amendments and modifications to the Agreement pursuant to Section 13.05.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder.

"Contract Rate" means the rate identified as such in the applicable Schedule.

"Disbursement Request" means, with respect to the items of Equipment therein identified, a Disbursement Request substantially in the form attached as Schedule 1 to the Acquisition Fund Agreement.

"Equipment" means the property listed in each of the Leases and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article V. Whenever reference is made in this Agreement to Equipment listed in a Lease, such reference shall be deemed to include all such replacements, repairs, restorations, modifications and improvements of or to such Equipment.

"Equipment Costs" means the total cost of the Equipment listed in each Lease, including soft costs such as freight, installation and taxes paid up front by Lessor and all capitalizable consulting and training fees approved by Lessor, legal fees, financing costs, and other costs necessary to vest full, clear legal title to the Equipment in Lessee, subject to the security interest granted to and retained by Lessor as set forth in each Lease, and otherwise incurred in connection with the financing provided by the lease-purchase of the Equipment as provided in each Lease; *provided* that (i) any such soft costs on a cumulative basis shall not exceed a percentage of the Maximum Equipment Cost approved by Lessor and (ii) in no event shall capitalizable delivery charges, installation charges, taxes and similar capitalizable soft costs relating to such Equipment be included without Lessor's prior consent.

"Extended Lease Term" means, with respect to each Lease, a period (and any successive period) during which the original Lease Term for such Lease is extended pursuant to Section 3.03 and is equal in duration to any period during which Lessee does not pay Rental Payments (in whole or in part) when scheduled as a result of the occurrence of an event that results in abatement of Lessee's obligation to make Rental Payments in accordance with the Payment Schedule; *provided* that in no event shall any such extension result in the Lease Term exceeding 1.50 *times* the original Lease Term of such Lease.

"Event of Default" means an Event of Default described in Section 12.01.

"Funding Date" means, with respect to each Lease, the date on which the Acquisition Amount is advanced by Lessor in accordance with Section 3.04(c).

"Lease" means a Schedule and the terms of this Agreement which are incorporated by reference into such Schedule. Each Schedule shall constitute a separate and independent Lease.

"Lease Proceeds" means, with respect to each Lease, the total amount of money to be paid by Lessor to the Acquisition Fund Custodian for deposit and application in accordance with such Lease and the Acquisition Fund Agreement.

"Lease Term" means, with respect to each Lease, the period that begins on the Funding Date and ends on the first business day after the last scheduled Rental Payment Date, subject to extension as provided in Section 3.03.

"Lessee" means the entity referred to as Lessee in the first paragraph of this Agreement.

"Lessor" means (a) the entity referred to as Lessor in the first paragraph of this Agreement or (b) any assignee or transferee of any right, title or interest of Lessor in and to the Equipment under a Lease or any Lease (including Rental Payments thereunder) pursuant to Section 11.01, but does not include any entity solely by reason of that entity retaining or assuming any obligation of Lessor to perform under a Lease.

"Material Adverse Change" means (a) a downgrade in Lessee's external debt rating of two or more subgrades by either Moody's Investors Service, Inc, or S&P Global Ratings or any equivalent successor credit rating agency, or any downgrade by either such agency that would cause Lessee's credit rating to be below investment grade, and (b) thereafter, any change in Lessee's creditworthiness that could have a material adverse effect on (i) the financial condition or operations of Lessee [and its subsidiaries taken as a whole], or (ii) Lessee's ability to perform its obligations under this Agreement or any Lease.

"Maximum Equipment Cost" means the cumulative amount specified in the latest Schedule executed under this Agreement.

"Purchase Price" means, with respect to the Equipment listed on a Lease, the amount that Lessee may pay to Lessor to purchase such Equipment as provided in such Lease.

"Rental Payment Commencement Date" means, with respect to each Lease, the date identified as the Rental Payment Commencement Date under the related Schedule, which is the date Lessee becomes obligated to commence payment of Rental Payments in accordance with the Payment Schedule pursuant to Section 4.01(a).

"Rental Payments" means the basic rental payments payable by Lessee under each Lease pursuant to Section 4.01, in each case consisting of a principal component and an interest component.

"*Schedule*" means each separately numbered Schedule of Property substantially in the form of Exhibit B-1 hereto together with a Rental Payment Schedule attached thereto substantially in the form of Exhibit B-2 hereto.

"*State*" means the State of California.

"*Vendor*" means the manufacturer or supplier of the Equipment or any other person as well as the agents or dealers of the manufacturer or supplier with whom Lessor arranged Lessee's acquisition and financing of the Equipment pursuant to the applicable Lease.

ARTICLE II

Section 2.01. Representations and Covenants of Lessee. Lessee represents, covenants and warrants for the benefit of Lessor on the date hereof and as of the Funding Date of each Lease as follows:

(a) Lessee is a political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the constitution and laws of the State, with full power and authority to enter into this Agreement, each Lease and each Acquisition Fund Agreement and the transactions contemplated hereby and thereby and to perform all of its obligations hereunder and under each Lease and each Acquisition Fund Agreement.

(b) Lessee has duly authorized the execution and delivery of this Agreement and each Lease and related Acquisition Fund Agreement by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and each Lease and related Acquisition Fund Agreement.

(c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof.

(d) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic.

(e) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and each Lease and the acquisition by Lessee of the Equipment as provided in each Lease.

(f) During the Lease Term, the Equipment will be used by Lessee only for the purpose of performing essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority. Lessee does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Rental Payment scheduled to be paid under each Lease.

(g) Lessee has kept, and throughout the Lease Term of any Lease shall keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied, and shall deliver to Lessor (i) annual audited financial statements (including (1) a balance sheet, (2) statement of revenues, expenses and changes in fund balances for budget and actual, (3) statement of cash flows and notes, and (4) schedules and attachments to the financial statements) within 270 days of its fiscal year end, (ii) such other financial statements and information as Lessor may reasonably request, and (iii) its annual budget for the following fiscal year when approved but not later than 30 days prior to its current fiscal year end. The financial statements described in subsection (i) shall be accompanied by an unqualified opinion of Lessee's auditor. Credit information relating to Lessee may be disseminated among Lessor and any of its affiliates and any of their respective successors and assigns.

(h) Lessee has an immediate need for the Equipment listed on each Schedule and expects to make immediate use of the Equipment listed on each Schedule. Lessee's need for the Equipment is not temporary and Lessee does not expect the need for any item of the Equipment to diminish during the Lease Term to such item.

