



**Additional Terms and Conditions**

**OPTION CODES**

- OPTION I** - Taxable Lease/Purchase for Machine or a Modification for a State and Local Lessee
- OPTION IG** - Tax-Exempt Lease/Purchase for a Machine or a Modification for a State and Local Lessee
- OPTION S** - Taxable Lease/Purchase for an IBM Program or Service for a State and Local Lessee
- OPTION S'** - Tax-Exempt Lease/Purchase for an IBM Program or Service for a State and Local Lessee
- OPTION T** - Taxable Lease/Purchase for a non-IBM Program or Service for a State and Local Lessee
- OPTION T'** - Tax-Exempt Lease/Purchase for a non-IBM Program or Service for a State and Local Lessee

Each Supplement shall consist of Property that solely qualifies for tax-exempt interest treatment under the Internal Revenue Code [Option Codes IG, S', T'] (a "Tax-Exempt Supplement") or solely Property that does not qualify for tax-exempt interest treatment under the Internal Revenue Code [Option Codes I, S, T] (a "Taxable Supplement").

**Additional Documentation**

In addition to this Lease/Purchase Supplement, and as a requirement to entering into of this Lease/Purchase Supplement, Lessee shall provide in completed and executed form, acceptable to Lessor, the additional documents attached to this Lease/Purchase Supplement that may include:

- a. Exhibit 1 - Payment Schedule for this Supplement
- b. Exhibit 2 - Opinion of Counsel to the Lessee
- c. Exhibit 3 - Lessee's Certificate
- d. Exhibit 4(a) - Certificate of Acceptance, or
- e. Exhibit 4(b) - Acknowledgement of Commencement Date for Property Supplied by IBM
- f. Exhibit 5 - Form 8038-G or 8038-GC (Tax-Exempt Supplement only)
- g. State Addendum, if applicable and attached
- h. Prepaid Maintenance Certification of Maintenance Provider (Tax-Exempt Supplement only)
- i. Prepaid Maintenance Certification of Maintenance Vendor (Tax-Exempt Supplement only)

**Supplement Number LD0029475**

The Lease Payment schedule for this Supplement sets forth the scheduled Lease Payments under this Supplement. The Commencement Date for this Supplement is set forth in the Lease Payment Schedule.

With respect to Financial Items consisting of prepaid maintenance, Lessee accepts the terms of the prepaid maintenance and agrees to look solely to the maintenance provider for provision of such maintenance in accordance with the terms of the contracts with the maintenance provider for said maintenance. Acceptance for purposes of this Supplement shall be the date of acceptance by Lessee in the Certificate of Acceptance.

Lessee agrees that it will timely assist in the completion and execution of the Form 8038-G or Form 8038-GC and that upon said execution, Lessor is authorized and directed to file said form with the appropriate office of the Internal Revenue Service.

Capitalized terms set forth in this Supplement or in the attachments, but not defined herein or therein, shall have the meaning set forth in the Lease/Purchase Master Agreement. The complete terms and conditions of the Lease/Purchase Master Agreement are incorporated by reference.

The interest rates applicable to this Supplement that provide for Tax-Exempt Lease/Purchase are based on many factors including Lessee's underlying obligation qualifying to pay interest that is treated as exempt by the Internal Revenue Service (IRS) from federal income tax under Section 103(a) of the Internal Revenue Code (Code), as well as many proprietary factors including pricing assumptions made by Lessor as to whether Lessor anticipates being able to recognize any benefits of this tax exemption.

The interest rates applicable to this Supplement may reflect fees or other consideration Lessor receives from Lessee's Suppliers that is passed on to Lessee in the form of lower rates.

For a Taxable Supplement, the following provisions of the Lease/Purchase Master Agreement shall not be applicable: (i) Part 3, paragraph (f), (ii) Section 14.2.

Lessor reserves the right to reject any invoice that is: (i) not for information technology Equipment or related software or services, or (ii) dated more than 90 days prior to the date Lessor receives authorization from Lessee to finance.

Customer Number: 9013520

Name and Address

UNION COUNTY STATES

ATTORNEY

309 WEST MARKET ST

JONESBORO IL

62952-1226

Fax No.:

Attn:

Customer Reference:

IBM Office Address  
6303 BARFIELD ROAD  
ATLANTA GA, 30328  
ATTN: ROMULO VIEIRA

Email: TINOVI@BR.IBM.COM

Tel No:

Fax No:

Attn: ROMULO VIEIRA

Agreement Number: 3162315LP  
Supplement No: LD0029475

Location Customer	Accepted Item Type Model	Plant Order or MES No.	Contract Serial No. Description	Manufacturer's Serial No. (if applicable)
9013520	9SSR 001		H044599 REMARKETED SERVICEELITE	
9013520	9910 E15		Powerware 9130 1.5 kVA I	
9013520	9992 003		H044598 REMARKETED IBM SW/SW BRAND SVC	
9013520	9994 001		H04 4800 VENDOR SOURCED PRODUCTS/SVCS	

The undersigned ("Customer") is a customer under the agreement referenced above ("Agreement") with either IBM Credit LLC or International Business Machines Corporation (in either case, "Us" or "We"). Customer represents and certifies that Customer has accepted the items listed above or itemized on an attachment ("Accepted Item(s)") to this Certificate of Acceptance ("COA") on the date indicated below. Customer authorizes us to pay Customer's supplier for the Accepted Item(s). Amounts due under the Agreement shall commence upon the date Customer indicates below unless we have otherwise noted on the Supplement.

If Customer is subject to procurement or appropriation laws or regulations, Customer represents and certifies that our direct payment to Customer's supplier for the Accepted Item(s) will be in full compliance with any and all relevant state laws and regulations or any other legal requirements relating to Customer's procurement or appropriation activities.

In order for this COA to be effective, we must be provided with the serial numbers if applicable for each Accepted Item. Customer authorizes us to complete or update any item identification information on the referenced Agreement or Supplement to the Agreement for any accepted item without Customer's further action or consent.

Delivery of an executed copy of this COA by facsimile, email or any other reliable means shall be deemed to be as effective for all purposes as delivery of a manually executed copy. Customer understands that we may maintain a copy of this COA in electronic form and agrees that a copy produced from such electronic form or by any other reliable means (for example, photocopy, image or facsimile) shall in all respects be considered equivalent to an original. By signing below, Customer represents and warrants that Customer's name as set forth in the signature block below is Customer's exact legal name and the information identifying Customer's state of organization is true, accurate and complete in all respects.

Accepted by: UNION COUNTY

By Rollie J. Hank Taylor R. Edmonds  
Customer Authorized Signature  
Name (Type or Print)

Date Customer accepts item(s) listed above. Must be filled in by Customer.

Date: 05/26/14 (MM/DD/YYYY)

State of Organization: OH, IL

PLEASE RETURN TO IBM OFFICE ADDRESS, FAX NUMBER OR EMAIL ADDRESS LISTED ABOVE  
WITHIN 10 DAYS OF RECEIPT

**EXHIBIT 1  
Payment Schedule**

Re: Lease Purchase Supplement No. <<L10029475>> to Lease/Purchase Master Agreement between IBM Credit LLC and UNION COUNTY.

