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## **Master Lease Agreement – Guidance for Municipalities**

**MASTER LEASE AGREEMENT**

**between**

[ \_\_\_\_\_ ]  
**(Lessor),  
as Lessor**

**and**

[ \_\_\_\_\_ ]  
**(Lessee),  
as Lessee**

**Dated as of [ \_\_\_\_\_ ], 201\_**

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	B	Lessee’s Incumbency Certificate
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	G	Insurance Certificate
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	I	Project Fund Agreement

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**MASTER LEASE AGREEMENT**

Lessor:[\_\_\_\_\_]  
          [\_\_\_\_\_]  
          [\_\_\_\_\_]

Lessee:[\_\_\_\_\_]  
          [\_\_\_\_\_]  
          [\_\_\_\_\_]

THIS MASTER LEASE AGREEMENT dated as of [\_\_\_\_\_], 201\_ (the “Master Lease Agreement”), between [\_\_\_\_\_], as Lessor, and [\_\_\_\_\_], a municipality existing under the laws of the State of Connecticut (“Lessee”).

W I T N E S S E T H

WHEREAS, the Lessee is authorized and empowered under the laws of the State to lease property for any of its public purposes; and

WHEREAS, the parties hereto desire that the Lessee from time to time lease property from Lessor on the terms and conditions set forth below, and pursuant to the Schedule or Schedules (as hereinafter defined) attached hereto and made a part hereof; and

WHEREAS, as security for the payment of all of Lessee’s obligations (“Obligations”) under this Master Lease Agreement, Lessee shall grant to the Lessor a first priority perfected security interest in the Collateral;

NOW, THEREFORE, in consideration of the payments to be made hereunder and the mutual covenants contained herein, the parties agree as follows.

**ARTICLE I  
DEFINITIONS**

The following terms used herein will have the meanings indicated below unless the context clearly requires otherwise.

“Acquisition Costs” means with respect to any Schedule, the Contract Price paid or to be paid to the Vendors for any portion of the Equipment upon Lessee’s acceptance thereof and in accordance with the Purchase Agreement therefor, including reasonable administrative, engineering, legal, financial and other costs incurred by Lessee and Vendors in connection with the acquisition, installation (which may include minor renovations to buildings but which shall not include substantial structural changes similar to new construction in excess of \_\_%), financing and refinancing by Lessor of such Equipment under this Master Lease Agreement.

“Additional Lease Payments” means the amounts, other than Lease Payments, payable by Lessee pursuant to the provisions of this Master Lease Agreement, as set forth in Section 10.3 hereof.

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“After-Tax Basis” means, with respect to any Lease Payments, the amount of such Lease Payment supplemented by a further payment in an amount sufficient so that the sum of the two payments, after deduction of all Federal, State or local income taxes (and any interest or penalties thereon) resulting from the receipt of the two payments, shall be equal to the amount of such Lease Payment.

“Agreement” means this Master Lease Agreement and each Schedule, as the same may be amended or modified from time to time, including the accompanying attachments and documents relating to such Schedule, which shall constitute a fully integrated transaction existing in accordance with its own terms and conditions separate from and independent of all other transactions pursuant to this Master Lease Agreement.

“Authorized Officer” means: (i) in the case of Lessor, any Vice President or Assistant Vice President, and when used in reference to an act or document of Lessor, also means any other person authorized to perform the act or sign the document; and (ii) when used with reference to an act or document of Lessee, also means any other person authorized to perform the act or execute the document.

“Certificate of Acceptance” means a Certificate of Acceptance, in substantially the form set forth as Attachment A to Schedule 1, executed by an Authorized Officer of Lessee and acknowledged by Authorized Officers of Lessor.

“Closing” means the date of delivery of all executed documents related to each Agreement as required under this Master Lease Agreement.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” means (a) the Equipment, (b) all general intangibles, software and other property relating thereto, (c) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed or used in connection with any of the foregoing property, (d) all warehouse receipts, bills of lading, and other documents of title now or hereafter covering any of the foregoing property, (e) all securities, funds, moneys, deposits and other property at any time held in or subject to the Project Fund, (f) all accessories thereto, (g) all substitutions for any of the foregoing property and (h) all products and proceeds of any of the foregoing property (including, without limitation, any property acquired by Lessee with such proceeds).

“Contract Price” means the all-inclusive price of an item of Equipment, including the cost of installation which would be a capital cost under Section 263 of the Code if the Lessee were subject to taxation under Subchapter C of the Code, but excluding the cost of any service contract, as set forth in the applicable Purchase Agreement.

“Equipment” means the fixed and moveable personal property to be used in connection with Lessee’s public purposes, which property shall be identified in a Schedule executed by or pursuant to authority of the Lessee, accepted by Lessor in writing and identified as part of this Master Lease Agreement (including, to the extent permitted pursuant to the Code, certain items originally financed through internal advances of Lessee in anticipation of obtaining permanent financing), now owned or hereinafter acquired with Lease Proceeds, together with all

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replacement parts, additions, repairs, modifications, substitutions, accessions, and accessories incorporated therein and/or affixed to such personal property which would qualify as a “capital cost” under Section 263 of the Code if the Lessee were subject to taxation under Subchapter C of the Code.

“Fiscal Year” means the 12 month fiscal period of Lessee ending on June 30 of each year.

“Gross-Up Lease Payment” means, with respect to any Lease Payment, an additional loan payment in an amount sufficient such that the sum of the additional loan payment plus the Lease Payment would, after the two payments were reduced by the amount of any Federal, State or local income tax (including any interest or penalties) actually imposed thereon, equal the amount of the Lease Payment.

“Lease” or “Master Lease Agreement” means, collectively, this Master Lease Agreement, including Exhibit A hereto, as any of the same may be supplemented or amended from time to time in accordance with the terms hereof. This Master Lease Agreement shall be implemented through the execution of Schedules (including Attachments A through J in the form attached hereto) numbered consecutively commencing with Schedule No. 1. For the purpose of construing a transaction as an integrated agreement, including without limitation, for the purposes of the provisions of Article III, Section 7.2 and Article XIII hereof, an Agreement shall be considered a single transaction and a legal and binding agreement.

“Lease Payments” means those scheduled payments (but excluding administrative fees, indemnifications and reimbursements and Additional Lease Payments payable to Lessor) payable to Lessor pursuant to the provisions of this Master Lease Agreement and each Schedule, as specifically set forth in applicable Schedules to this Master Lease Agreement. As provided in Article VI hereof, Lease Payments shall be payable by Lessee to Lessor in the amounts and at the times during the Term as set forth in applicable Schedule.

“Lease Proceeds” means, with respect to any Schedule, the total amount of money or other consideration to be paid or provided by Lessor for application in accordance with such Schedule and Section 14.1 hereof, including (a) the Contract Price of each item of Equipment set forth on such Schedule payable to the Vendor thereof upon acceptance by Lessee and (b) the amount, if any, paid by Lessor and applied to the reasonable costs of issuance of an Agreement.

“Lease Year” means, with respect to any Agreement, each one-year period (or shorter period for the first or last year prior to the payment in full of such Agreement) ending on the principal payment date stated in the applicable Schedule.

“Lessee” means (i) the entity identified above as such in the first paragraph of this Master Lease Agreement; (ii) any surviving, resulting or transferee entity thereof; and (iii) except where the context requires otherwise, any assignee(s) of Lessee.

“Lessor” means (i) the entity identified above as such in the first paragraph of this Master Lease Agreement; (ii) any surviving, resulting or transferee entity thereof; and (iii) except where the context requires otherwise, any assignee(s) of the Lessor.



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“Non-Appropriation” means the failure of Lessee or Lessee’s governing body to appropriate money for any Fiscal Year of Lessee for the purpose of the continued performance by Lessee of all of Lessee’s obligations under this Master Lease Agreement, as evidenced by the passage of an ordinance or resolution specifically prohibiting Lessee from performing its obligations under this Master Lease Agreement with respect to any Equipment, and from using any moneys to pay any Lease Payments due under this Agreement for a designated Fiscal Year and all subsequent Fiscal Years.

“Prepayment Amount” means, as of any date, the full outstanding and unpaid principal amount of the Lease Proceeds made under this Master Lease Agreement and the applicable Schedule plus all unpaid interest on that principal amount which has accrued or will accrue through the date the Prepayment Amount is paid plus the prepayment premium, if any, specified in the Schedule relating to the Equipment, plus all other amounts due the Lessor under such Agreement.

“Prime” means the rate of interest announced from time to time by [\_\_\_\_\_] as its “prime” or “base” lending rate for commercial loans of short-term maturities.

“Project Fund” means the fund into which the Lessor will deposit the Lease Proceeds, which will be held and administered by the Lessor on behalf of the Lessee pursuant to the Project Fund Agreement.

“Project Fund Agreement” means, with respect to any Schedule, Attachment I thereto, as the same may be amended or modified from time to time, including any accompanying attachments and documents relating to such Project Fund Agreement.

“Purchase Agreements” means each of the purchase agreements between Lessee and the Vendors of the Equipment.

“Purchaser” means Lessee, its successors and assigns.

“Schedule” means, with respect to the provision of the Equipment under this Master Lease Agreement, a Schedule of Equipment and Lease Payments in substantially the same form set forth as Exhibit A, which has been executed by Lessor and Lessee, reasonably identifies the Equipment subject to such Schedule, sets forth the Lease Payments and Purchase Price payable in respect thereof, and states the Term applicable thereto and certain other matters. Schedules shall be numbered consecutively beginning with 1, and each Schedule shall be accompanied by Attachments in the form of Attachments A through I to Exhibit A to this Master Lease Agreement.

“State” means the State of Connecticut.

“Term” means, with respect to any Agreement, the term specified in the applicable Schedule in accordance with Article IV hereof.

“UCC” means the State’s Uniform Commercial Code, as amended.

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“Vendor” means the manufacturer of an item of Equipment, as well as the agents or dealers of the manufacturer, from whom Lessee has purchased or is purchasing items of Equipment.