(i) The payment of the Rental Payments or any portion thereof is not (under the terms of any Lease or any underlying arrangement) directly or indirectly (x) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (y) on a present value basis, derived from payments (whether or not to Lessee) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Equipment Costs for the Equipment will be used, directly or indirectly, to make or finance loans to any person other than Lessee. Lessee has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(j) There is no pending litigation, tax claim, proceeding or dispute that may adversely affect Lessee's financial condition or impairs its ability to perform its obligations under this Agreement, any Lease or any Acquisition Fund Agreement. Lessee will, at its expense, maintain its legal existence and do any further act and execute, acknowledge, deliver, file, register and record any further documents Lessor may reasonably request in order to protect Lessor's security interest in the Equipment and the Acquisition Fund and Lessor's rights and benefits under each Lease and related Acquisition Fund Agreement.

ARTICLE III

Section 3.01. Lease of Equipment. Subject to the terms of this Master Lease, Lessor agrees to provide the funds specified in each Lease to be provided by it to acquire the Equipment, up to an amount equal to the Maximum Equipment Cost. Upon the execution of each Lease, Lessor demises, leases, transfers and lets to Lessee, and Lessee acquires, rents and leases from Lessor, the Equipment as set forth in such Lease and in accordance with the terms thereof.

Section 3.02. Continuation of Lease Term. Lessee intends, subject to Section 3.03, to continue the Lease Term of each Lease and to pay the Rental Payments thereunder. Lessee affirms that sufficient funds are available for the current fiscal year, and Lessee reasonably believes that an amount sufficient to make all Rental Payments during the entire Lease Term of each Lease can be obtained from legally available funds of Lessee.

Section 3.03. Abatement. (a) During any period in which, by reason of material damage or destruction or taking under the power of eminent domain (or sale to any entity threatening the use of such power) or material title defect with respect to any Equipment, there is substantial interference with the beneficial use and enjoyment by Lessee of such Equipment, the Rental Payments due under the applicable Lease shall be abated in the same proportion (including in whole) that the portion of such Equipment that is unavailable for Lessee's beneficial use and enjoyment bears to all of the Equipment. Lessee shall immediately notify Lessor upon the occurrence of any event causing substantial interference with Lessee's beneficial use and enjoyment of any Equipment, the portion of the Equipment that is unavailable and the identity of the affected Lease. Such notice shall be provided prior to the abatement of any Rental Payments under the applicable Lease. Abatement of Rental Payments pursuant to this Section shall not be deemed to be an Event of Default.

(b) The amount of Rental Payments abated under the applicable Lease shall be such that the remaining Rental Payment obligation for each rental period represents fair consideration for the beneficial use and enjoyment of the portions of the Equipment that are not affected by such interference. Such abatement shall commence on the date that Lessee's beneficial use and enjoyment of the affected Equipment is restricted because of such interference and end on the earlier of (i) the date on which the beneficial use and enjoyment thereof are restored to Lessee, or (ii) the date on which Lessee either (x) replaces the affected Equipment, (y) uses the proceeds of insurance or condemnation award to pay the applicable Prepayment Price therefor or (z) elects to pay the applicable Prepayment Price for the affected Equipment pursuant to Section 10.01(b) if no insurance proceeds or condemnation award are available for purposes of the foregoing clause (y); *provided, however*, that the term of the applicable Lease shall automatically be extended for an Extended Lease Term and further extended successively for any additional Extended Lease Term as a result of the occurrence of any subsequent similar event; and *provided further, however*, that in no event shall any such extension result in the Lease Term extending past the date specified in the definition of "*Extended Lease Term*" as applied to the affected Lease. The date on which abatement ends with respect to the applicable Lease as determined pursuant to the next preceding sentence is referred to in this Section 3.03 as an "*Abatement End Date*."

(c) The terms and conditions during any Extended Lease Term with respect to a Lease shall be the same as the terms and conditions during the original Lease Term for such Lease, except that, for all Leases, (i) the then unpaid aggregate principal component under the applicable Lease shall be amortized at the applicable Contract Rate on a level debt service basis over a period equal to the duration of the then remainder of such original Lease Term and such Extended Lease Term and with Rental Payments payable on each Rental Payment Date provided in the applicable Lease; (ii) Lessor shall prepare, and Lessor and Lessee shall execute and deliver, a revised Payment Schedule with respect to such Lease based on the factors described in the preceding clause (i); (iii) if the Extended Lease Term under the applicable Lease does not end on an applicable Rental

Payment Date, the final date for payment of Rental Payments under such Lease shall be the last business day of the Extended Lease Term under the applicable Lease; (iv) Lessee shall take such actions as may be reasonably necessary to maintain federal tax-exemption of the interest component of Rental Payments under the applicable Lease, including preparing, executing and filing an information reporting return in compliance with the Code in the event that the revised Payment Schedule with respect to such Lease may result in treatment of such revised Payment Schedule as a reissuance of the applicable Lease for federal income tax purposes; and (v) the Extended Lease Term under the applicable Lease shall not exceed the earlier of the date specified for such purpose in the definition of "*Extended Lease Term*" as applied to the affected Lease or the latest date that would not adversely affect federal tax-exemption of the interest component of Rental Payments under such Lease based upon the relationship of the reasonably expected average useful life of the Equipment thereunder and the weighted average maturity of the aggregate principal component under the revised Payment Schedule for the applicable Lease. In connection with the execution and delivery of a revised Payment Schedule for a Lease as herein provided, Lessee shall deliver to Lessor, at Lessee's expense, a written opinion of special tax counsel (selected by Lessee and reasonably acceptable to Lessor) with respect to the federal tax matters described in this subsection (c). Lessee shall direct such special tax counsel to cooperate with Lessor in connection with federal tax matters that relate to the calculations that Lessor is required to make as provided in the first sentence of this subsection (c). Lessor shall establish the Extended Lease Term for the applicable Lease, calculate the increased interest component and revised amortization of the then unpaid aggregate principal component under the applicable Lease and prepare the revised Payment Schedule for such Lease, all as provided in the first sentence of this subsection (c), within thirty days after an Abatement End Date (as described in subsection (b) above). Once Lessor has prepared such revised Payment Schedule, Lessor shall promptly deliver such revised Payment Schedule to Lessee for execution and delivery by Lessee and return to Lessor; *provided* that the revised Payment Schedule for the applicable Lease prepared in accordance with this subsection (c) shall become immediately effective for the period from and after such Abatement End Date.

Under no circumstances shall a revised Payment Schedule require the Lessee to pay Rental Payments in an amount greater than the fair rental value of the applicable Equipment.

(d) Notwithstanding any such interference with Lessee's beneficial use and enjoyment of a portion of the Equipment, the applicable Lease shall continue in full force and effect with respect to any remaining Equipment thereunder. Lessee hereby waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate any Lease by virtue of any interference with the use and possession of the Equipment thereunder.