Commencement Date

The Commencement Date shall be the date of acceptance of the Property as set forth in the Acceptance Certificate executed by the Lessee and filed with the Lessor.

Payment Schedule

Total Principal Amount: \$17,577.00  
 Schedule Interest Rate: 2.75%  
 Prepayment Fee Rate: 3.00%

Payment No	Payment Due Dates	Lease Payments	Principal Component	Interest Component	Prepayment Price (Not subject to this Date)
1	7/1/2014	\$313.91	\$274.18	\$39.73	\$17,649.00
2	8/1/2014	\$313.91	\$273.49	\$40.42	\$17,370.00
3	9/1/2014	\$313.91	\$274.13	\$39.78	\$17,090.00
4	10/1/2014	\$313.91	\$276.01	\$37.87	\$16,809.00
5	11/1/2014	\$313.91	\$275.12	\$38.49	\$16,528.00
6	12/1/2014	\$313.91	\$277.28	\$36.63	\$16,245.00
7	1/1/2015	\$313.91	\$276.71	\$37.20	\$15,963.00
8	2/1/2015	\$313.91	\$277.36	\$36.55	\$15,680.00
9	3/1/2015	\$313.91	\$281.48	\$32.43	\$15,393.00
10	4/1/2015	\$313.91	\$278.66	\$35.25	\$15,108.00
11	5/1/2015	\$313.91	\$280.43	\$33.48	\$14,822.00
12	6/1/2015	\$313.91	\$279.97	\$33.94	\$14,537.00
13	7/1/2015	\$313.91	\$281.70	\$32.21	\$14,250.00
14	8/1/2015	\$313.91	\$281.28	\$32.63	\$13,963.00
15	9/1/2015	\$313.91	\$281.94	\$31.97	\$13,675.00
16	10/1/2015	\$313.91	\$283.61	\$30.30	\$13,386.00
17	11/1/2015	\$313.91	\$283.26	\$30.65	\$13,097.00
18	12/1/2015	\$313.91	\$284.89	\$29.02	\$12,806.00

**EXHIBIT I**  
**Payment Schedule - Page 2**

Payment No	Payment Due Dates	Lease Payments	Principal Component	Interest Component	Prepayment Price (After making good for 30 Day Data)
19	1/1/2016	\$313.91	\$284.38	\$29.33	\$12,516.00
20	2/1/2016	\$313.91	\$285.75	\$28.66	\$12,221.00
21	3/1/2016	\$313.91	\$287.72	\$26.19	\$11,932.00
22	4/1/2016	\$313.91	\$286.59	\$27.32	\$11,639.00
23	5/1/2016	\$313.91	\$288.12	\$25.79	\$11,345.00
24	6/1/2016	\$313.91	\$287.91	\$25.98	\$11,052.00
25	7/1/2016	\$313.91	\$289.42	\$24.49	\$10,756.00
26	8/1/2016	\$313.91	\$289.28	\$24.63	\$10,461.00
27	9/1/2016	\$313.91	\$289.95	\$23.96	\$10,166.00
28	10/1/2016	\$313.91	\$291.38	\$22.53	\$9,868.00
29	11/1/2016	\$313.91	\$291.31	\$22.60	\$9,571.00
30	12/1/2016	\$313.91	\$292.70	\$21.21	\$9,273.00
31	1/1/2017	\$313.91	\$292.68	\$21.23	\$8,974.00
32	2/1/2017	\$313.91	\$293.36	\$20.55	\$8,675.00
33	3/1/2017	\$313.91	\$295.97	\$19.94	\$8,373.00
34	4/1/2017	\$313.91	\$294.74	\$19.17	\$8,072.00
35	5/1/2017	\$313.91	\$296.02	\$17.89	\$7,771.00
36	6/1/2017	\$313.91	\$296.12	\$17.79	\$7,468.00
37	7/1/2017	\$313.91	\$297.36	\$16.55	\$7,165.00
38	8/1/2017	\$313.91	\$297.50	\$16.41	\$6,862.00
39	9/1/2017	\$313.91	\$298.20	\$15.71	\$6,558.00
40	10/1/2017	\$313.91	\$299.38	\$14.53	\$6,252.00
41	11/1/2017	\$313.91	\$299.59	\$14.32	\$5,947.00
42	12/1/2017	\$313.91	\$300.73	\$13.18	\$5,640.00
43	1/1/2018	\$313.91	\$300.99	\$12.92	\$5,333.00
44	2/1/2018	\$313.91	\$301.70	\$12.21	\$5,025.00
45	3/1/2018	\$313.91	\$303.52	\$10.39	\$4,716.00
46	4/1/2018	\$313.91	\$303.11	\$10.80	\$4,406.00
47	5/1/2018	\$313.91	\$304.15	\$9.76	\$4,096.00
48	6/1/2018	\$313.91	\$304.53	\$9.38	\$3,786.00
49	7/1/2018	\$313.91	\$305.52	\$8.39	\$3,471.00
50	8/1/2018	\$313.91	\$305.95	\$7.96	\$3,162.00
51	9/1/2018	\$313.91	\$306.67	\$7.24	\$2,849.00
52	10/1/2018	\$313.91	\$307.60	\$6.31	\$2,535.00
53	11/1/2018	\$313.91	\$308.10	\$5.81	\$2,221.00
54	12/1/2018	\$313.91	\$308.99	\$4.92	\$1,906.00

**EXHIBIT I**  
**Payment Schedule - Page 3**

Payment No	Payment Due Dates	Lease Payments	Principal Component	Interest Component	Prepayment Price <small>(After making prpt for next Due Date)</small>
55	1/1/2019	\$313.91	\$309.55	\$4.36	\$1,590.00
56	2/1/2019	\$313.91	\$310.27	\$3.64	\$1,274.00
57	3/1/2019	\$313.91	\$311.38	\$2.53	\$956.00
58	4/1/2019	\$313.91	\$311.72	\$2.19	\$638.00
59	5/1/2019	\$313.91	\$312.50	\$1.41	\$319.00
60	6/1/2019	\$313.91	\$313.18	\$0.73	\$0.00

<b>Lessee:</b>	
GIVION COUNTY	
By:	<i>[Signature]</i>
Name:	Rollie J. Hank / <i>[Signature]</i>
Title:	CIO / <i>[Signature]</i>

**ADDENDUM TO LEASE/PURCHASE SUPPLEMENT -  
ILLINOIS COUNTIES, MUNICIPALITIES AND SCHOOL DISTRICTS**

<sup>5-28-14</sup>  
THIS ADDENDUM TO LEASE/PURCHASE SUPPLEMENT (this "Addendum"), which is entered into as of ~~Union County~~ <sup>Union County</sup> between IBM CREDIT LLC ("Lessor") and Union County ("Lessee"), is intended to modify and supplement the Lease/Purchase Supplement No. (the "Supplement") to the Lease/Purchase Master Agreement between Lessor and Lessee dated 05/28/14 (the "Master Agreement"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Supplement and the Master Agreement.

As to each Lease or Financing Transaction Lessee represents and warrants, at the time of the Rent Commencement Date, the following:

The Master Agreement is hereby amended as set forth below depending whether the Lessee is a county, municipality, OR school district:

I. Additional terms applicable to counties:

- A. The term of any Supplement under the Master Agreement shall not exceed 10 years.
- B. Lessee represents, warrants and covenants at the time of entering into each Supplement that the debt limitations applicable to Lessee, including but not limiting, Ill. Ann. Stat. ch. 55, §§ 5/5-1012, 5/5-1083, as amended, shall not be exceeded.