ARTICLE II  
REPRESENTATIONS, WARRANTIES AND COVENANTS  
OF LESSEE

Section 2.1 Lessee’s Representations, Warranties and Covenants. The Lessee represents, warrants and covenants, for the benefit of Lessor and Lessee, as follows:

(a) The Lessee is a body corporate and politic and a public subdivision of the State duly created and validly existing under the laws of the State;

(b) The Lessee will exercise its best efforts to preserve and keep in full force and effect its existence as a body corporate and politic;

(c) The Lessee is authorized under the laws of the State to enter into this Master Lease Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder;

(d) The Lessee has duly authorized the execution and delivery of this Master Lease Agreement under the terms and provisions of the resolution of its [\_\_\_\_\_] and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Master Lease Agreement against the Lessee; that Lessee has granted to Lessor a security interest in the Collateral; and that the Lessee has complied with any applicable public bidding requirements with respect to this Master Lease Agreement and the Equipment;

(e) The Lessee shall cause to be executed and delivered in connection with each Schedule an arbitrage certificate, an opinion of its counsel and an applicable IRS Form 8038 substantially in the form attached hereto and satisfactory to Lessor; and

(f) Lessee is authorized under the laws of the State to enter into this Master Lease Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder;

(g) The Equipment is, and during the period this Master Lease Agreement is in force will remain, either (i) personal property and, when subjected to use by Lessee hereunder, will not be or become fixtures, or (ii) if any portion of the Equipment may be considered to be a fixture, Lessee shall cause filings to be made with the applicable governmental officials and offices to create and preserve for Lessor a perfected first priority security interest in the Equipment;

(h) During the Term, Lessee shall not carry on or permit to be carried on, in, or with respect to any of its facilities, including the Equipment, or permit its facilities, including the Equipment, to be used in or for any trade or business the conduct of which is not substantially related (aside from the need of Lessee for income or funds or the use it makes of the

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profits derived therefrom) to the exercise or performance by Lessee of its purposes or functions, if such use would have an adverse effect on the exclusion of the interest portion of the Lease Payments from gross income for federal income tax purposes;

(i) During the period this Master Lease Agreement is in force, Lessee shall provide (i) annually, within 120 days following the end of its fiscal year, audited financial statements, prepared in accordance with generally accepted accounting principles, for such fiscal year, together with a statement from independent certified public accountants to the effect that during the course of their examination of the Lessee's financial statements, nothing came to their attention that would indicate that any event or condition by or affecting the Lessee has occurred that constitutes, or which with the giving of notice or passage of time or both would constitute, an Event of Default under this Master Lease Agreement; (ii) annually, within 120 days following the end of its fiscal year, a certification as to the condition of the Equipment, as to the operation and maintenance of the Equipment in accordance with the purposes for which it was acquired and installed and as to the installation and operation of the Equipment in compliance with all applicable federal and State environmental and other laws and regulations; (iii) annually, within 120 days following the end of its fiscal year, a certification that it is, and, to the best of its knowledge after due inquiry, all contractors retained by the Lessee and all subcontractors retained by such contractors in connection with the acquisition and installation of the Equipment are in compliance with all applicable federal and State equal employment opportunity laws; and (iv) such other financial and other information relating to the ability of Lessee to continue performing hereunder as may, from time to time, be reasonably requested by Lessor but in any event within fifteen (15) days of such request;

(j) Lessee assumes full responsibility for the safety and any consequences of lack of safety with respect to the operation and maintenance of the Equipment while Lessee has the right to possession or control of the Equipment; and

(k) Lessee shall file or cause to be filed with the Internal Revenue Service a IRS Form 8038 not later than the fifteenth day of the second month following the end of the calendar quarter during which this Master Lease Agreement and any Schedule thereunder was issued.

The above representations, warranties and covenants and those contained in the Schedules attached hereto, or relied upon by counsel to the Lessee in rendering the opinion attached hereto as Attachment C, are based upon the personal knowledge and belief of the undersigned Authorized Officer executing this Financing Agreement on behalf of the Lessee, or are rendered by such Authorized Officer, after consultation with and verification by another Authorized Officer or other officers or employees, who have actual knowledge of such facts and circumstances contained in such representations, warranties and covenants.

## Section 2.2 Tax Covenants.

(a) It is the intention of the parties hereto that the interest portion of the Lease Payments received by Lessor under any Schedule be and remain excludable from gross income for federal income tax purposes.

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(b) The Lessee covenants that it will not perform any act, or fail to perform any act to the extent the performance of the act, or failure to perform the act, as the case may be, shall have the effect of terminating the exclusion of the interest portion of the Lease Payments from gross income for federal income tax purposes. Notwithstanding any other provision of this Master Lease Agreement, the covenant contained in this subsection (b) shall survive the termination of this Master Lease Agreement.

(c) The Lessee covenants that it will pay any arbitrage rebate due to the United States of America in connection with this Master Lease Agreement and any Schedule hereto, and that it will not perform any act or enter into any agreement or use or permit the use of the Equipment or any portion thereof in a manner that shall have the effect of terminating such exclusion of the interest component of the Lease Payments received by the Lessor from gross income for federal income tax purposes, including, without limitation, leasing or transferring all or any portion of the Equipment or contracting with a third party for the use or operation of all or any portion of the Equipment if entering into such lease, transfer or contract would have such effect. Notwithstanding any other provisions of this Master Lease Agreement, the covenant contained in this subsection (c) shall survive the termination of this Master Lease Agreement.

(d) It is the intention of the parties hereto that during the term of this Master Lease Agreement, Lessee shall be the sole beneficial owner of the Equipment, and will report on such basis for financial accounting, federal income tax, and all other purposes. Lessor shall not take any action inconsistent with Lessee's ownership of the Equipment for federal income tax purposes except pursuant to the exercise of remedies under Article XIII.

(e) The Lessee represents that the weighted average maturity (defined in accordance with the Code) of any Schedule will not exceed one hundred twenty percent (120%) of the weighted average reasonably expected economic life in the hands of the Lessee of the Equipment financed by Lease Proceeds derived from such Schedule.

(f) The Lessee covenants that it will not execute any Schedule in violation of Code Section 145(b); nor will the Lessee take, or permit to be taken, any action that would cause a previously executed Schedule to violate Code Section 145(b).

(g) The Lessee covenants that it will not use the proceeds of any Schedule to reimburse expenditures previously paid by Lessee, except in compliance with the requirements of Treas. Reg. Sections 1.150-2.

(h) The Lessee covenants that it will not use the proceeds of any Schedule to provide an airplane, skybox or other private luxury box, a facility primarily used for gambling, a store the principal business of which is the sale of alcoholic beverages for consumption off premises or to provide residential rental facilities.

(i) The Lessee covenants that it will not lease the Equipment or license its use to another person. The Lessee covenants that it will not enter into a contract with another person for the management or operation of any Equipment that would not constitute a qualified management contract within the meaning of the Code.

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(j) The Lessee covenants that it will enter into no tax-exempt financing or tax-exempt financing lease and further covenants that no tax-exempt bonds of which it is the beneficiary will be sold (issued in the case of variable rate bonds) within fifteen (15) days of the date of execution of a Schedule. If the interest component of Lease Payments for a Schedule is a variable rate, the Lessee covenants that no other tax-exempt financing of which it is the beneficiary will be sold or delivered within fifteen (15) days of the commencement of the term of any Schedule.

(k) If at any time there is a change in the law or a determination by a federal or state tax authority, the effect of which would be to cause the interest portion of the Lease Payments no longer to be excludable from gross income under the Code, the Lessee shall, at its sole discretion, either pay the Prepayment Amount, as defined in and determined pursuant to the provisions of this Agreement (plus the accrued and unpaid interest portion of such Lease Payments, if any) within thirty (30) days of notice from the Lessor, or begin paying Gross-Up Lease Payments to the Lessor as additional amounts under the Agreement. In addition, regardless of which alternative is chosen by Lessee, the Lessee shall make a payment to the Lessor on such termination date, or on the date of the first Lease Payment after such notice, as the case may be, sufficient to indemnify the Lessor on an After-Tax Basis for any Federal, State or local income taxes imposed as a result of such determination on any Lease Payments which may already have been received by or become payable to Lessor prior to such termination date or date of the first Lease Payment after such notice, as the case may be.

The above representations, warranties and covenants and those contained in Section 2.4 below and in each Arbitrage Certificate of Lessee delivered in connection with a Schedule, which are relied upon by counsel to the Lessee in rendering the opinion attached hereto or accompanying such Schedule, are based upon the personal knowledge and belief of the undersigned Authorized Officer executing this Financing Agreement on behalf of the Lessee, or are rendered by such Authorized Officer after consultation with and verification by another Authorized Officer, or other officer or employee or counsel, who have actual knowledge of such facts and circumstances, or sufficient understanding of the scope of the investigation and analysis required by the pertinent sections of the Code and Treasury Regulations, contained in such representations, warranties and covenants.

### Section 2.3 Compliance with Rebate Requirement.

(a) The Lessee covenants to comply with its Arbitrage Certificate of Lessee delivered at the Closing of each Schedule, the terms of which are hereby incorporated by reference into this Master Lease Agreement.

For the purpose of complying with Section 148(f) of the Code and the regulations thereunder, as amended from time to time (the "Rebate Provision"), within forty-five (45) days after the close of each Lease Year (or any earlier date that may be necessary to make a required payment to the United States under Subsection (c) below), the Lessee shall compute the amount of the Excess (as defined in Subsection (b) below), if any, for each Schedule as of the close of such Lease Year. For purposes of this subsection, (i) computations of Excess shall be made as if the last day of the applicable Lease Year were a "computation date" within the meaning of Treas.

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Reg. § 1.148-1(b), or any successor regulation and (ii) an Excess with respect to a Schedule shall not be less than zero.

(b) “Excess” means the sum of

(i) the excess of

(A) the aggregate amount earned on all Nonpurpose Investments (other than investments attributable to an excess described in this subparagraph) attributable to the Gross Proceeds of the applicable Schedule, over

(B) the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the yield (determined in accordance with the Rebate Provision) on the Schedule to which such Gross Proceeds are attributable,

plus

(ii) any income attributable to the Excess described in subparagraph (i) above.

The amount of any calculated Excess shall be reduced by any payments made to the United States pursuant to Subsection (c). The terms “Nonpurpose Investment” and “Gross Proceeds” shall have the meanings given, and the Excess shall be computed in the manner provided, in the Rebate Provision and shall be applied as provided therein.

(c) Payment of Rebate to the United States.

(i) No later than sixty (60) days after the close of the fifth Lease Year following the date of execution of a Schedule (or any earlier date that may be required to comply with the Rebate Provision) and the close of each fifth Lease Year thereafter, the Lessee shall pay to the United States the full amount then required to be paid under the Rebate Provision as certified by the Lessee in accordance with Subparagraph (c)(ii). Within sixty (60) days after a given Schedule has been paid in full, the Lessee shall pay to the United States the full amount then required to be paid under the Rebate Provision as certified by the Lessee in accordance with Subparagraph (c)(ii). Each such payment shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 or any successor location specified by the Internal Revenue Service, accompanied by a Form 8038 (or other similar information reporting form) furnished by the Lessee.