Section 3.04. Conditions to Lessor's Performance. (a) As a prerequisite to the performance by Lessor of any of its obligations pursuant to any Lease, Lessee shall deliver to Lessor the following:

- (i) A fully completed Schedule, executed by Lessee;

(ii) An Acquisition Fund Agreement, executed by Lessee and the Acquisition Fund Custodian, unless Lessor pays 100% of the Acquisition Amount directly to the Vendor upon execution of the Lease;

(iii) A Certificate executed by the Clerk or Secretary or other comparable officer of Lessee, in substantially the form attached hereto as Exhibit C, completed to the satisfaction of Lessor;

(iv) A certified copy of a resolution, ordinance or other official action of Lessee's governing body authorizing the execution and delivery of this Lease and performance by Lessee of its obligations hereunder;

(v) An opinion of counsel to Lessee in substantially the form attached hereto as Exhibit D respecting such Lease and otherwise satisfactory to Lessor;

(vi) Evidence of insurance as required by Section 7.02 hereof;

(vii) All documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate at that time pursuant to Section 6.02;

(viii) A copy of a fully completed and executed Form 8038-G;

(ix) If any Equipment units are motor vehicles, properly completed certificates of title for such vehicles; and

(x) Such other items, if any, as are set forth in such Lease or are reasonably required by Lessor.

(b) In addition, the performance by Lessor of any of its obligations pursuant to any Lease shall be subject to: (i) no material adverse change in the financial condition of Lessee since the date of this Lease, (ii) no Event of Default having occurred, and (iii) if no Acquisition Fund has been established, the Equipment has been accepted by Lessee.

(c) Subject to satisfaction of the foregoing, Lessor will pay the Acquisition Amount for Equipment described in a Schedule to the Vendor or, if authorized by Lessee's governing body, will reimburse Lessee for the prior payment of any such Acquisition Amounts by Lessee to the Vendor, upon receipt of the documents described in Sections 5.01(a) and (b); or if an Acquisition Fund has been established pursuant to an Acquisition Fund Agreement, Lessor will deposit the Acquisition Amount for Equipment described in the Schedule with the Acquisition Fund Custodian.

(d) This Agreement is not a commitment by Lessor to enter into any Lease not currently in existence, and nothing in this Agreement shall be construed to impose any obligation upon Lessor to enter into any proposed Lease, it being understood that whether Lessor enters into any proposed Lease shall be a decision solely within Lessor's discretion.

(e) Lessee will cooperate with Lessor in Lessor's review of any proposed Lease. Without limiting the foregoing, Lessee will provide Lessor with any documentation or information Lessor may request in connection with Lessor's review of any proposed Lease. Such documentation may include, without limitation, documentation concerning the Equipment and its contemplated use and location and documentation or information concerning the financial status of Lessee and other matters related to Lessee.

ARTICLE IV

Section 4.01. Rental Payments. Subject to Section 3.03, Lessee shall promptly pay Rental Payments, in lawful money of the United States of America, to Lessor on the dates and in such amounts as provided in each Lease. Interest on the Acquisition Amount advanced shall begin to accrue as of the Funding Date for such Lease. Subject to Section 3.03, Lessee shall pay Lessor a charge on any Rental Payment not paid on the date such payment is due at a rate equal to the Contract Rate plus 5% per annum or the maximum amount permitted by law, whichever is less, from such date. Lessee shall not permit the federal government to guarantee any Rental Payments under any Lease. Rental Payments consist of principal and interest payments as more fully detailed on each Schedule, the interest on which begins to accrue as of the Commencement Date for each such Schedule.

Section 4.02. Interest and Principal Components. A portion of each Rental Payment is paid as, and represents payment of, interest, and the Balance of each Rental Payment is paid as, and represents payment of, principal. Each Lease shall set forth the principal and interest components of each Rental Payment payable thereunder during the Lease Term.

Section 4.03. Rental Payments to Constitute a Current Expense of Lessee. The Rental Payment payable on a particular Rental Payment date under a Lease shall be for the period from the immediately preceding Rental Payment Date to such particular Rental Payment date under such Lease. For each fiscal year or portion thereof during the Lease Term under a Lease, Rental Payments and other amounts payable under such Lease shall constitute the total rentals for such fiscal year or portion thereof and shall be paid by Lessee for and in consideration of the right of use and possession, and the continued quiet use and enjoyment, of the Equipment under such Lease by Lessee for and during such fiscal year or portion thereof. Lessor and Lessee have agreed, and shall determine on the Funding Date for each Lease, that such rentals shall not be in excess of the fair rental value of the Equipment under such Lease then being entered into pursuant to this Agreement. In making such determination, consideration shall be given to the costs of acquiring and installing such Equipment, the uses and purposes served by such Equipment and the benefits therefrom that will accrue to Lessee by reason of the applicable Lease and to the general public by reason of Lessee's use of the Equipment thereunder. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments under each Lease shall constitute a current expense of Lessee payable solely from its general fund or other funds that are legally available for that purpose and shall 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, nor shall anything contained herein or in a Lease constitute a pledge of the general tax revenues, funds or moneys of Lessee.

Section 4.04. Rental Payments to be Unconditional. Except as provided in Section 3.03, the obligations of Lessee to make Rental Payments and to perform and observe the other covenants and agreements contained in each Lease shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, after it has been accepted by Lessee, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances.

Section 4.05. Tax Covenants. (a) Lessee agrees that it will not take any action that would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes.

(b) In the event that Lessee does not spend the moneys in the Acquisition Fund within six (6) months of the date the deposit is made pursuant to Section 3.04(c), Lessee will, if required by section 148(f) of the Code to pay rebate: (i) establish a Rebate Account and deposit the Rebate Amount (as defined in Section 1.148-3(b) of the Federal Income Tax Regulations) not less frequently than once per year after the applicable Commencement Date; and (ii) rebate to the United States, not less frequently than once every five (5) years after the applicable Commencement Date, an amount equal to at least 90% of the Rebate Amount and within 60 days after payment of all Rental Payments or the Purchase Price as provided in Section 10.01(a) hereof, 100% of the Rebate Amount, as required by the Code and any regulations promulgated thereunder. Lessee shall determine the Rebate Amount, if any, at least every year and upon payment of all Rental Payments or the Purchase Price and shall maintain such determination, together with any supporting documentation required to calculate the Rebate Amount, until six (6) years after the date of the final payment of the Rental Payments or the Purchase Price.

Section 4.06. Event of Taxability. Upon the occurrence of an Event of Taxability, the interest component shall be at a Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for federal income tax purposes, and Lessee will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate identified in the related Lease.

For purposes of this Section, "Event of Taxability" means a determination that the interest component is includible for federal income tax purposes in the gross income of the owner thereof due to Lessee's action or failure to take any action.

Section 4.07. Mandatory Prepayment. If the Lease Proceeds are deposited into an Acquisition Fund, any funds not applied to Equipment Costs and remaining in such Acquisition Fund on the earlier of (a) the expiration of the applicable Acquisition Period and (b) the date on which Lessee executes an Acceptance Certificate shall be applied by Lessor on the next Rental Payment date, pro rata to the prepayment of the principal component of the outstanding Rental Payments due under the applicable Schedule.