II. Additional terms applicable to municipalities:

- A. The term of any Supplement under the Master Agreement shall not exceed 20 years.
- B. Lessee represents, warrants and covenants at the time of entering into each Supplement that the debt limitations applicable to Lessee, including but not limiting, Ill. Ann. Stat. ch. 65, §§ 5/8-5-1 to 5/8-5-16, as amended, shall not be exceeded.
- C. Lessee represents, warrants and covenants at the time of entering into each Supplement that such Supplement shall be approved by 2/3 of the governing body of Lessee.

III. Additional terms applicable to school districts:

- A. The term of any Supplement under the Master Agreement shall not exceed 5 years; provided that for school buses the term shall not exceed 3 years from the date of passage of the resolution approving the lease/purchase of the buses.
- B. Lessee represents, warrants and covenants at the time of entering into each Supplement that the debt limitations applicable to Lessee, including but not limiting, Ill. Ann. Stat. ch. 105, §§ 5/19-1(a), as amended, shall not be exceeded.
- C. Lessee represents, warrants and covenants at the time of entering into each Supplement that such Supplement shall be approved by 2/3 of the governing body of Lessee.

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

LESSOR:

IBM CREDIT LLC

By: \_\_\_\_\_  
Authorized Officer

LESSEE:

By: *[Handwritten Signature]*  
Title: *CEO / State's Attorney*  
Attest:  
By: *[Handwritten Signature]*  
Title: *Chairman*

Lease/Purchase Master Agreement For State and Local Government

Licensed Software & Services Only

This Lease/Purchase Master Agreement for State and Local Government ("Agreement") covers the terms and conditions under which IBM Credit LLC will finance various charges in addition, attached is the form of Lease/Purchase Supplement and Exhibits thereto.

This Agreement and its applicable Supplements and Addenda are the complete agreement regarding the Financing Transactions and replace any prior oral or written communications between both parties. If there is a conflict of terms among the documents, the order of precedence will be as follows: (a) attachments or addenda to the Supplement, (b) Supplement, (c) attachments or addenda to the Agreement, (d) this Agreement.

By signing below, both parties agree to the terms of this Agreement. Once signed, any reproduction of this Agreement or a Supplement made by reliable means (for example, photocopy or facsimile) is considered an original.

Part 1 - Definitions

The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Agreement" means this Lease/Purchase Master Agreement.

"Commencement Date" is the date when the term of a Financing Transaction and Lessee's obligation to pay Lease Payments for such Financing Transaction commence, which date shall be set forth in each Lease/Purchase Supplement.

"Event of Default" is defined in Section 12.1.

"Financed Items" means any software program licenses, maintenance, services, and other one-time charges to be lease/purchased pursuant to this Agreement, and with respect to each Lease/Purchase Supplement, such items described therein.

"Financing Transaction" means the lease/purchase transaction for Property set forth in any Lease/Purchase Supplement entered into pursuant this Agreement.

"Lease/Purchase Supplement" or "Supplement" means a Lease/Purchase Supplement in the form attached hereto.

"Lease Payments" means the Lease Payments payable by Lessee under Part 6 of this Agreement and with respect to each Lease/Purchase Supplement, the Payment Amounts set forth in each Lease/Purchase Supplement in Exhibit 1 hereto.

"Lease Payment Dates" means the dates for the Lease Payments as set forth in the Payment Schedules for each Lease/Purchase Supplement.

"Lease Term" means, with respect to a Financing Transaction, the Original Term and all Renewal Terms. The Lease Term for each Financing Transaction entered into hereunder shall be set forth in a Lease/Purchase Supplement, as provided in Section 4.2.

"Lessee" or "Customer" means the entity identified on the Supplement, and its permitted successors and assigns.

"Lessor" means the entity identified on the Supplement, and its successors and assigns.

"Nonappropriation Event" is defined in Section 8.6.

"Original Term" means, with respect to a Financing Transaction, the period from the Commencement Date until the end of the budget year of Lessee in effect at the Commencement Date.

"Payment Schedule" means, with respect to a Financing Transaction, a schedule of lease payments for the Original Term and all Renewal Terms that indicates the Payment Due Date, the Payment, the Finance Charge and the Balance Due.

"Property" means, collectively, Financed Items lease/purchased pursuant to this Agreement, and with respect to each Lease/Purchase Supplement, the Financed Items described in such Lease/Purchase Supplement.

"Renewal Terms" means the renewal terms of a Financing Transaction, each having a duration of one year and a term coextensive with Lessee's budget year.

"State" means the state or commonwealth where Lessee is located.

"Supplier" means International Business Machines Corporation "IBM", or any other manufacturer, vendor or provider of the Property lease/purchased by Lessee.

Part 2 - Separate Financings

Each Supplement executed and delivered under this Agreement shall be a separate financing, distinct from other Supplements. Without limiting the foregoing, upon the occurrence of an Event of Default or a Nonappropriation Event with respect to a Supplement, Lessor shall have the rights and remedies specified herein with respect to the Property financed and the Lease Payments payable under such Supplement, and except as expressly provided in Section 11.2 below, Lessor shall have no rights or remedies with respect to Property financed or Lease Payments payable under any other Supplements unless an Event of Default or Nonappropriation Event has also occurred under such other Supplements.

Part 3 - Lessee's Covenants

As of the Commencement Date for each Supplement executed and delivered hereunder, Lessee shall be deemed to represent, covenant and warrant for the benefit of Lessor as follows:

(a) Lessee is a public body corporate and public duty organized and existing under the constitution and laws of the State with full power and authority to enter into this Agreement and the Supplement and the transactions contemplated thereby and to perform all of its obligations thereunder. Lessee has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) the police power.

(b) 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 public. To the extent Lessee should merge with another entity under the laws of the State, Lessee agrees that as a condition to such merger it will require that the remaining or resulting entity shall be assigned Lessee's rights and shall assume Lessee's obligations hereunder.

(c) Lessee has been duly authorized to execute and deliver this Agreement and the Supplement by proper action by its governing body, 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 the Supplement, and Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the Supplement and the acquisition by Lessee of the Property thereunder. On or before the Commencement Date, Lessee shall cause to be executed an Opinion of Lessee's Counsel in substantially the form attached to the form of the Supplement as Exhibit 2 and a Lessee's Certificate in substantially the form attached to the form of the Supplement as Exhibit 3.

(d) During the Lease Term for the Supplement, the Property thereunder will perform and will be used by Lessee only for the purpose of performing essential governmental uses and public functions within the permissible scope of Lessee's authority.

Agreed to: UNION COUNTY

(Lessor)

By [Signature] Authorized Signature

Name (type or print) Rellie J. Hank / Atty. Gen. R. Edwards

Title: CTO / State's Attorney

Date: 05/28/14

Customer number: 9010212

Customer address: 100 WEST MARKET ST JONESBORO IL 62352-1226

Agreed to: IBM Credit LLC

By [Signature] Authorized Signature

Name (type or print)

Title:

Date:

Agreement number: 3162315LP

IBM Office number: 178

IBM Office address: 0303 Barfield Road Atlanta, GA 30328

## Lease/Purchase Master Agreement For State and Local Government

(g) Lessor will provide Lessor with current financial statements, budgets and proof of appropriation for the ongoing budget year and other financial information relating to the ability of Lessee to continue this Agreement and the Supplement in such form and containing such information as may be requested by Lessor.