(ii) No later than fifteen (15) days prior to each date on which a payment could become due under Subsection (c) (i) above (a “Rebate Payment Date”), the Lessee shall deliver to the Lessor a certificate either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid pursuant to Subsection (c) (i) and an IRS Form 8038 (or other similar reporting form).

(d) The Lessee shall keep such records as will enable them to fulfill their responsibilities under this section and the Rebate Provision.

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(e) The purpose of this section is to satisfy the requirements of the Rebate Provision. Accordingly, this section shall be construed so as to meet such requirements. The Lessee covenants that all action taken under this section shall be taken in a manner that complies with the Rebate Provision and that it shall neither take any action nor omit to take any action that would cause this Master Lease Agreement or any Schedule to be an “arbitrage bond” within the meaning of the Code by reason of the failure to comply with the Rebate Provision.

(f) The Lessee may exclude from its computation of an Excess required by Subsection 2.04(b) any Gross Proceeds that are not subject to rebate pursuant to Section 148(f)(4) of the Code or to any applicable regulations promulgated thereto.

(g) To the extent any payment of rebatable arbitrage is either insufficient or not timely made to the United States, the Lessee shall pay to the United States any deficiency, correction amount, interest, penalty, or other amount necessary to prevent any Schedule from becoming an arbitrage bond within the meaning of Section 148 of the Code. The Lessee covenants that to the extent necessary it shall obtain the advice and assistance of experts to aid it in complying with the Rebate Provision.

(h) Notwithstanding any other provision of this Master Lease Agreement, this Section 2.4 shall survive the termination of this Master Lease Agreement.

### ARTICLE III FINANCING OF EQUIPMENT

#### Section 3.1 Acquisition of Equipment.

(a) Lessee either has ordered or shall order the Equipment pursuant to one or more Purchase Agreements from one or more Vendors. During the term of the Purchase Agreement, Lessee shall remain liable to each such Vendor with respect to its duties and obligations in accordance with the Purchase Agreement.

(b) The obligation of Lessor to lend on the basis of an item of Equipment is subject to the following conditions:

(i) Lessee shall have accepted the Equipment by delivery to Lessor of a Certificate of Acceptance, whereupon the item of Equipment shall immediately become subject to and governed by the provisions of the applicable Agreement.

(ii) There shall exist no Event of Default and no Non-Appropriation under this Master Lease Agreement or any condition, event or act which with notice or lapse of time, or both, would become an Event of Default which has not been remedied or waived.

If either of the foregoing conditions has not been met with respect to an item of Equipment, the Lessee shall purchase and pay for such item with its own funds in accordance with the Purchase Agreement.

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Section 3.2 Financing or Refinancing of Equipment. Upon execution of each Schedule, Lessor shall provide the Lease Proceeds specified in such Schedule to finance the acquisition of the Equipment by Lessee. The Lessor hereby agrees to provide such amount to the Lessee and Lessee hereby agrees to use such amount from the Lessor to finance or refinance the Equipment, all in accordance with the provisions of this Master Lease Agreement, to have and to hold for the Term. Lessee hereby acknowledges and agrees that Lessor hereby is granted and shall retain a perfected first priority security interest in the Collateral in accordance with this Master Lease Agreement. The execution and delivery of this Master Lease Agreement shall not obligate Lessor to execute and deliver any Schedule or to provide any funds or other consideration with respect to any Schedule, unless and until such Schedule has been executed and delivered by all other parties thereto and all conditions set forth in this Master Lease Agreement and such Schedule have been satisfied.

#### ARTICLE IV TERM OF AGREEMENT

Section 4.1 Commencement of Term. The Term applicable to any Schedule shall commence on the date specified in such Schedule and shall terminate as provided in Section 4.2.

Section 4.2 Termination of Term. The Term applicable to any Schedule will terminate (except as otherwise provided in Section 2.2(b), 2.2(c), 2.3 and 13.4 hereof) upon the earliest to occur of any of the following events:

(a) the exercise by the Lessee of the option granted under the provisions of Articles IX or XI hereof to prepay the lease financing for purchase of the Equipment identified in such Schedule; or

(b) Lessor's election to terminate this Master Lease Agreement under Article XIII due to Lessee's default hereunder; or

(c) the payment by Lessee of all Lease Payments with respect to such Schedule and Additional Lease Payments required to be paid by Lessee hereunder.

Section 4.3 Termination by Lessee due to Non-Appropriation

. In the sole event of Non-Appropriation, the Schedule as to which the Non-Appropriation has occurred and each Schedule hereunder owned by the same entity that owns the Schedule as to which the Non-Appropriation occurred shall terminate, in whole, but not in part, as to all Equipment subject to the affected Schedules effective upon the last day of the Fiscal Year for which funds were appropriated, in the manner and subject to the terms specified in this Section. Lessee may effect such termination by giving Lessor or the affected assignee written notice of termination and by paying any Lease Payments and other amounts which are due and have not been paid at or before the end of its then current Fiscal Year. Lessee shall endeavor to give notice of such termination, not less than one hundred twenty (120) days prior to the end of the Fiscal Year for which appropriations were made, and shall notify Lessor or the affected assignee of any anticipated termination. In the event of termination of a Schedule as provided in



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this section, Lessee shall comply with the instructions received from lessor or the affected assignee in accordance with Section 13.3.

Section 4.4 Intent to Continue Lease Term Appropriations. Lessee presently intends to continue each Schedule hereunder for its entire Term, and to pay all Lease Payments relating thereto. The person or entity in charge of preparing Lessee's budget will include in the budget request for each Fiscal Year the Lease Payments to become due in such Fiscal Year, and will use all reasonable and lawful means available to secure the appropriation of money for such Fiscal Year sufficient to pay all Lease Payments coming due therein. The parties acknowledge that appropriation for Lease Payments is a governmental function, which Lessee cannot contractually commit itself in advance to perform, and this Master Lease Agreement does not constitute such a commitment. However, Lessee reasonably believes that monies in an amount sufficient to make Lease Payments can and will lawfully be appropriated and made available to permit Lessee's continued utilization of the Equipment in the performance of its essential functions during the applicable Term.

#### EQUIPMENT

Section 5.1 Possession of Equipment. Lessor hereby covenants that Lessee shall during the Lease Term peaceably and quietly have and hold and enjoy the Equipment without trouble or hindrance from Lessor, except as expressly set forth herein. Inspection of Equipment. Lessor shall have the right at all reasonable times during business hours, upon reasonable advance notice to Lessee, to enter into and upon the property of Lessee for the purpose of inspecting the Equipment, provided that such inspection shall not interfere with the rights of the Lessee's patients or other customers, including privacy rights, or to remove the Equipment pursuant to Article XIII of this Master Lease Agreement.

#### ARTICLE VI LEASE PAYMENTS

Section 6.1 Payment of Lease Payments. Lessee shall pay to Lessor the Lease Payments in lawful money of the United States of America, in the amounts and on the dates set forth in the applicable Schedule relating to such Lease Payments.

Section 6.2 Interest and Principal Components. A portion of each Lease Payment is paid as, and represents payment of, interest, and the balance of each Lease Payment is paid as, and represents payment of, principal. Each Schedule hereto shall set forth the principal and interest components of each Lease Payment payable thereunder during the Term.

Section 6.3 Lease Payments. As to each Agreement, Lessee shall pay to Lessor the Lease Payments, including the interest components thereof, equal to the amounts specified in each Schedule comprising a part of such Agreement and shall pay to Lessor all other payments and fees due hereunder. The Lease Payments shall be payable without notice or demand when due at such place as Lessor shall reasonably direct in writing at the time the Schedule is executed or such other place as Lessor may from time to time reasonably designate in writing. Any payments received after a period of ten (10) days from the date on which the same were due shall bear interest at the rate of Prime plus one percent (1%) from the due date. The obligations of Lessee to make payment of the Lease Payments and all other payments and fees due hereunder,

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as well as to perform and observe all other covenants hereunder, 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 to be delivered or installed, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation, destruction or unforeseen circumstances. Notwithstanding any dispute between Lessee and any of Lessor, any Vendor or any other person, Lessee shall make all Lease Payments when due and shall not withhold any Lease Payments pending final resolution of such dispute, nor shall Lessee assert any right of set-off or counterclaim against its obligation to make such payments required under this Master Lease Agreement.

Section 6.4 Appointment of Servicer. Lessor shall have the right to designate an entity to act as the “Servicer” for the collection of Lease Payments payable by Lessee, the enforcement of remedies or the distribution of funds to one or more holders of interests in this Master Lease Agreement, all as provided herein. Any Servicer appointed under this section shall be a trust company or a bank having the powers of a trust company, having a capital and surplus of not less than \$25,000,000. Any such Servicer shall notify the Lessee and Lessor of its acceptance of the appointment and, upon giving such notice, shall become Servicer, vested with all the property, rights and powers of the Servicer hereunder, without any further act or conveyance. Lessee shall be able to rely on such notice and shall thereafter deliver any and all Lease Payments to Servicer. Such Servicer shall execute, deliver, record and file such instruments as are required to confirm or perfect its acceptance hereunder and set forth its duties hereunder.