Section 4.08. Covenant to Budget and Appropriate. Lessee hereby covenants to take such action as is necessary under the laws applicable to Lessee to budget for and appropriate and maintain funds sufficient and available to discharge its obligation to meet all Rental Payments under each Lease in each of its fiscal years during the Lease Term for each Lease.

The covenants on the part of Lessee herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable Lessee to carry out and perform the covenants and agreements in this Agreement and each Lease agreed to be carried out and performed by Lessee.

ARTICLE V

Section 5.01. Acquisition, Delivery Installation and Acceptance of Equipment. (a) With respect to each Lease, Lessee shall order the Equipment to be acquired and financed thereunder, cause the Equipment to be delivered and installed at the location specified in such Lease and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. If an Acquisition Fund is established with respect to such Equipment, such amounts shall be paid from funds on deposit in the Acquisition Fund.

If an Acquisition Fund is established with respect to a Lease, when a portion of the Equipment under a Lease has been delivered and installed and payment of which is to be made from a progress payment, Lessee shall certify that such portion of Equipment has been delivered, installed and accepted proportionately with the amount requested for payment of such portion by executing and delivering Disbursement Requests to the applicable Acquisition Fund Custodian pursuant to the applicable Acquisition Fund Agreement. After each portion of such Equipment has been delivered and installed, is fully operational and has been accepted by Lessee for purposes of this Agreement and the applicable Lease, Lessee shall promptly evidence its acceptance of such portion by, if an Acquisition Fund is established, completing, executing and delivering Disbursement Requests to the applicable Acquisition Fund Custodian pursuant to the applicable Acquisition Fund Agreement, and otherwise, by delivering to Lessor an Acceptance Certificate in the form attached hereto as *Exhibit E*.

(b) Lessee shall deliver to Lessor original invoices and bills of sale (if title to such Equipment has passed to Lessee) relating to each item of Equipment accepted by Lessee. With respect to Equipment not purchased through an Acquisition Fund, Lessor shall, upon receipt of an Acceptance Certificate from Lessee, prepare a Schedule of Property and Rental Payment Schedule in the forms attached hereto as Exhibits B-1 and B-2. Lessee shall execute and deliver such Schedules to Lessor within 5 business days of receipt.

Section 5.02. Quiet Enjoyment of Equipment. So long as Lessee is not in default under the related Lease, neither Lessor nor any entity claiming by, through or under Lessor, shall interfere with Lessee's quiet use and enjoyment of the Equipment during the Lease Term.

Section 5.03. Location; Inspection. Once installed, no item of the Equipment will be relocated from the base location specified for it in the Lease on which such item is listed without

Lessor's consent, which consent shall not be unreasonably withheld. Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

Section 5.04. Use and Maintenance of the Equipment. Lessee will not install, use, operate, or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the related Lease. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial body, including, without limitation, all anti-money laundering laws and regulations; *provided* that Lessee may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest (including the reversionary interest) of Lessor in and to the Equipment or its interest or rights under the Lease.

Lessee agrees that it will maintain, preserve, and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, Lessee agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to Lessor as provided for herein.

Lessee shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of Lessor.

ARTICLE VI

Section 6.01. Title to the Equipment. During each Lease Term, and so long as Lessee is not in default under Article XII hereof, all right, title and interest in and to each item of the Equipment shall be vested in Lessee immediately upon its acceptance of each item of Equipment, subject to the terms and conditions of the applicable Lease. Lessee shall at all times protect and defend, at its own cost and expense, its title in and to the Equipment from and against all claims, liens and legal processes of its creditors, and keep all Equipment free and clear of all such claims, liens and processes. Upon the occurrence of an Event of Default or upon termination of a Lease pursuant to Section 3.03 hereof, full and unencumbered legal title to the Equipment shall pass to Lessor, and Lessee shall have no further interest therein. In addition, upon the occurrence of such an Event of Default or such termination, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of such legal title to Lessor and the termination of Lessee's interest therein, and upon request by Lessor shall deliver possession of the Equipment to Lessor in accordance with Section 12.02. Upon purchase of the Equipment under a Lease by Lessee pursuant to Section 10.01, Lessor's security interest or other interest in the Equipment shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may request

to evidence the termination of Lessor's security interest in the Equipment subject to the related Lease.

Section 6.02. Security Interest. To secure the payment of all of Lessee's obligations under each Lease, upon the execution of such Lease, Lessee grants to Lessor a security interest constituting a first lien on (a) the Equipment applicable to such Lease, (b) moneys and investments held from time to time in the Acquisition Fund and (c) any and all proceeds of any of the foregoing. Lessee agrees to execute and authorizes Lessor to file such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain Lessor's security interest in the Equipment, the Acquisition Fund and the proceeds thereof.

Section 6.03. Personal Property. The Equipment is and will remain personal property and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. Upon the request of Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Equipment free of all levies, liens, and encumbrances except those created by each Lease. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and that the Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to such Equipment. Lessee shall pay all utility and other charges incurred in the use and maintenance of the Equipment. Lessee shall pay such taxes or charges as the same may become due; *provided* that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during each Lease Term.

Section 7.02. Insurance. Lessee shall, during the Lease Term under each Lease, maintain or cause to be maintained (a) casualty insurance naming Lessor and its assigns as loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Lessor, in an amount at least equal to the greater of (i) the then applicable Purchase Price under such Lease or (ii) the replacement cost of the Equipment under such Lease; (b) liability insurance naming Lessor and its assigns as additional insured that protects Lessor from liability with limits of at least \$5,000,000.00 for bodily injury and property damage coverage, or such other minimum coverage amount as may be agreed upon between Lessor and Lessee in connection with the execution and delivery of a Lease, in all events under clauses (a) and (b) issued in form and amount satisfactory to Lessor and by an insurance company that is authorized to do business in the State and having a financial strength rating by A.M. Best Company of "A-" or better; (c) worker's compensation coverage as required by the laws of the State; and (d) rental interruption insurance

naming Lessor as loss payee, with coverage at least equal to the maximum total Rental Payments payable by Lessee under the related Lease for any consecutive 12-month period if such Lease has an original Lease Term of 36 months or less and coverage at least equal to the maximum total Rental Payments payable by Lessee under the related Lease for any consecutive 24-month period if such Lease has an original Lease Term that is greater than 36 months and, in either case, insuring against abatement of Rental Payments payable by Lessee resulting from Lessee's loss of beneficial use or enjoyment of the Equipment or any substantial portion thereof under the related Lease and caused by any and all perils insured under the casualty insurance described in clause (a) above. Notwithstanding the foregoing, Lessee may self-insure against the risks described in clauses (a) and/or (b) through a government pooling arrangement, self-funded loss reserves, risk retention program or other self-insurance program, in each case with Lessor's prior written consent (which Lessor may grant, withhold or deny in its sole discretion) and provided that Lessee has delivered to Lessor such information as Lessor may request with respect to the adequacy of such self-insurance to cover the risks proposed to be self-insured and otherwise in form and substance acceptable to Lessor. In the event Lessee is permitted, at Lessor's sole discretion, to self-insure as provided in this Section, Lessee shall provide to Lessor a self-insurance letter in substantially the form attached hereto as *Exhibit G*. Lessee shall furnish to Lessor evidence of such insurance or self-insurance coverage throughout the Lease Term under each Lease. Lessee shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Lessor without first giving written notice thereof to Lessor at least 30 days in advance of such cancellation or modification.