(f) Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including Sections 103 and 140 thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the excludability from gross income for federal income tax purposes of the interest component of Lease Payments under the Supplement and will not use or permit the use of the Property in such a manner as to cause a Supplement to be a "private activity bond" under Section 141(a) of the Code. Lessee covenants and agrees that no part of the proceeds of the Supplement shall be invested in any securities, obligations or other investments except for the temporary period pending such use not used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Agreement, would have caused any portion of the Supplement to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 140 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Supplement.

(g) The execution, delivery and performance of this Agreement and the Supplement and compliance with the provisions hereof and thereof by Lessee does not conflict with, or result in a violation or breach or constitute a default under, any resolution, bond, agreement, indenture, mortgage, note, lease of, or other instrument to which Lessee is a party or by which it is bound by any law or any rule, regulation, order or decree of any court, governmental agency or body having jurisdiction over Lessee or any of its activities or properties resulting in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any property or assets of Lessee or to which it is subject.

(h) Lessee's exact legal name is as set forth on the first page of this Agreement. Lessee will not change its legal name in any respect without giving thirty (30) days' prior notice to Lessor.

### Part 3 - The Transactions

**4.1 Lease of Property.** On the Commencement Date of each Financing Transaction executed in the Supplement hereunder, Lessor will be deemed to demise, lease and let to Lessee, and Lessee will be deemed to rent, lease and hire from Lessor, the Property described in such Supplement, in accordance with this Agreement and such Supplement, for the Lease Term set forth in such Supplement.

**4.2 Lease Term.** The term of each Financing Transaction shall commence on the Commencement Date set forth in the Certificate of Acceptance and shall terminate upon payment of the final Lease Payment set forth in such Payment Schedule, unless terminated sooner pursuant to this Agreement or the Supplement.

**4.3 Delivery, Installation and Acceptance of Property.** Lessee shall order the Property, shall cause the Property to be delivered and installed at the locations specified in the applicable Supplement, and shall pay all taxes, delivery costs and installation costs, if any, in connection therewith. To the extent funds are deposited under an escrow agreement for the acquisition of the Property, such funds shall be disbursed as provided therein. When the Property described in such Supplement is delivered, installed and accepted as to Lessee's specifications, Lessee shall immediately accept the Property and evidence said acceptance by executing and delivering to Lessor the Acceptance Certificate substantially in the form attached to the Supplement.

**4.4 Assignment to Lessor.** With respect to Property, Lessee assigns for security purposes to Lessor, effective upon Lessor signing the Supplement, its right to purchase the Property from its Supplier. Although Lessor shall have the obligation to pay the Supplier for the Property, not to exceed the principal amount set forth in the Supplement, all other rights and obligations as defined in the agreement between Lessee and Lessee's Supplier governing the purchase of the Property ("Purchase Agreement") shall remain with Lessee. Lessee represents that it has reviewed and approved the Purchase Agreement. Lessor will not modify or rescind the Purchase Agreement.

**4.5 Credit Review.** For each Financing Transaction, Lessee consents to a reasonable credit review by Lessor.

**Part 5 - Enjoyment of Property.** Lessee shall during the Lease Term peaceably and quietly have, hold and enjoy the Property, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Agreement. Neither Lessor nor its successors or assigns shall interfere with such quiet use and enjoyment during the Lease Term so long as Lessee is not in default under the subject Supplement.

### Part 6 - Payments

**6.1 Lease Payments to Constitute a Current Expense of Lessee.** Lessor and Lessee understand and intend that the obligation of Lessee to pay Lease Payments hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional, statutory or charter limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the faith and credit or taxing power of Lessee. Upon the appropriation of Lease Payments for a fiscal year, the Lease Payments for said fiscal year, and only the Lease Payments for said current fiscal year, shall be a

binding obligation of Lessee; provided that such obligation shall not include a pledge of the taxing power of Lessee.

**6.2 Payment of Lease Payments.** Lessee shall promptly pay Lease Payments under each Supplement, exclusively from legally available funds, in lawful money of the United States of America, to Lessor in such amounts and on such dates as described in the applicable Payment Schedule, at Lessor's address set forth as the "remit to" address in the invoice, unless Lessor instructs Lessee otherwise. Lessee shall pay Lessor a charge on any delinquent Lease Payments in an amount sufficient to cover all additional costs and expenses incurred by Lessor from such delinquent Lease Payment. In addition, Lessee shall pay a late charge of five cents per dollar or the highest amount permitted by applicable law, whichever is lower, on all delinquent Lease Payments and interest on said delinquent amounts from the date such amounts were due until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

**6.3 Interest Component.** A portion of each Lease Payment due under each Supplement is paid as, and represents payment of, interest, and each Supplement hereunder shall set forth the interest component (or method of computation thereof) of each Lease Payment thereunder during the Lease Term.

**6.4 Lease Payments to be Unconditional.** SUBJECT TO SECTION 6.6, THE OBLIGATIONS OF LESSEE TO PAY THE LEASE PAYMENTS DUE UNDER THE SUPPLEMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE PROPERTY OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES. THIS PROVISION SHALL NOT LIMIT LESSEE'S RIGHTS OR ACTIONS AGAINST ANY SUPPLIER AS PROVIDED IN SECTION 6.2.

**6.5 Continuation of Lease by Lessee.** Lessee intends to continue all Supplements entered into pursuant to this Agreement and to pay the Lease Payments thereunder. Lessee reasonably believes that legally available funds in an amount sufficient to make all Lease Payments during the term of all Supplements can be obtained. Lessee agrees that during the budgeting process for each budget year its staff will provide to the governing body of Lessee notification of any Lease Payments due under the Supplements during the following budget year.

**6.6 Nonappropriation.** If, during the then current Original Term or Renewal Term, sufficient funds are not appropriated to make Lease Payments required under a Supplement for the following fiscal year, Lessee shall be deemed to not have renewed such Supplement for the following fiscal year and the Supplement shall terminate at the end of the then current Original Term or Renewal Term and Lessee shall not be obligated to make Lease Payments under said Supplement beyond the then current fiscal year for which funds have been appropriated. Upon the occurrence of such nonappropriation (a "Nonappropriation Event") Lessee shall, no later than the end of the fiscal year for which Lease Payments have been appropriated, deliver possession of the Property under said Supplement to Lessor. If Lessee fails to deliver possession of the Property to Lessor upon termination of said Supplement by reason of a Nonappropriation Event, the termination shall nevertheless be effective but Lessee shall be responsible for the payment of damages in an amount equal to the portion of Lease Payments thereafter coming due that is attributable to the number of days after the termination during which the Lessee fails to deliver possession and for any other loss suffered by Lessor as a result of Lessee's failure to deliver possession as required. In the event of a Nonappropriation Event under a Supplement, Lessee shall cease use of all software financed or acquired under the applicable Supplement and shall confirm and state in writing to Lessor that it has: (1) deinstalled or disabled all files and copies of the software from the equipment on which it was installed; (2) returned all software documentation, training manuals, and physical media on which the software was delivered; and (3) has no ability to use the returned software. Lessee shall also cease receipt and/or acceptance of any Property consisting of services which shall not have been performed by the service provider prior to the date of such Nonappropriation Event. Lessor may, by written instructions to any escrow agent who is holding proceeds of the Supplement, instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to Lessee's obligations under the Supplement and this Agreement. Lessee shall notify Lessor in writing within seven (7) days after the failure of the Lessee to appropriate funds sufficient for the payment of the Lease Payments, but failure to provide such notice shall not operate to extend the Lease Term or result in any liability to Lessee. In the event of such nonappropriation, upon request from Lessor, Lessee agrees to provide in a timely manner, written evidence of such nonappropriation, a copy of the fiscal year budget in which such nonappropriation occurred and any other related documentation reasonably requested by Lessor.