## ARTICLE VII SECURITY INTEREST

Section 7.1 Title. During the Lease Term, legal title to the Equipment, including any component consisting of rights to use software under a license, shall, so long as no Event of Default has occurred under this Lease, rest in the Lessee for the benefit of the Lessor. Lessee shall at all times protect and defend, at its own cost and expense, its title to the Equipment from and against all claims, liens and legal processes of creditors of Lessee, and keep all Equipment free and clear of all such claims, liens and processes. The Equipment is and shall remain personal property, but to the extent that the Equipment may be deemed a fixture, Lessee shall cause filings to be made with the applicable governmental officials and offices, in order to create and preserve for Lessor a perfected first priority security interest in the Equipment, and Lessor’s rights and interests in such Equipment shall be unimpaired. Upon the occurrence of an Event of Default under this Master Lease Agreement or upon the termination of this Master Lease Agreement other than pursuant to Sections 4.2(a) or 4.2(c) or Article XI hereof, (i) full and unencumbered legal title to the Equipment shall pass and revert to Lessor, and Lessee shall have no further interest therein; (ii) Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of Lessee’s title and interest therein; and (iii) upon request by Lessor, Sub-Lessee shall deliver possession of the Equipment to Lessor. Upon termination of an Agreement pursuant to Section 11.1 or Section 11.3 hereof, full and unconditional title to the applicable Equipment shall pass to Lessee, and Lessor’s security interest in the applicable Equipment shall terminate, and Lessor shall execute and deliver to Sub-Lessee such documents as Sub-Lessee may request to evidence the termination of Lessor’s security or other interest in such Equipment.Security Interest

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. This Master Lease Agreement and each Schedule hereto are intended to constitute a security agreement within the meaning of the UCC. In order to secure all of its obligations hereunder to Lessor, Lessee hereby: (i) grants to the Lessor a security interest constituting a first lien on any and all right, title and interest of Lessee in the Collateral; (ii) agrees that each Agreement may be filed as a financing statement evidencing such security interest in the Collateral governed thereby; and (iii) agrees to execute and deliver such additional documents, including financing statements, certificates of title, affidavits, notices and similar instruments, in form satisfactory to Lessor, necessary or appropriate to perfect and maintain such security interest in the Collateral and authorizes Lessor to file such documents. The Equipment is and shall remain personal property, but to the extent that the Equipment may be deemed a fixture, Lessee shall cause filings to be made with the applicable governmental officials and offices, in order to create and preserve for Lessor as assignee of issuer a perfected first priority security interest in the Equipment, and Lessor's rights and interests in such Equipment shall be unimpaired. Upon termination of an Agreement pursuant to Section 11.1 or Section 11.3 hereof, Lessor's security interest in the applicable Equipment shall terminate, and Lessor shall execute and deliver to Obligor such documents as Obligor may request to evidence the termination of Lessor's security or other interest in such Equipment.

Section 7.3 Liens and Encumbrances. Lessee shall promptly discharge any mechanics' or materialmen's liens placed on the Collateral. If requested by Lessor, Lessee shall obtain its landlord's and mortgagee's waiver of rights to the Equipment as fixtures or otherwise. Furthermore, if requested by Lessor, Lessee shall obtain the waiver of any interest in the Collateral from any owner of, or a secured party with an interest in, equipment on which the Equipment becomes an accession.

Section 7.4 Change in Name, Corporate Structure or Principal Place of Business. The Lessee is required to provide written notice to the Lessor of any change in its name, corporate structure, jurisdiction of organization or principal place of business. Such notice shall be provided thirty (30) days in advance of the date that such change is planned to take effect. This Section shall also apply to any of Lessee's assignees or subassignees.

Section 7.5 Location. The Equipment shall be located in the place designated in the Schedule pertaining thereto.

ARTICLE VIII  
MAINTENANCE; MODIFICATION; TAXES;  
INSURANCE AND OTHER CHARGES

Section 8.1 Use and Maintenance of Equipment By Lessee. Upon acceptance of the Equipment as provided by this Master Lease Agreement, care of such Equipment shall be solely the obligation and responsibility of Lessee, who shall care for and promptly make and effect all repairs, replacements, and the like as may be necessary to maintain the Equipment in good working order and running condition at all times during the Term in accordance, at a minimum, with the manufacturer's then prevailing specifications therefor. The cost of all such care, maintenance, repairs, replacements, parts and the like shall be borne solely by Lessee as a normal operating cost incident to an Agreement. Lessee shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law, license or insurance policy

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provision, including the provisions of the Purchase Agreement specifications of any warranty relating thereto, or in any manner contrary to that contemplated by the Agreement or the Purchase Agreement applicable thereto. Lessee shall secure all permits and licenses, if any, necessary for the installation, use, operation, modification and upgrade of the Equipment. Lessee shall comply in all material respects with the laws of each jurisdiction in which its operations involving the Equipment may extend and any legislative, executive, administrative or judicial body exercising power over the Equipment or Lessee's interest in the Agreement applicable thereto. Lessee shall not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent unless such alterations, additions or improvements may be readily removed without damage to the Equipment. Lessor shall be entitled to inspect the Equipment or observe its use and operation during reasonable business hours regardless of whether the Equipment is located on Lessee's property or is located elsewhere. Lessee assumes full responsibility for the safety and any consequences of lack of safety with respect to the operation and maintenance of the Equipment while Lessee has possession or control of the Equipment.

Section 8.2 Taxes, Other Governmental Charges and Utility Charges. The parties hereto contemplate that the Equipment will be used for the governmental purposes of Lessee and, therefore, that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property. In the event that the use, possession or acquisition of the Equipment is found to be subject to taxation in any form (except for income taxes, if any, of Lessor), Lessee shall pay during the Term, as the same respectively come due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Equipment. Lessee shall also pay during the Term, as the same respectively come due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment. With respect to any governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as have accrued during the time this Master Lease Agreement is in effect.

Section 8.3 Risk of Loss; Damage; Destruction; Condemnation. As to each Agreement, Lessee assumes all risk of loss of or damage to the Equipment governed thereby from any cause whatsoever, and no such loss of or damage to such Equipment nor defect therein nor unfitness or obsolescence thereof shall relieve Lessee of the obligation to make Lease Payments or to perform any other obligation under such Agreement except as may be provided in the Schedule comprising a part thereof. In the event of damage to any item of Equipment, Lessee immediately shall place the same in good repair, and, when received, shall apply the proceeds of any insurance recovery to the costs incurred in making such repairs. If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall either (a) replace the same with like property of equal or greater value and useful life in good condition or (b) on the next date when a Lease Payment is due, pay to Lessor (i) all amounts then owed by Lessee to Lessor under the Agreement governing such Equipment, including the Lease Payment due on such date, and (ii) an amount equal to that portion of the Prepayment Amount due on such date determined by Lessor to be applicable to the Equipment lost, stolen, destroyed or damaged beyond repair.

Section 8.4 Insurance.

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(a) Lessee shall, at its own expense, cause casualty, public liability and property damage insurance, for such amounts and against such hazards as Lessor may reasonably require, to be carried and maintained, or demonstrate to the satisfaction of Lessor that adequate self-insurance is provided with respect to the Collateral sufficient to protect the full replacement value of the Collateral and to protect Lessor and Lessee from liability in all events. All insurance proceeds from casualty losses shall be payable to Lessor and Lessee as hereinafter provided. Lessee shall furnish to Lessor, upon request, Certificates of Insurance evidencing such coverage throughout the Term. Alternatively, upon the written approval of Lessor, Lessee may insure the Collateral under a blanket insurance policy or policies which cover not only the Collateral but also other properties.

(b) Any insurance policy carried or maintained pursuant to this Section shall be so written or endorsed as to make losses, if any, payable to Lessor and Lessee as their respective interests may appear and naming Lessor as additional insured for liability. The Net Proceeds (as defined in Section 9.1) of the insurance required in this Section shall be applied as provided in Article IX hereto. Each insurance policy provided for in this section shall contain a provision to the effect that the insurance company shall not either cancel the policy, or modify the policy materially and adversely to the interest of Lessor, without first giving written notice thereof to Lessor at least thirty (30) days in advance of such cancellation or modification.

Section 8.5 Advances. In the event Lessee shall fail to maintain the full insurance coverage required by this Master Lease Agreement or shall fail to keep the Equipment in good repair and operating condition, Lessor may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefore by Lessor, together with interest thereon at the rate, to the extent permitted by law, equal to Prime plus three percent (3%) per annum, shall become Additional Lease Payments immediately due and payable under Section 10.3 of this Master Lease Agreement.

Section 8.6 Modifications and Substitutions.

(a) Lessee shall not without the prior written consent of Lessor make any material alterations, modifications, additions, substitutions, subtractions or improvements to the Equipment which cannot be removed without materially damaging the functional capabilities or economic value of the Equipment. In the event in the exercise of the Lessor's remedies the Equipment is taken by Lessor, Lessee, at its sole cost and expense, and at the request of Lessor, will remove all alterations, modifications and additions and repair the Equipment as necessary to return the Equipment to the condition in which it was furnished, ordinary wear and tear and permitted modifications excepted.

(b) Notwithstanding the provisions of subparagraph (a) of this Section, Lessee may, with the prior written consent of Lessor, substitute for parts, elements, portions or all of the Equipment, other parts, elements, portions, equipment or facilities; provided, however, that any substitutions made pursuant to Lessee's obligations to make repairs referenced under Section 8.1 or 9.1 hereof shall not require such prior written consent. Lessee shall make any such permitted substitutions using only parts, elements, equipment or other material of equal quality to those contained in the Equipment as originally delivered to Lessee by the Vendor thereof. Lessee shall

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provide such documents or assurances as Lessor may reasonably request to maintain or confirm Lessor's security interest in the Equipment as so modified or substituted.

ARTICLE IX  
DAMAGE, DESTRUCTION AND CONDEMNATION;  
USE OF NET PROCEEDS

Section 9.1 Damage, Destruction and Condemnation. Unless Lessee shall have exercised the option to pay the Prepayment Amount as provided herein, if prior to the termination of the Term (x) the Equipment or any portion thereof is destroyed, lost, secreted, stolen or is damaged by fire or other casualty, or (y) title to, or the temporary use of, the Equipment or any part thereof or the estate of Lessee in the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, then Lessee may, if and only if there is no Event of Default then continuing hereunder, at its option apply the Net Proceeds (as defined below) in whole or in part to (i) repair or replace such Equipment or any portion thereof, (ii) satisfy any obligations of Lessee pursuant to the provisions of the Master Lease Agreement, (iii) reduce on a pro rata basis Lease Payments attributable to such Equipment under the applicable Agreement, or (iv) satisfy any other obligations hereunder of Lessee and Lessor shall make such net proceeds available to Lessee for such purposes. Any balance of the Net Proceeds remaining after application in accordance with the preceding sentence shall be paid to Lessee.

For purposes of Section 8.4 and this Article IX, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including reasonable attorneys' fees) incurred in the collection of such claim or award.

Section 9.2 Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement referred to in Section 9.1 hereof, Lessee shall either (i) complete the work and pay any cost in excess of the amount of the Net Proceeds, in which event if Lessee shall make any payments pursuant to the provisions of 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 VI hereof, or (ii) if Lessee is not then in default hereunder, pay to or cause to be paid to Lessor the amount of the then applicable Prepayment Amount and, upon such payment, the Term shall terminate and Lessor's security interest in the Equipment shall terminate as provided in Article XI hereof. The amount of the Net Proceeds in excess of the then applicable Purchase Price, if any, may be retained by Lessee.