Section 7.03. Risk of Loss. Whether or not covered by insurance or self-insurance, Lessee hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment shall relieve Lessee of the obligation to make the Rental Payments or to perform any other obligation under this Lease, except as otherwise provided in Section 3.03. Whether or not covered by insurance or self-insurance, Lessee hereby agrees to reimburse Lessor (to the fullest extent permitted by applicable law, but only from legally available funds) for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Lessor, regardless of the cause thereof and all expenses incurred in connection therewith (including, without limitation, counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into of this Agreement or any of the transactions contemplated hereby, (b) the ordering, acquisition, ownership use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item the Equipment, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of Lessee in connection with a Lease or any material misrepresentation provided by Lessee in connection with a Lease. The provisions of this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under all Leases or the termination of the Lease Term under any Lease for any reason.

Section 7.04. Advances. In the event Lessee shall fail to keep the Equipment in good repair and working order or shall fail to maintain any insurance required by Section 7.02 hereof, Lessor may, but shall be under no obligation to, maintain and repair the Equipment or obtain and maintain

any such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term, and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date advanced until paid at a rate equal to the Contract Rate (or the Taxable Rate if then in effect) plus 5% per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. Unless Lessee shall have exercised its option to purchase the Equipment by making payment of the Purchase Price as provided in the related Lease, if, prior to the termination of the applicable Lease Term, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

If Lessee elects to replace any item of the Equipment (the "*Replaced Equipment*") pursuant to this Section, the replacement equipment (the "*Replacement Equipment*") shall be of similar type, utility and condition to the Replaced Equipment and shall be of equal or greater value than the Replaced Equipment. Lessor shall receive a first priority security interest in any such Replacement Equipment. Lessee shall represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor's security interest in the Replacement Equipment. Lessor and Lessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "Equipment" for purposes of this Agreement and the related Lease. Lessee shall complete the documentation of Replacement Equipment on or before the next Rental Payment date after the occurrence of a casualty event, or be required to exercise the Purchase Option with respect to the damaged equipment.

For purposes of this Article, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

Section 8.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, Lessee shall, to the fullest extent permitted by applicable law, but only from funds legally available and appropriated for such purpose, either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net

Proceeds, or (b) pay or cause to be paid to Lessor the amount of the then applicable Purchase Price for the Equipment, and, upon such payment, the applicable Lease Term shall terminate and Lessor's security interest in the Equipment shall terminate as provided in Section 6.01 hereof. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after purchasing such Equipment and such other Equipment shall be retained by Lessee. If Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article IV.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Lessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Equipment, or any other warranty or representation, express or implied, with respect thereto and, as to Lessor, Lessee's acquisition of the Equipment shall be on an "as is" basis. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, any Lease, the Equipment or the existence, furnishing, functioning or Lessee's use of any item, product or service provided for in this Agreement or any Lease.

Section 9.02. Vendor's Warranties. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during each Lease Term, so long as Lessee shall not be in default under the related Lease, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Lessor may have against Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against Vendor of the Equipment, and not against Lessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Lessor with respect to any Lease, including the right to receive full and timely payments under a Lease. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties relating to the Equipment.

ARTICLE X

Section 10.01. Purchase Option. Lessee shall have the option to purchase all of the Equipment listed in a Lease, at the following times and upon the following terms:

(a) From and after the date specified in the related Schedule (the "*Purchase Option Commencement Date*"), on the Rental Payment dates specified in each Lease, upon not less than 30 days' prior written notice, and upon payment in full of the Rental Payments then due under such Lease plus the then applicable Purchase Price, which may include a prepayment premium on the unpaid balance as set forth in the applicable Schedule; or

(b) In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment listed in a Lease, on the day specified in Lessee's notice to Lessor of its exercise of the purchase option (which shall be the earlier of the next Rental

Payment date or 60 days after the casualty event) upon payment in full to Lessor of the Rental Payments then due under such Lease plus the then applicable Purchase Price; or

(c) Upon the expiration of the Lease Term, upon payment in full of all Rental Payments then due and all other amounts then owing under the Lease, and the payment of \$1.00 to Lessor.

After payment of the applicable Purchase Price, Lessee will own the related Equipment, and Lessor's security interests in and to such Equipment will be terminated.

ARTICLE XI

Section 11.01. Assignment by Lessor. (a) Lessor's right, title and interest in and to Rental Payments and any other amounts payable by Lessee under any and all of the Leases, its security interest in the Equipment subject to each such Lease, and all proceeds therefrom may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor, without the necessity of obtaining the consent of Lessee; *provided*, that any such assignment, transfer or conveyance to a trustee for the benefit of owners of certificates of participation shall be made in a manner that conforms to any applicable State law. Nothing in this Section 11.01 shall be construed, however, to prevent Lessor from executing any such assignment, transfer or conveyance that does not involve funding through the use of certificates of participation within the meaning of applicable State law, including any such assignment, transfer or conveyance as part of a multiple asset pool to a partnership or trust; *provided* such certificates are sold only on a private placement basis (and not pursuant to any "public offering") to a purchaser(s) who represent that (i) such purchaser has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment, (ii) such purchaser understands neither the Lease nor certificates will be registered under the Securities Act of 1933, (iii) such purchaser is either an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, or a qualified institutional buyer within the meaning of Rule 144A, and (iv) it is the intention of such purchaser to acquire such certificates (A) for investment for its own account or (B) for resale in a transaction exempt from registration under the Securities Act of 1933; *provided further*, that in any event, Lessee shall not be required to make Rental Payments, to send notices or to otherwise deal with respect to matters arising under a Lease with or to more than one individual or entity.

(b) Unless to an affiliate controlling, controlled by or under common control with Lessor, no assignment, transfer or conveyance permitted by this Section 11.01 shall be effective until Lessee shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership interests with respect to the Rental Payments payable under a Lease, it shall thereafter be sufficient that Lessee receives notice of the name and address of the bank or trust company as trustee or paying agent. During each Lease Term, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. Lessee shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees designated in such register. Lessee shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right Lessee may have against Lessor or the

Vendor. Assignments in part may include without limitation assignment of all of Lessor's security interest in and to the Equipment listed in a particular Lease and all rights in, to and under the Lease related to such Equipment. The option granted in this Section may be separately exercised from time to time with respect to the Equipment listed in each Lease, but such option does not permit the assignment of less than all of Lessor's interests in the Equipment listed in a single Lease.