**Part 7 - Title to the Property.** Software that the Lessee acquires from the Supplier and finances with Lessor remains the property of the licensor. Ownership of the software is governed by the license agreement between the licensor and the Lessee and is not affected by this Agreement.

### Part 8 - Ancillary Charges

**8.1 Liens, Taxes, Other Governmental Charges and Utility Charges.** Lessee shall keep the Property free of all liens, taxes and encumbrances, except for the interest of

**Lease/Purchase Master Agreement  
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Lessor under this Agreement. The parties to this Agreement contemplate that the Property will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Property will be exempt from all property taxes. The Lease Payments payable by Lessee under this Agreement and the Supplement(s) hereunder have been established to reflect the savings resulting from the exemption from taxation. Lessee will take such actions necessary under applicable law to obtain said exemption. Nevertheless, if the use, possession or acquisition of the Property is determined to be subject to taxation or later becomes subject to such taxes, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Property. 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 the then current fiscal year of the Lease Term for such Property.

**8.2 Insurance.** At its own expense, Lessor shall maintain (a) liability insurance that protects Lessor from liability in all events in an amount reasonably acceptable to Lessor, and (b) worker's compensation insurance covering all employees working on, in, near or about the Property, provided that Lessee may self insure against all such risks. All such insurance shall be with insurers that are authorized to issue such insurance in the State. All such liability insurance shall name Lessor as an additional insured. All such insurance shall contain a provision to the effect that such insurance shall not be canceled or modified without first giving written notice thereof to Lessor and Lessee at least thirty (30) days in advance of such cancellation or modification. Such changes shall not become effective without Lessor's prior written consent. Upon Lessor's request, Lessee shall, within thirty (30) days of such request, furnish to Lessor, for each Supplement, certificates evidencing such coverage, or, if Lessee self-insures, a written description of its self-insurance program together with a certification from Lessee's risk manager or insurance agent or consultant to the effect that Lessee's self-insurance program provides adequate coverage against the risks listed above.

**8.3 Advances.** In the event Lessee shall fail to maintain the insurance required by this Agreement, Lessor may, but shall be under no obligation to, purchase the required insurance and pay the cost of the premiums thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term for the Supplement for which the Property is under and shall be due and payable on the next Lease Payment Date and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date such amounts are advanced until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

**Part 2 - Warranties: Use of Financed Items**

**9.1 Disclaimer of Warranties.** LESSOR MAKES NO (AND SHALL NOT BE DEEMED TO HAVE MADE ANY) WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN, OPERATION OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, OR WORKMANSHIP IN, THE PROPERTY, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE STATE OF TITLE THEREIN OR ANY COMPONENT THEREOF, THE ARISING OF A LATENT OR OTHER DEFECTS (WHETHER OR NOT DISCOVERABLE), AND LESSOR HEREBY DISCLAIMS THE SAME; IT BEING UNDERSTOOD THAT THE PROPERTY IS LEASED TO LESSEE "AS IS" ON THE DATE OF THIS AGREEMENT OR THE DATE OF DELIVERY, WHICHEVER IS LATER, AND ALL SUCH RISKS, IF ANY, ARE TO BE BORNE BY LESSEE. Lessee acknowledges that it has made (or will make) the selection of the Property from the Supplier based on its own judgment and expressly disclaims any reliance upon any statements or representations made by Lessor. Lessee understands and agrees that (a) neither the Supplier nor any sales representative or other agent of Supplier, is (i) an agent of Lessor, or (ii) authorized to make or alter any term or condition of this Agreement, and (b) no such waiver or alteration shall vary the terms of this Agreement unless expressly set forth herein. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, the Supplement(s), or the existence, functioning or use of any item, product or service provided for in this Agreement or the Supplement(s).

**9.2 Supplier's Warranties.** Lessor hereby irrevocably assigns to Lessee all rights that Lessor may have to assert from time to time whatever claims and rights (including without limitation warranties) related to the Property against the Supplier. Lessor's sole remedy for the breach of such warranty, indemnification or representation shall be against the Supplier of the Property, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Agreement, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties of the Supplier of the Property.

**9.3 Use of the Property.** Lessee will not install, use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement and the applicable Supplement. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Property. In addition, Lessee agrees to comply in all respects with all laws of the jurisdiction in which its operations involving any item of Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the items of the Property (including compliance with any applicable privacy laws, rules or regulations and in conjunction therewith Lessee, upon cessation of the use, operation and control of, and prior to any disposition of the Property, shall destroy any data contained thereon that would be subject to such privacy laws, rules or regulations); provided that Lessee may contest in good faith the validity or application of any such law or rule in any reasonable

manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Property or its interest or rights under this Agreement. Lessee shall promptly notify Lessor in writing of any pending or threatened investigation, inquiry, claim or action by any governmental authority which could adversely affect this Agreement, any Supplement or the Property thereunder.

**Part 10 - Prepayments.** Lessee shall have the option to prepay in whole, but not in part, the Lease Payments due under a Supplement on any Lease Payment Date, at the Prepayment Price set forth in the Lease Payment Schedule as the "Prepayment Price", plus any past due amounts, accrued interest to the date of such prepayment and any other monetary amounts due under the Supplement to Lessor. The Prepayment Price shall be an amount equal to the present value of the remaining Lease Payments multiplied by the Prepayment Fee Rate set forth in such Lease Payment Schedule as the "Prepayment Fee Rate". Upon payment of all Lease Payments or the prepayment of all Lease Payments under the applicable Supplement, and performance by Lessee of all other terms, conditions and provisions hereof, Lessor shall deliver to Lessee all such documents and instruments as Lessee may reasonably require to evidence the transfer, without warranty by or recourse to Lessor, of all of Lessor's right, title and interest in and to the Property subject to such Supplement to Lessee.

**Part 11 - Assignment; Risk of Loss**

**11.1 Assignment by Lessor.** Lessor's right, title and interest in, to and under each Supplement and the Property under such Supplement may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor without the consent of Lessee; provided that any assignment shall not be effective against the Lessee until Lessee has received written notice, signed by the assignor, of the name, address and tax identification number of the assignee. Lessee shall retain all such notices as a register of all assignments and shall make all payments to the assignee or assignees designated in such register. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements that may be reasonably requested by Lessor or any assignee to protect its interests in this Agreement and the Supplement(s).