ARTICLE X  
DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES;  
ADDITIONAL LEASE PAYMENTS; USE OF THE EQUIPMENT

Section 10.1 Disclaimer of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, CONDITION, MERCHANTABILITY OR FITNESS FOR A

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PARTICULAR PURPOSE, USE OR OPERATION, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT, TITLE OR FITNESS FOR USE OF THE EQUIPMENT, OR ANY COMPONENT THEREOF OR ANY OTHER WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT THERETO AND, AS TO LESSOR, LESSEE'S PURCHASE OF THE EQUIPMENT SHALL BE ON AN "AS IS" BASIS. All such risks, as between Lessor and Lessee, are to be borne by Lessee. Without limiting the foregoing, Lessor shall have no responsibility or liability to Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by the Equipment, any inadequacy thereof, any deficiency or defect (latent or otherwise) therein, or any other circumstances in connection therewith, (ii) the use, operation or performance of the Equipment or any risks relating thereto, (iii) any interruption of service, loss of business or anticipated profits or consequential damages, or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of the Equipment. If, and so long as, no Event of Default exists under this Master Lease Agreement, Lessee shall be, and hereby is, authorized during the term of an Agreement to assert and enforce, at Lessee's sole cost and expense, from time to time, in the name of and for the account of Lessor and/or Lessee, as their interests may appear, whatever claims and rights Lessee or Lessor may have against the Vendor or any prior title holder or possessor of the Equipment. In no event shall Lessor be liable for any loss or damage in connection with or arising out of this Master Lease Agreement, any Agreement, the Equipment, or the existence, furnishing, functioning or Lessee's use of any item or products or services provided for in this Master Lease Agreement.

Section 10.2 Vendor's Warranties. Lessee shall assert against Vendor from time to time whatever claims and rights including warranties of the Equipment which Lessee may have against the Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the Vendor of the Equipment, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Master Lease Agreement, including the right to receive full and timely payments under this Master Lease Agreement. Lessee expressly acknowledges that in Lessor's capacity as Lessor hereunder Lessor makes no representation or warranty whatsoever as to the existence or availability of such warranties of the Vendor of the Equipment.

Section 10.3 Additional Lease Payments. Lessee shall pay to Lessor as additional payments (the "Additional Lease Payments") hereunder, in addition to the Lease Payments payable by Lessee, such amounts in each year as shall be required by Lessor in payment of any reasonable costs and expenses, incurred by Lessor in connection with the execution, performance or enforcement of this Master Lease Agreement, the financing of the Equipment, including but not limited to payment of all reasonable fees, costs and expenses and all reasonable administrative costs of Lessor in connection with the Equipment, reasonable expenses (including, without limitation, attorneys' fees and disbursements), reasonable fees of auditors or attorneys, insurance premiums not otherwise paid hereunder and all other reasonable, direct and necessary administrative costs of Lessor or charges required to be paid by it in order to comply with the terms of, or to enforce its rights under, each Agreement. Such Additional Lease Payments shall be billed to Lessee by Lessor from time to time, together with a statement certifying that the amount so billed has been paid by Lessor for one or more of the items described, or that such amount is then payable by Lessor for such items. Amounts so billed shall be due and payable by Lessee within thirty (30) days after receipt of the bill. In addition to the

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foregoing items, “Additional Lease Payments” shall also include any other amounts payable by Lessee to Lessor under this Master Lease Agreement.

Section 10.4 Use 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 this Master Lease Agreement. Lessee shall secure all permits and licenses, if any, necessary for the installation and operation of the Equipment. Lessee shall comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each item of the Equipment) with all laws of the jurisdictions in which its operations involving any component of Equipment may extend and of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the items of the Equipment or its rights or interests under this Master Lease Agreement. The Equipment shall not be moved by or on behalf of the Lessee from the site to any other location or used by any party other than Lessee for Lessee’s institution purposes, except in strict accordance with the advance written consent of Lessor. Any and all costs of moving the Equipment during a Term shall be borne solely by Lessee.

## ARTICLE XI OPTION TO PREPAY

Section 11.1 Payment Rights. Lessor’s security interest in the Equipment identified in a particular Schedule shall be terminated upon payment in full of all Lease Payments as the same become due in accordance with the applicable Agreement and all other amounts due under this Master Lease Agreement, if any, with respect to such Agreement.

Section 11.2 Prepayment. Lessee may on any payment date, in addition to any Lease Payment then due, make a full prepayment of the Prepayment Amount, which amounts shall be paid directly to Lessor by the Lessee, and as a result of such prepayment, Lessor shall release the security interest in the Equipment.

Section 11.3 Consummation of Prepayment. Lessor’s security interest in the Equipment identified in a particular Schedule shall be terminated and released automatically in conjunction with the receipt of the full Prepayment Amount or the final Lease Payment and all other amounts due thereunder unless an Event of Default hereunder shall have occurred and be continuing as of such date. Such date may at the discretion of the Lessor be extended for such additional period as Lessor’s counsel reasonably determines to be necessary to reflect the impact of, and void the risks related to, bankruptcy-related laws. On such date, Lessor shall deliver to Lessee such termination statements and other documents and instruments as Lessee shall reasonably require to evidence the release of all security interests of Lessor in such Equipment to Lessee.

Section 11.4 Mandatory Payment. Subject to Section 12.2, all or substantially all of the assets of the Lessee, including the Equipment, may be acquired in any manner by another entity, subject to the opinion of a nationally recognized bond counsel, selected by the Lessee and satisfactory to Lessor, as to the continued exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes. However, if all or substantially all of the assets of the Lessee, including the Equipment, are acquired in any manner by another



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entity, Lessee may be required, at the direction of Lessor, to prepay in whole the then applicable Prepayment Amount of all Prepayments identified under any Schedule to this Master Lease Agreement.

ARTICLE XII  
ASSIGNMENT, LEASING, MORTGAGING AND SELLING

Section 12.1 Assignment by Lessor. This Master Lease Agreement, and the right to receive Lease Payments and the Prepayment Amount from Lessee hereunder, may not be assigned or reassigned in whole or in part to one or more assignees or subassignees by Lessor at any time subsequent to its execution, without furnishing notice of such assignment to Lessee. No such assignment or reassignment shall be made to Lessee or any person related to it within the meaning of Section 147(a)(2) of the Code; provided, further, that no such assignment or reassignment shall be effective and binding on the Lessee unless and until (i) Lessee shall have received notice of the assignment or reassignment upon which Notice Lessee shall rely, disclosing the name and address of the assignee or subassignee, and (ii) in the event that such assignment or reassignment is made to a bank or trust company as trustee for holders of certificates representing interests in this Master Lease Agreement, such bank or trust company agrees to maintain, or cause to be maintained, a book-entry system by which a record of the names and addresses of such holders as of any particular time is kept. Upon such assignment, Lessee will reflect in a book entry the assignee designated in such notice of assignment, and shall agree to make all payments to the assignee designated in the notice of assignment, notwithstanding any claim, defense, set-off or counterclaim whatsoever (whether arising from a breach of this Master Lease Agreement or otherwise) that Lessee may from time to time have against Lessor or the assignee. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by Lessor or its assignee to protect their interest in the Collateral and in this Master Lease Agreement.

Section 12.2 Sale, Assignment or Leasing by Lessee. This Master Lease Agreement and the interest of Lessee in the Equipment may not be sold, assumed, assigned or encumbered by Lessee without the prior written consent of Lessor. No Agreement or interest therein and no Equipment shall be subject to involuntary assignment, lease, transfer or sale or to assignment, lease, transfer or sale by operation of law in any manner whatsoever except as expressly provided in this Master Lease Agreement and any such attempted assignment, lease, transfer or sale shall be void and of no effect and shall, at the option of Lessor, terminate an Agreement and each and every financing of Equipment.

Section 12.3 Limitations of Liability. In no event, whether as a result of breach of contract, warranty, tort (including negligence or strict liability), indemnity or otherwise, shall Lessor be liable for any special, consequential, incidental or penal damages including, but not limited to, loss of profit or revenue, loss of use of the Equipment or any associated equipment, service materials or software, damage to associated equipment, service materials or software, cost of capital, cost of substitute equipment, service materials or software, facilities, services or replacement power, down time costs or claims of Lessee's patients or constituents for such damages.

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ARTICLE XIII  
EVENTS OF DEFAULT AND REMEDIES

Section 13.1 Events of Default. The following constitute “Events of Default” under this Master Lease Agreement and each Agreement:

(a) failure by Lessee to pay to Lessor when due any Lease Payment or any other payment required to be paid hereunder and the continuation of such failure for ten (10) days after such payment is due; or

(b) failure by Lessee to maintain insurance on the Equipment in accordance with Section 8.4 hereof; or

(c) failure by Lessee to observe and perform any other covenant, condition or agreement on its part to be observed or performed pursuant to this Master Lease Agreement or any Agreement for a period of twenty (20) days after written notice is given to Lessee by Lessor, specifying such failure and requesting that it be remedied; provided, however, that if the failure stated in such notice cannot be corrected within such twenty (20) day period, Lessor shall 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; in the event Lessor decides to withhold its consent to any such extension, it shall provide Lessee with a written notice of such decision including an explanation of why it was withholding its consent; or

(d) initiation by Lessee or by others of a proceeding under any federal or state bankruptcy or insolvency law seeking relief under such laws concerning the indebtedness of Lessee; or

(e) Lessee (i) is determined by Lessor to have made any material false or misleading statement or representation in connection with an Agreement, or (ii) sells, assigns, leases, or otherwise transfers or encumbers all or any part of its interest in an Agreement or the Collateral without Lessor’s prior written consent except as otherwise provided in this Agreement (including without limitation Section 12.2 hereof), or (iii) permits a change in ownership or management control of Lessee without consent of Lessor.

Section 13.2 Remedies on Default.