(c) If Lessor notifies Lessee of its intent to assign the Lease, Lessee agrees that it shall execute and deliver to Lessor a Notice and Acknowledgement of Assignment substantially in the form of Exhibit F attached to this Lease within five (5) business days after its receipt of such request.

Section 11.02. Assignment and Subleasing by Lessee. None of Lessee's right, title, and interest in, to and under any Lease or any portion of the Equipment may be assigned or encumbered by Lessee for any reason.

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events shall constitute an "Event of Default" under a Lease:

(a) Failure by Lessee to (i) pay any Rental Payment or other payment required to be paid under any Lease within 10 days after the date when due as specified therein or (ii) maintain insurance as required under such Lease (including Section 7.02 incorporated therein);

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; *provided that*, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by Lessee in or pursuant to any Lease or its execution, delivery or performance shall prove to have been false, incorrect, misleading, or breached in any material respect on the date when made;

(d) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which Lessee is an obligor under which there is outstanding, owing or committed an aggregate amount of at least 10% of Lessee's aggregate current long- and short-term indebtedness, if such default consists of (i) the failure to pay any indebtedness when due or (ii) the failure to perform any other obligation thereunder and gives the holder of the indebtedness the right to accelerate the indebtedness;

(e) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator or Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists under a Lease, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to Lessee, Lessor may without terminating such Lease take whatever action at law or in equity may appear necessary or desirable to collect each Rental Payment payable by Lessee under such Lease and other amounts payable by Lessee thereunder as they become due and payable. Without limiting the generality of the foregoing, Lessor may, by action pursuant to the California Code of Civil Procedure, or as otherwise provided by law, obtain the issuance of a writ of mandamus enforcing, for each fiscal year *seriatim* during the entire balance of the remaining Lease Term under such Lease, subject to Section 3.03, the duty of Lessee to appropriate and take all other administrative steps necessary for the payment of Rental Payments and other amounts due under such Lease;

(b) With or without terminating the Lease Term under such Lease, Lessor may enter the premises where the Equipment listed in such Lease is located and retake possession of such Equipment or require Lessee at Lessee's expense to promptly return any or all of such Equipment to the possession of Lessor at such place within the United States as Lessor shall specify, and sell or lease such Equipment or, for the account of Lessee, sublease such Equipment, continuing to hold Lessee liable, but solely from legally available funds, for the difference between (i) the Rental Payments payable by Lessee pursuant to such Lease and other amounts related to such Lease or the Equipment listed therein that are payable by Lessee to the end of the then current Lease Term, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Lessor in exercising its remedies under such Lease, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees), subject, however, to the provisions of Section 3.03. The exercise of any such remedies respecting any such Event of Default shall

not relieve Lessee of any other liabilities under any other Lease or with respect to the Equipment listed therein;

(c) Lessor may terminate the Acquisition Fund Agreement relating to such Lease and apply any proceeds in the Acquisition Fund thereunder to the Rental Payments due under such Lease; and

(d) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under such Lease or the Acquisition Fund Agreement relating thereto or as a secured party in any or all of the Equipment subject to such Lease or with respect to the related Acquisition Fund.

Section 12.03. No Remedy Exclusive; No Acceleration. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under a Lease now or hereafter existing at law or in equity; *provided* that Lessor shall have no right to accelerate any Rental Payment or otherwise declare any Rental Payment or other amount payable not then in default to be immediately due and payable. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice other than such notice as may be required in this Article.

Section 12.04. Application of Moneys. Any net proceeds from the exercise of any remedy under this Agreement, including the application specified in Section 12.02(b)(ii) (after deducting all expenses of Lessor in exercising such remedies including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing Equipment and all brokerage, auctioneer's or attorney's fees), shall be applied as follows:

(a) If such remedy is exercised solely with respect to a single Lease, Equipment listed in such Lease or rights thereunder, then to amounts due pursuant to such Lease and other amounts related to such Lease or such Equipment.

(b) If such remedy is exercised with respect to more than one Lease, Equipment listed in more than one Lease or rights under more than one Lease, then to amounts due pursuant to such Leases pro rata.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under any Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by Lessee.

Section 13.02. Binding Effect. Each Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement and each Lease may only be amended by Lessor and Lessee in writing.

Section 13.05. Execution in Counterparts. This Agreement and each Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06. Applicable Law. This Agreement and each Lease shall be governed by and construed in accordance with the laws of the State.

Section 13.07. Captions. The captions or headings in this Agreement and in each Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement or any Lease.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

LESSOR:

LESSEE:

BANC OF AMERICA PUBLIC CAPITAL CORP
555 California Street, 4th Floor
CA5-705-04-01
San Francisco, California 94104
Attention: Contract Administration
Fax No.: (415) 765-7373

COUNTY OF RIVERSIDE
2980 Washington Street
Riverside, California 92504-4647
Attention: Purchasing Agent
Fax No.:

By: Bridgett Arnold
Name: Bridgett Arnold
Title: Authorized Agent

By: Chuck Washington
Name: Chuck Washington
Title: Chairman of the Board

(SEAL)

ATTEST:

By: _____
Name: _____
Title: _____

ATTEST:
KEGIA HARPER-IHEM, Clerk
BY: [Signature]
DEPUTY

FORM APPROVED COUNTY COUNSEL
BY: [Signature] 7-18-2008
DAVID M. McCARTHY DATE

LIST OF EXHIBITS

- Exhibit A - Acquisition Fund and Account Control Agreement
- Exhibit B-1 - Schedule of Property
- Exhibit B-2 - Rental Payment Schedule
- Exhibit C - Certificate
- Exhibit D - Opinion of Counsel Form
- Exhibit E - Acceptance Certificate
- Exhibit F - Notice and Acknowledgement of Assignment

EXHIBIT A

ACQUISITION FUND AND ACCOUNT CONTROL AGREEMENT

(Provided upon request)

EXHIBIT B-1

SCHEDULE OF PROPERTY NO. _____

Re: Master Equipment Lease/Purchase Agreement, dated as of _____, between Banc of America Public Capital Corp, as Lessor, and County of Riverside, as Lessee

1. *Defined Terms.* All terms used herein have the meanings ascribed to them in the above-referenced Master Equipment Lease/Purchase Agreement (the "*Master Equipment Lease*").

2. *Equipment.* The following items of Equipment are hereby included under this Schedule of the Master Equipment Lease.