**11.2 Supplement(s) Separate Financing.** Assignees of the Lessor's rights in one Supplement shall have no rights in any other Supplement unless such rights have been separately assigned.

**11.3 Assignment and Subassignment by Lessee.** NONE OF LESSEE'S RIGHT, TITLE AND INTEREST IN, TO AND UNDER THIS AGREEMENT OR ANY SUPPLEMENT AND IN THE PROPERTY MAY BE ASSIGNED, SUBLEASED OR ENCUMBERED BY LESSEE FOR ANY REASON, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR. Any request by Lessee to assign a Supplement or any Property thereunder must be accompanied by an opinion of tax counsel satisfactory to Lessor that the assignment will cause no material change to the federal income tax treatment of the amounts payable as interest under the Supplement.

**11.4 Risk of Loss Covenants.** Lessee shall not be required to indemnify or hold Lessor harmless against liabilities arising from the Agreement. However, as between Lessor and Lessee, and in the extent permitted by law, Lessee shall bear the risk of loss for, shall pay directly, and shall defend Lessor against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Property, including, but not limited to, the possession, ownership, lease, use or operation thereof, except that (provided that Lessee has complied with its obligations under Section 9.3) Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after Lessee has surrendered possession of the Property in accordance with the terms of the Agreement to Lessor or that arise indirectly from the gross negligence or willful misconduct of the Lessor.

**Part 12 - Defaults and Remedies**

**12.1 Events of Default Defined.** Any of the following shall constitute an "Event of Default" under a Supplement:

- (a) Failure by Lessee to pay any Lease Payment under the Supplement or other payment required to be paid with respect thereto on the date specified therein;
- (b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed with respect to the Supplement, other than as referred to in subparagraph (a) above, for a period of thirty (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 the Supplement 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) 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

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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

(e) 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 of Lessor 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 60 consecutive days.

The foregoing provisions of Section 12.1 are subject to the following limitation: if by reason of ~~force majeure~~ Lessee is unable in whole or in part to perform its obligations under this Agreement and the Supplement (other than the obligations on the part of Lessee contained in Part 0 hereof) Lessee shall not be in default during the continuance of such inability. The term "force majeure" as used herein shall mean the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections, riots, landslides, earthquakes, fires, storms, droughts, floods, explosions, breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee.

A Nonappropriation Event is not an Event of Default.

**12.2 Remedies on Default.** Whenever any Event of Default exists with respect to a Supplement, 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) Without terminating the Supplement, and by written notice to Lessee, Lessor may declare all Lease Payments and other amounts payable by Lessee thereunder to the end of the then current budget year of Lessee to be due, including without limitation delinquent Lease Payments under the Supplement from prior budget years, and such amounts shall thereafter bear interest at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is less;

(b) Lessor may terminate the Supplement, and require Lessee to discontinue use of any financed items, and return to Lessor, at Lessee's expense the financed items; provided, however, that any proceeds from the disposition of the property in excess of the sum required to (i) pay off any outstanding principal component of Lease Payments, (ii) pay any other amounts then due under the Supplement, and (iii) pay Lessor's costs and expenses associated with the disposition of the Property (including attorneys' fees), shall be paid to Lessee or such other creditor of Lessee as may be entitled thereto, and further provided that no deficiency shall be allowed against Lessee. Lessee shall confirm and state in writing to Lessor that it has: (1) deleted or disabled all files and copies of the software from the equipment on which it was installed, (2) returned all software documentation, training manuals, and physical media on which the software was delivered; and (3) has no ability to use the returned software;

(c) By written notice to any escrow agent who is holding proceeds of the Supplement, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment of Lessee's obligations under the Supplement;

(d) By written notice and demand to Lessee, Lessee shall cease receipt and/or acceptance of any Property consisting of services which shall not have been performed by the service provider prior to the date of Event of Default;

(e) Lessor may take any action, at law or in equity, that is permitted by applicable law and that may appear necessary or desirable to enforce or to protect any of its rights under the Supplement and this Agreement.

**12.3 No Remedy Exclusive.** 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 this Lease now or hereafter existing at law or in equity. 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 Part it shall not be necessary to give any notice, other than such notice as may be required in this Part.

**12.4 Costs and Attorney Fees.** Upon the occurrence of an Event of Default by Lessee in the performance of any term of this Agreement, Lessee agrees to pay to Lessor or reimburse Lessor for, in addition to all other amounts due hereunder, all of Lessor's costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Lessee, shall be secured by this Agreement until paid and shall bear interest at the rate of 12% per annum or the maximum amount permitted by law, whichever is less. In the event suit or action is instituted to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sums as the court may adjudicate reasonable as attorneys' fees at trial or on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

### Part 13 - General

**13.1 Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, to the parties hereto at the addresses immediately after the signatures to this Agreement/Supplement (or at such other address as either party hereto shall designate in writing to the other for notices to such party).

**13.2 Arbitration Certifications.** Lessee shall be deemed to make the following representations and covenants as of the Commencement Date for each Supplement:

(a) The estimated total costs, including taxes, freight, installation, cost of issuance, of the financed items under the Supplement will not be less than the total principal amount of the Lease Payments;

(b) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Lease Payments under the Supplement, or (ii) that may be used solely to prevent a default in the payment of the Lease Payments under the Supplement;

(c) The Property under the Supplement has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Lease Payments under the Supplement;

(d) There are no other obligations of Lessee which (i) are being sold within 15 days of the Commencement Date of the Supplement; (ii) are being sold pursuant to the same plan of financing as the Supplement; and (iii) are expected to be paid from substantially the same source of funds;

(e) The officer or official who has executed the Supplement on Lessee's behalf is familiar with Lessee's expectations regarding this Section 13.2. To the best of Lessee's knowledge, information and belief, the facts and estimates set forth herein are accurate and the expectations of Lessee set forth herein are reasonable.

**13.3 Further Assurances.** Lessee agrees to execute such other and further documents, including, without limitation, confirmatory financing statements, continuation statements, certificates of title and the like, and to take all such action as may be necessary or appropriate, from time to time, in the reasonable opinion of Lessor, to perfect, confirm, establish, reestablish, continue, or complete the interests of Lessor in this Agreement and the Supplements, to consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement and the Supplements.

**13.4 Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns. Any county, township, municipality, political subdivision or affiliate (collectively, "Affiliate") of Lessee may enter into a Financing Transaction under this Agreement by signing a Supplement referencing this Agreement and so will be bound to the terms and conditions of this Agreement as Lessee. Nothing in this Agreement obligates the Lessor to provide financing to an Affiliate.

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

**13.6 Waiver of Jury Trials.** Lessee and Lessor hereby irrevocably waive a right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of Lessor or Lessee in the negotiation, administration, performance or enforcement hereof.

**13.7 Amendments, Changes and Modifications.** This Agreement may be amended in writing by Lessor and Lessee to the extent the amendment or modification does not apply to outstanding Supplements at the time of such amendment or modification.

**13.8 Execution in Counterparts.** This Agreement and the Supplements hereunder 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.

**13.9 Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State.

**13.10 Captions.** The captions or headings in this Agreement are for convenience only and do not define, limit or describe the scope or intent of any provisions or sections of this Agreement.