(a) Whenever any Event of Default shall have occurred and be continuing under an Agreement or Agreements, Lessor shall have the right, at its sole option without any further demand or prior notice to Lessee, to take any one or any combination of the following remedial steps except insofar as the same are not available to secured parties under Article 9 of the UCC in effect in the State from time to time or are otherwise prohibited by applicable law:

(i) By written notice to Lessee, declare immediately due and payable an amount equal to all Lease Payments and Additional Lease Payments then due and unpaid, all interest accrued thereon and unpaid, all other amounts then due under this Master Lease Agreement and unpaid, and the entire unpaid principal portion of all

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remaining Lease Payments due during the Term, whereupon the same shall become immediately due and payable without any further action or notice;

(ii) Require Lessee to assemble the Collateral listed in such Agreement at a place reasonably convenient to both Lessor and Lessee and at a reasonable time; and use or operate the Collateral for the purpose of preserving it;

(iii) With or without terminating any affected Agreement, take possession of the Collateral listed in such Agreement(s) wherever situated, without any court order or other process of law and without liability for entering the premises, and lease, or make other disposition of such Collateral for use over a term in a commercially reasonable manner, all for the account of Lessor or Lessee; provided that Lessee shall remain directly liable for the deficiency, if any, between the rent or other amounts paid by a lessee of such Collateral pursuant to such lease or sublease during the same period of time, after deducting all costs and expenses, including reasonable attorney's fees and expenses, incurred with respect to the recovery, repair and storage of such Collateral during such period of time, and the sum of the Prepayment Amount plus Additional Lease Payments and all other amounts due hereunder;

(iv) With or without terminating any affected Agreement, take possession of the Collateral wherever situated listed in such Agreement(s), without any court order or other process of law and without liability for entering the premises, and sell any or all of such Collateral at a public or private sale, or otherwise dispose of, hold, use, operate, lease to others or keep idle such Collateral, with 10 days' notice to Lessee, all free and clear of any rights of Lessee; provided that any and all such actions be taken in a commercially reasonable manner. All proceeds from such sale to be applied in the following manner: FIRST, to pay all proper and reasonable costs and expenses associated with the recovery, repair, storage and sale of such Collateral, including reasonable attorneys' fees and expenses; SECOND, to pay (i) Lessor the amount of all unpaid Lease Payments due under such Agreement(s), if any, which are then due and owing, together with interest and late charges thereon, (ii) Lessor the then applicable Prepayment Amount under such Agreement(s) (taking into account the payment of past due Lease Payments as aforesaid), plus a pro-rata allocation of interest, at the rate utilized to establish the interest component for the Lease Payment next due pursuant to the applicable Schedule, from the next preceding due date of a Lease Payment until the date of payment by the buyer, and (iii) Lessor any other amounts due thereunder, including indemnity payments, reimbursement of any advances, Additional Lease Payments due under such Agreement(s), and other amounts payable to Lessor hereunder; and THIRD, to pay the remainder of the sale proceeds, purchase moneys or other amounts paid by a buyer of such Equipment, to Lessee;

(v) Proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of this Master Lease Agreement, the applicable Agreement(s) or to recover for the breach thereof, including the payment of all amounts due from Lessee, in which event Lessee shall pay or repay to Lessor all costs or such action or court action including without limitation, reasonable attorneys' fees; and

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(vi) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights with respect to the Collateral under such Agreement(s), in which event Lessee shall pay or repay to Lessor all costs of such action or court action, including, without limitation, reasonable attorneys' fees.

(b) Notwithstanding any other remedy exercised hereunder, Lessee shall remain obligated to pay to Lessor any unpaid portion of the Prepayment Amount due under such Agreement(s). To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which might require Lessor to use, sell, lease or otherwise dispose of any Collateral under such Agreement(s) in mitigation of Lessor's damages or which might otherwise limit or modify any of Lessor's rights hereunder.

(c) All of Lessee's right, title and interest in any Collateral the possession of which is taken by Lessor upon the occurrence of an Event of Default (including, without limitation, construction contracts, warranties, guaranties or completion assurances applicable to such Collateral) shall pass to Lessor, and Lessee's rights in such Collateral shall terminate immediately upon such repossession, subject however, to Lessee's rights under Article XI to prepay and terminate the Agreement.

Section 13.3 Recovery of Equipment. If an Event of Default has occurred and is continuing, Lessee shall allow Lessor to recover the Collateral at Lessee's sole cost and expense, including, without limitation, all costs of transportation. The cost of all transportation of Collateral of any nature prior to the expiration or prior termination of an Agreement will be at Lessee's sole expense. In the event that Lessee makes modifications to a site after any Collateral has been installed therein and such modifications impede the removal of the Collateral, the cost of removing the impediments and restoring the site shall be the sole expense of Lessee.

Section 13.4 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 Master Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of 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 by this Article XIII. All remedies herein conferred upon or reserved to Lessor shall survive the termination of this Master Lease Agreement.

Section 13.5 Late Charge. Any Lease Payment, Additional Payment or other amounts payable by Lessee to or for the benefit of Lessor hereunder and not paid by Lessee within ten (10) days of the due date thereof shall, to the extent permissible by law, bear a late charge equal to five percent (5%) of the amount of the past due Lease Payment, Additional Payment or other amounts payable.

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ARTICLE XIV  
APPLICATION OF PROCEEDS, PROJECT FUND, ACQUISITION OF EQUIPMENT

Section 14.1 Application of Lease Proceeds. At the Closing of each Agreement, Lessor shall pay or provide the Lease Proceeds in the amount and to the persons identified on the applicable Schedule. An amount not exceeding two percent (2%) of the Lease Proceeds, together with funds provided by Lessee, estimated to be needed to pay the costs associated with executing the Schedule, shall be disbursed or credited at the execution of each Agreement as payment of the costs associated with execution of such Agreement.

Section 14.2 Project Fund. The Lessor will hold and administer the Lease Proceeds on behalf of the Lessee pursuant to the terms of the Project Fund Agreement.

Section 14.3 Completion of Acquisition of the Equipment. Lessee shall cause the Equipment to be acquired and installed free of any liens or claims of others except for this Master Lease Agreement. Completion of the acquisition of the Equipment identified by a particular Schedule shall be evidenced by Lessee's filing with Lessor a Certificate of Acceptance. At such time the Lessor shall execute and deliver such documents or assurances, including amendments to UCC filings, as may be necessary to reflect accurately the items of Equipment financed by the Lease Proceeds derived from such Agreement. If upon the filing of the Certificate, there remain unspent Lease Proceeds (other than proceeds to be used for Acquisition Costs, retained to ensure compliance with the terms of the Purchase Agreement), such unspent proceeds shall be used to prepay a proportionate part of each principal component of Lease Payments due or to become due over the then remaining term of the Term, or may be used for such other purpose as in the opinion of nationally recognized bond counsel will not cause the interest component of the Lease Payments to be includable in gross income for federal income tax purposes.

ARTICLE XV  
MISCELLANEOUS

Section 15.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or three (3) days after the same are mailed by registered mail, postage prepaid, to the parties at their addresses specified at the beginning of this Master Lease Agreement.

Section 15.2 Binding Effect. This Master Lease Agreement shall inure to the benefit of and shall be binding upon Lessor, Lessee and their respective successors and assigns, if any.

Section 15.3 Severability. In the event any provision of this Master Lease 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.

Section 15.4 Amendments. To the extent permitted by law, the terms of this Master Lease Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written instrument signed by the parties hereto, and then such

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waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given.

Section 15.5 Execution in Counterparts. This Master Lease Agreement and each Schedule hereto may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument and any of the parties hereto may execute this Master Lease Agreement and each Schedule hereto by signing any such counterpart.

Section 15.6 Applicable Law. THIS MASTER LEASE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS, EXCLUDING THE LAWS RELATING TO THE CHOICE OF LAW, OF THE STATE OF CONNECTICUT.

Section 15.7 Captions. The captions or headings in this Master Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Master Lease Agreement.

Section 15.8 Entire Agreement. This Master Lease Agreement together with Schedules, and the attachments thereto, attached hereto constitutes the entire agreement between Lessor and Lessee. There are no understandings, agreements, representations or warranties, express or implied, not specified herein regarding this Master Lease Agreement or the Equipment financed hereunder. Any terms and conditions of any purchase order or other document submitted by Lessee in connection with this Master Lease Agreement which are in addition to or inconsistent with the terms and conditions of this Master Lease Agreement will not be binding on Lessor and will not apply to this Master Lease Agreement. An Agreement including the respective Schedule and exhibits hereto, shall not be effective or binding upon Lessee until it is signed on its behalf by one of its Authorized Officers. An Agreement, including the respective Schedule and exhibits hereto, shall not be effective or binding upon Lessor until (i) it is signed on its behalf by one of its authorized officers, and (ii) it has been reviewed, approved, and acknowledged in writing to be credit approved at Lessor's principal office located at [\_\_\_\_\_].

Section 15.9 Waiver. Lessor's or Lessee's failure to enforce at any time or for any period of time any provision of an Agreement shall not be construed to be a waiver of such provision or of the right of Lessor or Lessee thereafter to enforce each and every provision. No waiver of any right, default or remedy shall be effective unless it is made expressly and in writing. No waiver by Lessor of any right, default or remedy of default shall constitute a waiver of any other right, default or remedy of default, or a waiver of any of Lessor's rights.

Section 15.10 Survivability. All of the limitations of liability and indemnities contained in an Agreement shall continue in full force and effect notwithstanding the expiration or early termination of the Agreement and are expressly made for the benefit of, and shall be enforceable by, Lessor or its successors and assigns.

Section 15.11 Record Retention and Access.

(a) Expenditure of the Lease Proceeds will be recorded no later than the later of 18 months after the date a particular expenditure is paid or 18 months after the date the

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Equipment to which the expenditure relates is “placed in service” (as such term is defined in Treas. Reg. § 1.150-2(c)). All allocations will be made, in all events, by the date 60 days after the fifth anniversary of the date hereof or the date 60 days after the termination of this Master Lease Agreement, if earlier. Any allocation made pursuant to requisitions of proceeds under the Project Fund Agreement is preliminary in nature and subject to final allocation which shall be done in accordance with this paragraph. Such records will be kept by the Lessee with its records in connection with the Master Lease Agreement and will be retained for the period of at least six years after the termination of this Master Lease Agreement.

(b) The obligations of the parties set forth in this Section 15.11 shall continue in full force and effect notwithstanding the expiration or early termination of the Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Master Lease Agreement under seal in their respective corporate names by their duly Authorized Officers, all as of the date first written above.

[ \_\_\_\_\_ ]  
as Lessor

By: \_\_\_\_\_  
Name:  
Title:

[ \_\_\_\_\_ ]  
as Lessee

By: \_\_\_\_\_  
Name:  
Title:



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**EXHIBIT A TO MASTER LEASE AGREEMENT**

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SCHEDULE NO. [\_\_]  
TO MASTER LEASE AGREEMENT  
by and among

[\_\_\_\_\_]

as Lessor

and

[\_\_\_\_\_]

as Lessee

Dated as of [\_\_\_\_], 201\_

THIS SCHEDULE NO. [\_\_] (this "Schedule") to the Master Lease Agreement identified above (the "Master Lease Agreement") is entered into as of this \_\_\_\_\_, 201\_ by and among [\_\_\_\_], as Lessor, and [\_\_\_\_], as Lessee ("Lessee"). All of the provisions of the Master Lease Agreement are incorporated herein by reference as if fully set forth herein and capitalized terms used herein and not defined shall have the meanings assigned them in the Master Lease Agreement.