QUANTITY	DESCRIPTION	SERIAL NO.	MODEL NO.	LOCATION
----------	-------------	------------	-----------	----------

3. *Payment Schedule.*

(a) *Rental Payments.* The Rental Payments shall be in such amounts and payable on such dates as set forth in the Rental Payment Schedule attached to this Schedule as Exhibit _____. Lessee's obligation to pay Rental Payments under the Lease created hereby shall commence on the date on which all of the Equipment is substantially available for Lessee's beneficial use and enjoyment or _____, 20____, whichever is later (the later of such two dates being herein referred to as the "*Rental Payment Commencement Date*"). For purposes of Section 4.03 of the Agreement, Lessor and Lessee have agreed and hereby determine that such Rental Payments are not to be in excess of the fair rental value of the Equipment under the Lease created hereby based on the considerations set forth in Section 4.03.

(b) *Purchase Price Schedule.* The Purchase Price on each Rental Payment date for the Equipment listed in this Schedule shall be the amount set forth for such Rental Payment date in the "Purchase Price" column of the Rental Payment Schedule attached to this Schedule. The Purchase Price is in addition to all Rental Payments then due under this Schedule (including the Rental Payment shown on the same line in the Rental Payment Schedule).

4. *Representations, Warranties and Covenants.* Lessee hereby represents, warrants and covenants that its representations, warranties and covenants set forth in the Master Equipment Lease are true and correct as though made on the Funding Date. Lessee further represents and warrants that (a) no material adverse change in Lessee's financial condition has occurred since the date of the Master Equipment Lease; (b) the governing body of Lessee has authorized the execution and delivery of this Agreement and the Leases pursuant to Resolution No.

_____], approved on _____, 2015; (c) the Equipment described in the Agreement referenced above is essential to the functions of Lessee or to the services Lessee provides its citizens; (d) Lessee has an immediate need for, and expects to make immediate use of, substantially all such Equipment, which will be used by Lessee only for the purpose of performing one or more of Lessee's governmental or proprietary functions consistent with the permissible scope of its authority; and (f) Lessee expects and anticipates adequate funds to be available for all future payments or rent due after the current budgetary period.

5. *The Lease.* The terms and provisions of the Master Equipment Lease (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated into this Schedule by reference and made a part hereof.

[OPTION: IF ACQUISITION FUND AGREEMENT IS USED:

6. *Lease Proceeds.* The Lease Proceeds which Lessor shall pay to the Acquisition Fund Custodian in connection with this Schedule is \$ _____ for deposit to the Acquisition Fund. It is expected that by [six (6)] [twelve (12)] [eighteen (18)] months from the date of this Schedule No. _____, Lessee will have taken possession of all items of Equipment shown above and that the Lessee's final Disbursement Request pursuant to the Acquisition Fund Agreement, will be signed by Lessee, approved by Lessor and delivered to the Acquisition Fund Custodian on or before [six (6)] [twelve (12)] [eighteen (18)] months from the date of this Schedule No. _____.

OR IF VENDOR PAID DIRECTLY USE:

6. *Acquisition Amount.* The Acquisition Amount for the Equipment described in this Schedule to be paid to the Vendor is \$ _____.]

[OPTION: IF ACQUISITION FUND AGREEMENT IS USED:

7. *Acquisition Period.* The Acquisition Period applicable to this Schedule shall end at the conclusion of the _____ month following the date hereof.]

[7][8]. *Lease Term.* The Lease Term shall begin on the Funding Date and end on the first business day after the last scheduled Rental Payment Date, subject to earlier termination pursuant to the Agreement and extension as provided in Section 3.03 of the Agreement, including for any Extended Lease Term; *provided* that in no event shall any such extension result in the Lease Term extending past _____, 20__.

[8][9]. *Purchase Option Commencement Date.* For purposes of Section 10.01 of the Lease, the Purchase Option Commencement Date is _____.

[OPTION: IF NO ACQUISITION FUND AGREEMENT IS USED:

[9][10]. *Maximum Equipment Cost.* The Maximum Equipment Cost approved on a cumulative basis under the Lease for this Schedule and all previous Schedules is \$_____.

[10][11]. *Contract Rate.* The Contract Rate for this Schedule is _____%.

[OPTION: IF MOTOR VEHICLES ARE BEING FINANCED:

[11][12]. *Registration.* Any Equipment that is a motor vehicle is to be registered and titled as follows:

Any Equipment that is a motor vehicle is to be registered and titled as follows:

- (a) *Registered Owner:* County of Riverside
- (b) *Lienholder:* Banc of America Public Capital Corp
2059 Northlake Parkway
Mail Code GA3-003-03-01
Tucker, GA 30084-5321

Lessee shall be responsible for the correct titling of all Equipment leased hereunder. Lessee will cause the original Certificates of Title to be delivered to Lessor for retention in Lessor's files throughout the term of the Lease.

Dated: _____

LESSOR:

BANC OF AMERICA PUBLIC CAPITAL CORP
555 California Street, 4th Floor
CA5-705-04-01
San Francisco, California 94104
Attention: Contract Administration

LESSEE:

COUNTY OF RIVERSIDE
2980 Washington Street
Riverside, California 92504-4647
Attention: Purchasing Agent

EXHIBIT ONLY - DO NOT EXECUTE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

(SEAL)

ATTEST:

By: _____
Name: _____
Title: _____

Counterpart No. _____ of _____ manually executed and serially numbered counterparts. To the extent that this Lease constitutes chattel paper (as defined in the Uniform Commercial Code), no security interest herein may be created through the transfer or possession of any Counterpart other than Counterpart No. 1.

EXHIBIT B-2

RENTAL PAYMENT SCHEDULE

RENTAL PAYMENT DATE	RENTAL PAYMENT AMOUNT	INTEREST PORTION	PRINCIPAL PORTION	OUTSTANDING BALANCE	PURCHASE PRICE [EXCLUDING PREPAYMENT PREMIUM]
------------------------	-----------------------------	---------------------	----------------------	------------------------	---

Prepayment Premium for purposes of Section 10.01(a) is _____ [insert formula] _____.

For purposes of this Lease, "Taxable Rate," with respect to the interest component of Rental Payments, means an annual rate of interest equal to _____%.

LESSEE:

COUNTY OF RIVERSIDE

EXHIBIT ONLY - DO NOT EXECUTE

By: _____

Name: _____

Title: _____

EXHIBIT C

CERTIFICATE

The undersigned, a duly elected and acting _____ [Secretary] [City Clerk]
[County Clerk] of _____ ("*Lessee*") certifies as follows:

A. The following listed persons are duly elected and acting officials of Lessee (the "*Officials*") in the capacity set forth opposite their respective names below and that the facsimile signatures are true and correct as of the date hereof;

B. The Officials are duly authorized, on behalf of Lessee, to negotiate, execute and deliver the Master Equipment Lease/Purchase Agreement dated as of _____ and the Schedule(s) thereunder and all future Schedule(s) (the "*Agreements*") by and between Lessee and Banc of America Public Capital Corp, and these Agreements are binding and authorized Agreements of Lessee, enforceable in all respects in accordance with their terms.