LESSEE'S CERTIFICATE

Re: Lease/Purchase Supplement No. LD0029476 to Lease/Purchase Master Agreement No. 3102315LP between IBM Credit LLC and UNION COUNTY ("Lessee").

The undersigned, being the duly elected, qualified and acting State's Attorney of the Lessee do hereby certify, as of 5-28-14, as follows:

1. Lessee did, at a meeting of the governing body of the Lessee held May 15, 2014 by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Lease/Purchase Supplement and any related documents entered into pursuant to the Lease/Purchase Master Agreement (the "Lease/Purchase Supplement") by the following named representative of Lessee, to wit:

NAME OF EXECUTING OFFICIAL	TITLE OF EXECUTING OFFICIAL	SIGNATURE OF EXECUTING OFFICIAL
<u>Don Denny</u>	<u>Chairman, Board of Commissioners</u>	<u>Don Denny</u>
And/Or <u>Rollie Hawk</u>	<u>CFO</u>	<u>Rollie Hawk</u>

2. The above-named representative of the Lessee held at the time of such authorization and holds at the present time the office set forth above.

3. The meeting(s) of the governing body of the Lessee at which the Lease/Purchase Supplement was approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Lease/Purchase Supplement and authorizing the execution thereof has not been altered or rescinded. All meetings of the governing body of Lessee relating to the authorization and delivery of the Lease/Purchase Supplement have been: (a) held within the geographic boundaries of the Lessee; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body; and (d) conducted in accordance with the charter of the Lessee, if any, and the laws of the State.

4. 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 or a Non-appropriation Event (as such terms are defined in the Lease/Purchase Master Agreement (the "Master Agreement")) exists at the date hereof with respect to this Lease/Purchase Supplement or any other Lease/Purchase Supplements under the Master Agreement.

5. The acquisition of all of the Property under the Lease/Purchase Supplement has been duly authorized by the governing body of Lessee.

6. Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Lease Payments scheduled to come due during the current budget year under the Lease/Purchase Supplement and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

7. Lessee represents and warrants that the Property is essential to the proper, efficient and economic functioning of Lessee or to the services that Lessee provides; and Lessee has immediate need for and expects to make immediate use of substantially all of the Property, which need is not temporary or expected to diminish in the foreseeable future.

8. Bank Qualified Tax-Exempt Obligation under Section 265 (Consult tax counsel for applicable provisions.).

Lessee hereby designates this Lease/Purchase Supplement as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. Lessee reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of the Lessee) during the calendar year in which the Commencement Date of this Lease/Purchase Supplement falls, in an amount not exceeding \$10,000,000.

or

X Not applicable

9. Has Lessee ever terminated a lease or financing contract prior to the expiration of its term (including all permitted renewal terms) due to nonappropriation or other provision permitting Lessee to terminate in Lessee's discretion?

Yes \_\_\_ No X. If yes, then please describe the circumstances of such termination:

\_\_\_\_\_

10. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Lease/Purchase Supplement or of other agreements similar to the Master Agreement; (b) questioning the authority of Lessee to execute the Master Agreement or the Lease/Purchase Supplement, or the validity of the Master Agreement or the Lease/Purchase Supplement, or the payment of principal of or interest on, the Lease/Purchase Supplement; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Lease/Purchase Supplement; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Lease/Purchase Supplement.

Lessee: UNION COUNTY
By: <i>[Signature]</i>
Title: <i>Union County State's Attorney</i>
SIGNER MUST NOT BE THE SAME AS THE EXECUTING OFFICIAL(S) SHOWN ABOVE.

**Information Return for Small Tax-Exempt  
 Governmental Bond Issues, Leases, and Installment Sales**  
 Under Internal Revenue Code section 149(e)

OMB No. 1545-0720

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

**Part I Reporting Authority** Check box if Amended Return

1 Issuer's name  
**UNION COUNTY**

2 Issuer's employer identification number (EIN)

3 Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
**309 WEST MARKET ST Room 239**

4 City, town, or post office, state, and ZIP code  
**JONESBORO IL 62062-1220**

5 Report number (For IRS Use Only)

6 Name and title of officer or other employee of issuer or designated contact person whom the IRS may call for more information  
**DIANA WADDELL**

7 Telephone number of officer or legal representative  
**972 906-3473**

**Part II Description of Obligations** Check one: a single issue  or a consolidated return

8a Issue price of obligation(s) (see instructions)	8n <b>17,577.00</b>
8b Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions)	<b>07/01/2014</b>
9 Amount of the reported obligation(s) on line 8a that is:	
a For leases for vehicles	9a
b For leases for office equipment	9b
c For leases for real property	9c
d For leases for other (see instructions)	9d
e For bank loans for vehicles	9e
f For bank loans for office equipment	9f
g For bank loans for real property	9g
h For bank loans for other (see instructions)	9h
i Used to refund prior issue(s)	9i
j Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank)	9j
k Other	9k

10 If the issuer has designated any issue under section 205(b)(3)(E)(i)(II) (small issuer exception), check this box

11 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions)

12 Vendor's or bank's name:

13 Vendor's or bank's employer identification number:

**Signature and Consent**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person(s) that I have authorized above.

Signature of issuer's authorized representative: *[Signature]* Date: **05/28/2014** Type or print name and title: **Don Denny, Chairman**

**Paid Preparer Use Only**

Print/type preparer's name: \_\_\_\_\_ Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Check  if self-employed PTIN: \_\_\_\_\_

Firm's name: \_\_\_\_\_ Firm's EIN: \_\_\_\_\_

Firm's address: \_\_\_\_\_ Phone no.: \_\_\_\_\_

**General Instructions**

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

**What's New**

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

**Purpose of Form**

Form 8038-GC is used by the issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 1-11 through 150.

**Who Must File**

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

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

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

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

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

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

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

## When To File

To file a separate return for a single issue, file Form 8038-GC on or before the 15th day of the second calendar month after the close of the calendar quarter in which the issue is issued.

To file a consolidated return for multiple issues, file Form 8038-GC on or before February 15th of the calendar year following the year in which the issue is issued.

**Late filing.** An issuer may be granted an extension of time to file Form 8038-GC under section 3 of Rev. Proc. 2002-48, 2002-37 L.R.B. 631, if it is determined that the failure to file on time is not due to willful neglect. Type or print at the top of the form, "Request for Relief under section 3 of Rev. Proc. 2002-48." Attach to the Form 8038-GC a letter briefly stating why the form was not submitted to the IRS on time. Also indicate whether the obligation in question is under examination by the IRS. Do not submit copies of any bond documents, leases, or installment sale documents. See *Where To File* next.

## Where To File

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

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

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

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

## Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal Government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate. For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

For a tax-exempt governmental obligation with an issue price of \$100,000 or more, use Form 8038-G.

## Rounding to Whole Dollars

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

## Definitions

**Obligations.** This refers to a single tax-exempt governmental obligation if Form 8038-GC is used for separate reporting or to

multiple tax-exempt governmental obligations if the form is used for consolidated reporting.

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

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

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

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

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

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

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

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

1. At least 75% of the available construction proceeds of the issue are to be used for construction expenditures with respect to property to be owned by a governmental unit or a 501(c)(3) organization, and

2. All of the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds, or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make an irrevocable election to pay a penalty. The penalty is equal to 1-1/2% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C) and the instructions for Form 8038-T.