1. The Master Lease Agreement and this Schedule No. [\_\_] jointly constitute an Agreement (this "Agreement"). Lessor hereby agrees to loan to the Lessee and Lessee agrees to borrow from the Lessor subject to the provisions of the Agreement, the funds for the purchase of the Equipment identified below:

[\_\_\_\_\_].

2. Lessee hereby certifies that the description of the Equipment set forth above is accurate and reasonably identifies it for UCC purposes. The Equipment identified in item 1 above shall be located at:

Street	City	County	State
[_____]	[_____]	[_____]	Connecticut

3. The Lease Payment dates, the Lease Payment amounts (including the principal and interest components thereof) and the outstanding balance owed during the term of the Master Lease Agreement are as set forth in Exhibit B hereto.

4. The Lease Proceeds which Lessor shall pay or provide to Lessee, or to Vendors, as appropriate, in connection with this Schedule is \$[\_\_\_\_\_]. Lease Proceeds in the

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amount of \$[\_\_\_\_\_] shall be disbursed by Lessor upon receipt of Lessee's Requisition Certificate attached as Attachment A.

5. Until Lessee receives written notification to the contrary, all payments due under the Master Lease Agreement, including but not limited to Lease Payments, are to be paid to the Lessor at the following address:

[\_\_\_\_\_]
[\_\_\_\_\_]
[\_\_\_\_\_]

6. Lessee further represents, covenants and warrants that all of its representations of Lessee contained in the Master Lease Agreement were true and accurate as of the date made, remain true and accurate as of the date of this Schedule and are hereby reaffirmed and that it will perform all its obligations and comply with all terms and provisions applicable to it contained in the Master Lease Agreement.

7. Lessee shall deliver an opinion of counsel, an arbitrage certificate and an IRS Form 8038 concurrently with the execution and delivery of each Schedule in the forms of Attachment C, Attachment D and Attachment H, respectively, to Schedule [\_\_\_\_] of the Master Lease Agreement.

8. Lessee further represents, covenants and warrants that it will not take, cause to be taken or fail to take any action which will cause the interest component of any Lease Payment to be or become subject to federal income taxation under the Code and that all of its representations, covenants and warranties of Lessee contained in the Master Lease Agreement were true and accurate as of the date made, remain true and accurate as of the date of this Schedule and are hereby reaffirmed.

9. The Equipment will be used by Lessee to fulfill its governmental purposes.

10. NOTICE IS HEREBY GIVEN THAT FALSE STATEMENTS INTENTIONALLY MADE HEREIN ARE SUBJECT TO SECTION 53a-157b OF THE CONNECTICUT GENERAL STATUTES GOVERNING THE PENALTY FOR WRITTEN STATEMENTS NOT BELIEVED TO BE TRUE WHICH ARE INTENDED TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OR HER OFFICIAL DUTIES.

11. Lessee shall deliver or cause to be delivered, concurrently with the execution and delivery of each Schedule, documents in the respective forms of Attachment A through I to Schedule \_\_ of the Master Lease Agreement.

12. Attached hereto as Attachment A and incorporated herein by reference is an original Acceptance Certificate, executed by an Authorized Officer of Lessee, with respect to the Equipment identified in item 1 above.

13. Attached hereto as Attachment B and incorporated herein by reference is an original Incumbency Certificate of the Secretary of Lessee certifying the names, titles and signatures of the Authorized Officers of Lessee.

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14. Attached hereto as Attachment C is an original opinion of legal counsel to Lessee relating to the Agreement.

15. Attached hereto as Attachment D and incorporated herein by reference is an Arbitrage Certificate of Lessee.

16. Attached hereto as Attachment E is a certified copy of resolutions of Lessee's governing body authorizing the Master Lease Agreement and the Agreement.

17. Attached hereto as Attachment F are copies of an executed and filed financing statement evidencing the Lessor's security interest in the Equipment.

18. Attached hereto as Attachment G is an insurance certificate in the form required by Section 8.4 of the Master Lease Agreement.

19. Attached hereto as Attachment H is an IRS Form 8038 of the Lessee.

20. Attached hereto as Attachment I is a Project Fund Agreement between Lessee and Lessor.

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IN WITNESS WHEREOF, the parties hereunto affix their signatures to this Schedule No. [ ] as of the day and year first written above.

[ ]  
as Lessor

By: \_\_\_\_\_  
Name:  
Title:

[ ]  
as Lessee

By: \_\_\_\_\_  
Name:  
Title:

Counterpart No. \_\_\_\_ of 4 manually executed and serially numbered counterparts. To the extent of this Schedule 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.

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**EXHIBIT B TO MASTER LEASE AGREEMENT**

[Lessee]

Nominal Annual Rate [\_\_\_\_\_]%

AMORTIZATION SCHEDULE - Normal Amortization

#	Date	Payment	Interest	Principal	Balance
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Lease

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**ATTACHMENT A TO SCHEDULE NO. [\_\_\_]**

**Lessee's Requisition Certificate**

**Part I:**

[\_\_\_\_\_] ("Lessee"), as Lessee under that certain Master Lease Agreement dated as of [\_\_\_\_\_] , 201\_ , and under Schedule No. [\_\_\_] thereto dated as of [\_\_\_\_\_] , 201\_ (collectively, the "Agreement"), each with [\_\_\_\_\_] , as Lessor ("Lessor"), hereby acknowledges that the Equipment described in Part II below (the "Equipment"), is of a size, design, capacity and manufacture selected by Lessee, has been delivered to the location indicated on Schedule No. [\_\_\_], inspected by Lessee, found to be properly installed, in good condition and functioning according to manufacturer's specifications on the Equipment Acceptance Date set forth below, and that, as of such date it has accepted such Equipment and hereby certifies:

(a) That such Equipment is fully insured in accordance with Section 8.4 of the Master Lease Agreement.

(b) No Event of Default under the Agreement exists, and no condition, event or act exists that, with notice or lapse of time, or both, would become an Event of Default under the Agreement.

**Part II:**

Equipment Acceptance Date: [\_\_\_\_\_] , 2007.

The Equipment which is governed by the Agreement identified in Part I above is as follows:

[\_\_\_\_\_]

**Part III:**

Attached are copies of the invoices of the Vendor(s) for the Equipment listed herein, and the Lessee's cancelled checks, if applicable, with regard to such Equipment.

**Part IV:**

The Lease Proceeds shall be disbursed as follows:

<u>Amount</u>	<u>Payee</u>	<u>Purpose</u>
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Executed as of the Equipment Acceptance Date.

[ \_\_\_\_\_ ]  
As Lessee

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged as of the  
Date first above written:

[ \_\_\_\_\_ ]  
as Lessor

By: \_\_\_\_\_  
Name:  
Title:



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**ATTACHMENT B TO SCHEDULE NO. [\_\_]**

**Incumbency Certificate of the Lessee**

I, \_\_\_\_\_, do hereby certify that I am the duly elected or appointed Town/City Clerk of \_\_\_\_\_, a municipality existing under the laws of the State of Connecticut, that I have custody of the records of such municipality, and that, as of the date hereof, the individuals named below are the duly elected and appointed officers of such municipality holding the offices set forth opposite their respective names. I further certify that (i) the signatures set opposite their respective names and titles are their true and authentic signatures and (ii) such officers have the authority on behalf of such entity to enter into that certain Master Lease Agreement dated as of \_\_\_\_\_, 201\_, and that certain Schedule No. [\_\_] dated as of \_\_\_\_\_, 201\_, both between such entity, as Lessee and \_\_\_\_\_ as Lessor.

<b>NAME</b>	<b>TITLE</b>	<b>SIGNATURE</b>
[_____]	[_____]	_____

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal of such entity hereto on \_\_\_\_\_, 201\_.

SEAL

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

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**ATTACHMENT C TO SCHEDULE NO. [\_\_\_]**

[\_\_\_\_\_], 201\_

[Lessor]

[\_\_\_\_\_]  
[\_\_\_\_\_]

Ladies and Gentlemen:

We have acted as special counsel to \_\_\_\_\_ (the “Lessee”) in connection with the execution and delivery by the Lessee of the Master Lease Agreement (the “Lease Agreement”) dated as of [\_\_\_\_\_], 201\_ among [\_\_\_\_\_], as Lessor (“Lessor”), and Lessee, and Schedule No. [\_\_\_] thereto dated [\_\_\_\_\_], 201\_. The Lease Agreement, Schedule No. [\_\_\_] and the attachments and exhibits related thereto are referred to herein as the “Agreement.”

As to questions of fact material to our opinion we have relied upon representations of Lessee contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications by officials of Lessee without undertaking to verify the same by independent investigation.

The Lessee has in the Agreement agreed to pay the principal and interest components of the Lease Payments (as hereinafter defined) due thereunder.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Agreement in order that the interest component of the Lease Payments will be and remain excludable from gross income under Section 103 of the Code. Included among these continuing requirements are (i) certain restrictions and prohibitions on the use and investment of proceeds and other amounts, (ii) required ownership of the Equipment by a Section 501(c)(3) organization or governmental unit, (iii) limits on the amount of tax exempt financing from which certain users of the loan-financed facility (and related parties) may benefit, and (iv) the rebate to the United States of certain earnings in respect of investments. Failure to comply with any of such continuing requirements may cause the interest component of the Lease Payments to be includable in gross income for Federal income tax purposes retroactively to the date of the Agreement. In the Agreement, Lessee has made certain covenants with respect to the exclusion of the interest component of the Lease Payments from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code. The Lessee has also covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure satisfaction of the requirements of the Code. The opinion set forth herein in paragraphs 7 and 8 below as to federal and state income tax matters assumes continuing compliance with such covenants and the accuracy, in all material aspects, of such representations and certifications. In rendering the opinion in paragraphs 7 and 8 below, we have relied upon the representations and the covenants in the Arbitrage Certificate of Lessee and the covenants and representations as to

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various provisions of the Code and Treasury Regulations contained in the Agreement (such covenants and representations and Certificates being hereinafter referred to as the “Tax Compliance Provisions”), as to which matters we have made no independent investigation of the accuracy of such representations or the capacity of Lessee to comply with such covenants or whether Lessee fully comprehends the nature or scope of the information, duties and obligations required by the Tax Compliance Provisions. However, nothing has come to our attention which would indicate that the Tax Compliance Provisions contain a material misstatement of fact by Lessee or omit to state a fact material to the representations and covenants of Lessee contained therein and necessary for the opinion in paragraph 7 below.