NAME OF OFFICIAL	TITLE	SIGNATURE
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT ONLY - DO NOT EXECUTE

Dated: _____

By: _____

Name: _____

Title: _____

(The signer of this Certificate cannot be listed above as authorized to execute the Agreements.)

EXHIBIT D

OPINION OF COUNSEL TO LESSEE (to be typed on letterhead of counsel)

Banc of America Public Capital Corp
555 California Street, 4th Floor
San Francisco, California 94104

Re: Schedule of Property No. _____, dated _____, to Master Equipment Lease/Purchase Agreement, dated as of _____, between Banc of America Public Capital Corp, as Lessor, and County of Riverside, as Lessee

Ladies and Gentlemen:

As legal counsel to County of Riverside ("*Lessee*"), I have examined (a) an executed counterpart of a certain Master Equipment Lease/Purchase Agreement, dated as of _____, and Exhibits thereto by and between Banc of America Public Capital Corp ("*Lessor*") and Lessee (the "*Agreement*") and an executed counterpart of Schedule of Property No. _____, dated _____, by and between Lessor and Lessee (the "*Schedule*"), which, among other things, provides for the lease of certain property listed in the Schedule (the "*Equipment*") and a certain Acquisition Fund and Account Control Agreement among Lessor, Lessee, and _____ as Acquisition Fund Custodian, dated _____, (b) an executed counterpart of the ordinances or resolutions of Lessee which, among other things, authorize Lessee to execute the Agreement and the Schedule and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions. The Schedule and the terms and provisions of the Agreement incorporated therein by reference together with the Rental Payment Schedule attached to the Schedule are herein referred to collectively as the "*Lease*", and the Lease and the Acquisition Fund and Account Control Agreement are referred to collectively as the "*Transaction Documents*."

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 is a political subdivision of a state within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "*Code*") and the obligations of Lessee under the Agreement will constitute an obligation of Lessee within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code.
2. Lessee has the requisite power and authority to lease and acquire the Equipment and to execute and deliver the Transaction Documents and to perform its obligations under the Lease.

3. The Lease has been duly authorized, approved, executed and delivered by and on behalf of Lessee and the Transaction Documents are valid and binding obligations of Lessee enforceable in accordance with their respective terms except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against counties in the State of California.

4. The authorization, approval, execution and delivery of the Transaction Documents and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable state or federal laws; and

5. There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Transaction Documents or the security interest of Lessor or its assigns, as the case may be, in the Equipment or other collateral thereunder.

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

Printed Name: _____
Firm: _____
Address: _____
Telephone No.: _____

Signature: _____
Dated: _____

EXHIBIT E

ACCEPTANCE CERTIFICATE

Banc of America Public Capital Corp
555 California Street, 4th Floor
San Francisco, California 94104

Re: Schedule of Property No. _____, dated _____, to Master Equipment Lease/Purchase Agreement, dated as of _____, between Banc of America Public Capital Corp, as Lessor, and County of Riverside, as Lessee

Ladies and Gentlemen:

In accordance with the Master Equipment Lease/Purchase Agreement (the "*Agreement*"), the undersigned Lessee hereby certifies and represents to, and agrees with Lessor as follows:

1. All of the Equipment (as such term is defined in the Agreement) listed in the above-referenced Schedule of Property (the "*Schedule*") has been delivered, installed and accepted on the date hereof.

2. Lessee has conducted such inspection and/or testing of the Equipment listed in the Schedule as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.

3. Lessee is currently maintaining the insurance coverage required by Section 7.02 of the Agreement.

4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Agreement) exists at the date hereof.

Date: _____

LESSEE:

COUNTY OF RIVERSIDE

EXHIBIT ONLY - DO NOT EXECUTE

By: _____
Name: _____
Title: _____

(SEAL)

EXHIBIT F

NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT

DATED _____

BANC OF AMERICA PUBLIC CAPITAL CORP ("*Assignor*") hereby gives notice that it has assigned and sold to [_____] ("*Assignee*") all of Assignor's right, title and interest in, to and under [Schedule of Property] No. [____], dated [_____] (the "*Lease*") to the Master Equipment Lease/Purchase Agreement ("*Equipment Lease*") dated as of [_____] between Assignor and _____ ("*Lessee*").

For purposes of this Notice and Acknowledgment of Assignment (the "*Acknowledgment*"), "*Lease*" means collectively the Lease identified above, together with all exhibits, schedules, addenda and attachments related thereto, and all certifications and other documents delivered in connection therewith. The term "*Lease*" specifically excludes all other [Schedules of Property] entered into under the Equipment Lease and rental payments other than with respect to the [Schedule of Property] identified above. Each capitalized term used but not defined herein has the meaning set forth in the Equipment Lease described above.

1. Pursuant to the authority of Resolution _____ adopted on _____, Lessee hereby [consents to and]¹ acknowledges the effect of the assignment of the Lease and absolutely and unconditionally agrees to deliver to Assignee all rental payments and other amounts coming due under the Lease in accordance with the terms thereof on and after the date of this Acknowledgment.

2. Lessee hereby agrees that: (i) Assignee shall have all the rights of Lessor under the Lease and all related documents, including, but not limited to, the rights to issue or receive all notices and reports, to give all consents or agreements to modifications thereto, to receive title to the equipment in accordance with the terms of the Lease, to declare a default and to exercise all remedies thereunder; and (ii) except as provided in Section [____] of the Lease, the obligations of Lessee to make rental payments and to perform and observe the other covenants and agreements contained in the Lease shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense.

3. Lessee agrees that, as of the date of this Acknowledgment, the following information about the Lease is true, accurate and complete:

Number of Rental Payments Remaining	-	_____
Amount of Each Rental Payment	-	\$ _____
Total Amount of Rents Remaining	-	\$ _____
Frequency of Rental Payments	-	_____

¹ Include the consent language only if Lessee has the right to consent to the assignment pursuant to the Master Lease.

Next Rental Payment Due - _____
Funds Remaining in Escrow Fund - \$ _____

4. The Lease remains in full force and effect, has not been amended and no nonappropriation or event of default (or event which with the passage of time or the giving of notice or both would constitute a default) has occurred thereunder.

5. Any inquiries of Lessee related to the Lease and any requests for escrow disbursements, if applicable, and all rental payments and other amounts coming due pursuant to the Lease on and after the date of this Acknowledgment should be remitted to Assignee at the following address (or such other address as provided to Lessee in writing from time to time by Assignee):

ACKNOWLEDGED AND AGREED:

LESSEE: _____

[FOR EXHIBIT PURPOSES ONLY]

By: _____
Name: _____
Title: _____

ASSIGNOR: BANC OF AMERICA PUBLIC CAPITAL
CORP

[FOR EXHIBIT PURPOSES ONLY]

By: _____
Name: _____
Title: _____