## Specific Instructions

In general, a Form 8038-GC must be completed on the basis of available information and reasonable expectations as of the date of issue. However, forms that are filed on a consolidated basis may be completed on the basis of information readily available to the issuer at the close of the calendar year to which the form relates, supplemented by estimates made in good faith.

## Part I—Reporting Authority

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

The amended return must provide all the information reported on the original return, in addition to the now corrected information. Attach an explanation of the reason for the amended return and write across the top "Amended Return Explanation."

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

**Line 2.** An issuer that does not have an employer identification number (EIN) should apply for one on Form SS-4, Application for Employer Identification Number. You can get this form on the IRS website at [irs.gov](http://irs.gov) or by calling 1-800-TAX-FORM (1-800-829-3876). You may receive an EIN by telephone by following the instructions for Form SS-4.

**Lines 3 and 4.** Enter the issuer's address or the address of the designated contact person listed on line 6. If the issuer wishes to use its own address and the issuer receives its mail in care of a third party authorized representative (such as an accountant or attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box. Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the issuer has a P.O. box, show the box number instead of the

street address. If a change in address occurs after the return is filed, use Form 8822, Change of Address, to notify the IRS of the new address.

**Note.** The address entered on lines 3 and 4 is the address the IRS will use for all written communications regarding the processing of this return, including any notices. By authorizing a person other than an authorized officer or other employee of the issuer to communicate with the IRS and whom the IRS may contact about this return, the issuer authorizes the IRS to communicate directly with the individual listed on line 6, whose address is entered on lines 3 and 4 and consents to disclose the issuer's return information to that individual, as necessary, to process this return.

**Line 6.** This line is for IRS use only. Do not make any entries in this box.

## Part II—Description of Obligations

Check the appropriate box designating this as a return on a single issue basis or a consolidated return basis.

**Line 8a.** The issue price of obligations is generally determined under Regulations section 1.140-1(h). Thus, when issued for cash, the issue price is the price at which a substantial amount of the obligations are sold to the public. To determine the issue price of an obligation issued for property, see sections 1273 and 1274 and the related regulations.

**Line 8b.** For a single issue, enter the date of issue (for example, 03/15/2010 for a single issue issued on March 15, 2010), generally the date on which the issuer physically exchanges the bonds that are part of the issue for the underwriter's (or other purchaser's) funds; for a lease or installment sale, enter the date interest starts to accrue. For issues reported on a consolidated basis, enter the first day of the calendar year during which the obligations were issued (for example, for calendar year 2010, enter 01/01/2010).

**Lines 9a through 9h.** Complete this section if property other than cash is exchanged for the obligation, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of obligation is sometimes referred to as a "municipal lease.") Also complete this section if real property is directly acquired in exchange for an obligation to make periodic payments of interest and principal.

Do not complete lines 9a through 9d if the proceeds of an obligation are received in the form of cash even if the term "lease" is used in the title of the issue. For lines 9a through 9d, enter the amount on the appropriate line that represents a lease or installment purchase. For line 9d, enter the type of item that is leased. For lines 9e through 9h, enter the amount on the appropriate line that represents a bank loan. For line 9h, enter the type of bank loan.

**Lines 9i and 9j.** For line 9i, enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds, including proceeds that will be used to fund an escrow account for this purpose. Several lines may apply to a particular obligation. For example, report on lines 9i and 9j obligations used to refund prior issues which represent loans from the proceeds of another tax-exempt obligation.

**Line 9k.** Enter on line 9k the amount on line 8a that does not represent an obligation described on lines 9a through 9j.

**Line 10.** Check this box if the issuer has designated any issue as a "small issuer exception" under section 265(b)(3)(B)(i)(iii).

**Line 11.** Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038-7 for each 6-month period after the date the bonds are issued. Do not make any payment of penalty in lieu of rebate with Form 8038-GC. See Rev. Proc. 92-22, 1992-1 C.B. 736, for rules regarding the "election document."

**Line 12.** Enter the name of the vendor or bank who is a party to the installment purchase agreement, loan, or financial lease. If there are multiple vendors or banks, the issuer should attach a schedule.

**Line 13.** Enter the employer identification number of the vendor or bank who is a party to the installment purchase agreement, loan, or financial lease. If there are multiple vendors or banks, the issuer should attach a schedule.

## Signature and Consent

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

**Note.** If the issuer authorizes in line 6 the IRS to communicate with a person other than an officer or other employee of the issuer, (such authorization shall include contact both in writing regardless of the address entered in lines 3 and 4, and by telephone) by signing this form, the issuer's authorized representative consents to the disclosure of the issuer's return information, as necessary to process this return, to such person.

## Paid Preparer

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

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return. A paid preparer cannot use a social security number in the *Paid Preparer Use Only* box. The paid preparer must use a preparer tax identification number (PTIN). If the paid preparer is self-employed, the preparer should enter his or her address in the box.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature, and
- Give a copy of the return to the issuer.

## Paperwork Reduction Act Notice

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

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

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

Learning about the law or the form . . . . .	4 hr., 46 min.
Preparing the form . . . . .	2 hr., 22 min.
Copying, assembling, and sending the form to the IRS . . . . .	2 hr., 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAIT:MP:FMS:111 1 Constitution Ave. NW, IR-0526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File*.

**Prepaid Maintenance Certification of Maintenance Vendor**

The undersigned, of MIDLAND INFORMATION SYSTEMS INC, does hereby certify with respect to Lease/Purchase Supplement No. LD0029475 entered into pursuant to Lease/Purchase Master Agreement, No. 3102315LP (the "Agreement"), between IBM Credit LLC and UNION COUNTY (the "Customer") as follows. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement:

The Agreement finances the prepayment of maintenance services in the amount of \$ 3,690.00 (the "Multi-Year Services Payment") for services being provided by INTERNATIONAL BUSINESS MACHINES CORPORATION to Customer pursuant to a maintenance contract between Customer and MIDLAND INFORMATION SYSTEMS INC (the "Maintenance Contract").

Certifications for Tax-Exemption. The terms of the Maintenance Contract, including specifically the prepayment provisions of the Maintenance Contract, are substantially the same as the terms MIDLAND INFORMATION SYSTEMS INC has made available to, and has actually entered into contracts with, a substantial percentage of persons and or companies who are for profit entities and are not beneficiaries of tax exempt financing. The substantial percentage referenced in the immediately preceding sentence is a percentage derived by dividing (1) the number of contracts with substantially the same terms as the Maintenance Contract, including specifically the prepayment provisions of the Maintenance Contract, entered into by MIDLAND INFORMATION SYSTEMS INC, with persons and or companies who are for profit entities and are not beneficiaries of tax exempt financing by (2) the number of all contracts entered into by MIDLAND INFORMATION SYSTEMS INC with substantially the same terms as the Maintenance Contract, including specifically the prepayment provisions of the Maintenance Contract.

IN WITNESS WHEREOF, MIDLAND INFORMATION SYSTEMS INC, this Certificate to be executed by their duly authorized representative.

<b>MIDLAND INFORMATION SYSTEMS INC</b>
By: _____
Name: _____
Title: _____