We have examined the Constitution and laws of the State of Connecticut (the “State”), the Agreement, and such certified proceedings and other papers as we deemed necessary to render this opinion. Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Lessee is a duly created and validly existing body politic and corporate constituting a political subdivision of the State with the power to enter into and perform the Agreement.

2. The Agreement has been duly authorized, executed and delivered by Lessee and is a valid, binding and enforceable obligation of the Lessee, except as enforcement may be limited as described in the penultimate paragraph of this letter.

3. The security interest granted under the Agreement in the Equipment described in Schedule No.[\_\_\_\_] has been duly created and financing statements relating to such security interest have been duly executed by Lessee and filed pursuant to the State’s Uniform Commercial Code with the Secretary of State of the State [and the Land Records in [\_\_\_\_\_].] No other actions are required by State law to perfect such security interest. Based on a search dated [\_\_\_\_\_] performed by [\_\_\_\_\_] the security interest in Equipment described in Schedule No. [\_\_] granted under the Agreement is subject to no prior lien or security interest which has been properly recorded or filed in the State showing Lessee as debtor.

4. Lessee has taken all steps legally required as a condition precedent to the execution and delivery of the Agreement and to permit the commencement of the acquisition, installation and operation of the Equipment. Lessee has made all submissions to governmental authorities and has obtained, and there are currently in full force and effect, all consents, approvals, authorizations, accreditations, licenses, permits and orders of any governmental or regulatory authority that are required to be obtained by Lessee to enable the Equipment to be acquired and installed in accordance with the plans and specifications therefore (to the extent such approvals and permits are needed at this time, given the current status of the acquisition, installation, and operation of the Equipment). Based upon inquiry of appropriate officers of Lessee, we have no reason to believe that any approvals and permits hereafter required for the acquisition and installation of the Equipment, and to allow the Equipment to be operated by Lessee in the manner for which it was designed, will not be granted.

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5. Lessee will be the owner of the Equipment financed under the Agreement for federal income tax purposes.

6. The Equipment financed pursuant to the Agreement constitutes personal property and when subjected to use by Lessee will not be or become fixtures under applicable law.

7. Under existing statutes, regulations, rulings and court decisions and assuming the accuracy of the representations and the continuing compliance by the Lessee with the covenants, all as set forth in the Tax Compliance Provisions, the interest component of the Lease Payments under the Lease Agreement is not includable in gross income for Federal income tax purposes under Section 103 of the Code. The interest component of the Lease Payments is not an “item of tax preference” for purposes of computing the federal alternative minimum tax on individuals and corporations. However, the interest component of the Lease Payments payable to corporations (other than Subchapter S corporations, Regulated Investment Companies, Real Estate Investment Trusts and Real Estate Mortgage Investment Conduits) will be included in the calculation of adjusted current earnings, a portion of which is an adjustment to corporate alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations (but not individuals).

8. Under existing law, the interest component of the Lease Payments payable under the Lease Agreement is not included in Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Certain requirements and procedures contained or referred to in the Agreement and other relevant documents may be changed and certain actions may be taken under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. We express no opinion as to the Agreement or the interest portion of Lease Payments made thereunder if any change occurs or action is taken upon the advice or approval of any such other bond counsel.

Except as stated in the preceding paragraphs (7) and (8), we express no opinion regarding any Federal or State tax consequences arising with respect to the loan transaction pursuant to the Agreement.

It is to be understood that the enforcement of the terms of the Agreement is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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Our opinions set forth in this letter are based upon the facts in existence and laws in effect on the date hereof and we expressly disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof. This opinion letter is solely for the benefit of the addressees hereof in connection with the consummation of the transactions contemplated by the Agreement. This opinion letter may not be relied upon in any manner by any other person, other than permitted successors and assigns of Lessor, and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our express prior written consent.

Very truly yours,

**[Name of Firm]**

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

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**ATTACHMENT D TO SCHEDULE NO.[\_\_]**

**Arbitrage Certificate of Lessee**

I, [\_\_\_\_], [title] of [\_\_\_\_] (the “Lessee”), certify as follows with respect to the financing of certain equipment pursuant to the Master Lease Agreement, dated as of [\_\_\_\_], 201\_ (the “Master Lease Agreement”), between the Lessee and [\_\_\_\_], as Lessor (“Lessor”), as supplemented by Schedule No. [\_\_] dated as of [\_\_\_\_], 201\_ (“Schedule No. [\_\_]”). Terms used herein have the same meaning as defined in the Master Lease Agreement and in Schedule No. [\_\_].

The Agreement bears interest at a fixed rate as described in Schedule No. [\_\_]

1. Amount of Issue. The principal amount of the Agreement, \$[\_\_\_\_], does not exceed the amount necessary to acquire the Equipment and to pay costs of issuance. Total Acquisition Costs are \$[\_\_\_\_], which is equal to the Lease Proceeds of the Agreement available to pay Acquisition Costs and costs of issuance of the Agreement. It is expected that all earnings on the Lease Proceeds will be used to pay the interest portion of the Lease Payments during the period of acquisition and installation of the Equipment, for which the Lessee will receive a credit.

2. Lease Proceeds.

(a) Use of Lease Proceeds. The Lease Proceeds of the Agreement are \$[\_\_\_\_] (issue price of \$[\_\_\_\_]). The Lease Proceeds will be applied, either directly or indirectly to the cost of the Equipment, by payment to or reimbursement of the Vendors of the Equipment. Of these sale proceeds, no more than \$[\_\_\_\_] will be expended on the date of issuance on the Agreement to pay costs of issuance, which amount is equal to or less than two percent (2%) of the amount of the Lease Proceeds. Regarding the costs of issuance, any such amount in excess of \$[\_\_\_\_] shall be paid by the Lessee from its own equity contribution. No Lease Proceeds will be used to pay, refund, retire or replace any governmental obligations previously issued.

(b) Expenditure of Lease Proceeds. Lease Proceeds will be invested without regard to yield restriction pending payment of the cost of acquiring and installing the Equipment. In this regard, the Lessee has entered, or within six (6) months of this date will enter into binding obligations to third parties to expend at least five percent (5%) of the Lease Proceeds. Completion of the acquisition and installation of the Equipment and the allocation of Lease Proceeds to expenditures will proceed with due diligence, and at least eighty-five (85%) of the Lease Proceeds will be spent on such Equipment no later than three (3) years after the date of this Agreement.

3. No Sale or Lease of Equipment. Lessee does not expect to sell or lease or otherwise dispose of any portion of the Equipment while the Agreement is outstanding.

4. No Sinking Fund or Collateral; No Replacement. Lessee has not established and does not expect to establish any sinking fund, debt service fund, redemption fund, reserve fund, replacement fund or similar fund to be used to pay, directly or indirectly, principal or interest on

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the Agreement. Lessee has not pledged or otherwise restricted and does not expect to pledge or restrict any other funds or property which as a result of the pledge or restriction would be reasonably assured to be available to pay, directly or indirectly, principal or interest on the Agreement, even if Lessee encounters financial difficulties.

5. No Interest Rate Swap or Hedge. The Lessee will not enter into any interest rate swap, hedge or other financial arrangement to manage the interest rate risk in respect of the Lease Payments, unless there is submitted to the Lessee an opinion of nationally recognized bond counsel to the effect that such swap, hedge or other arrangement will not adversely affect the tax-exempt treatment of the interest portion of the Lease Payments.

6. No Special Arrangement. Neither Lessee nor any related person (within the meaning of Section 144(a)(3) of the Code) has or will enter into any arrangement, formal or informal, for the purchase of any interest in the Agreement as Lessor in an amount related to the amount made available to Lessee pursuant to the Agreement.

7. Arbitrage. The Lessee expects that all proceeds of the Agreement will be spent within six months and, therefore, does not expect to earn amounts subject to rebate. Notwithstanding the foregoing, Lessee has covenanted in the Master Lease Agreement and hereby confirms that it will make or cause to be made all rebate payments, if any, due to the United States under Section 148(f) of the Code with respect to moneys and investments held under the Agreement. Lessee also will take any and all other actions lawfully within its powers so as to maintain the exclusion from gross income for federal income tax purposes of the interest component to the Lease Payments. Lessee will not take or permit any action to be taken, nor intentionally use any portion of the proceeds of the Agreement in a manner which would cause the Agreement to be an arbitrage bond under Section 148 of the Code or violate the provisions of that Section.

8. Financing Fees. Other than financing fees paid in accordance with the Master Lease Agreement, Lessee has paid and will pay no other fees to the Lessor in connection with the Agreement.

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9. Other Matters. To the best of my knowledge, information and belief, the expectations stated herein are reasonable.

[LESSEE]

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

Name:

Title:

Dated: [\_\_\_\_\_], 201\_



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**ATTACHMENT E**

**Resolution of the Board of Directors of Lessee  
Regarding Financing of Certain Equipment**

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**ATTACHMENT F TO SCHEDULE NO. [\_\_\_]**

Copies of Filed Financing Statements Showing Perfection of  
Security Interest in the Property and Assignment of Security  
Interest to Lessor

SEE ATTACHED.

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**ATTACHMENT G TO SCHEDULE NO. [\_\_]**

Insurance Certificate Required By Section 8.4  
of MASTER LEASE AGREEMENT

SEE ATTACHED.

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**ATTACHMENT H TO SCHEDULE NO. [\_\_]**

IRS Form 8038

SEE ATTACHED.

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**ATTACHMENT I TO SCHEDULE NO. [\_\_]**

**PROJECT FUND AGREEMENT**

This PROJECT FUND AGREEMENT, dated as of [\_\_\_\_], 201\_ (the “Project Fund Agreement”) between [\_\_\_\_\_] (“Lessee”) and [\_\_\_\_\_] (the “Lessor”).

WITNESSETH

WHEREAS, the Lessor and Lessee are parties to a Master Lease Agreement dated as of [\_\_\_\_], 201\_ (the “Master Lease Agreement”), as supplemented by a Schedule No. [\_\_], dated as of [\_\_\_\_], 201\_ (“Schedule No. [\_\_]”, together with the Master Lease Agreement, the “Agreement”); and

WHEREAS, pursuant to the Agreement, the Lessor has made payments in the amount of \$[\_\_\_\_] for the financing of the Acquisition Costs as described in the Agreement, which amount has been provided to the Lessee to be applied towards Acquisition Costs incurred by Lessee;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree to as follows:

1. Capitalized terms not otherwise defined in this Project Fund Agreement shall have the meanings indicated in the Master Lease Agreement.

2. The Lessor agrees to hold and administer on behalf of the Lessee the amount of \$[\_\_\_\_] (representing Lease Proceeds of \$[\_\_\_\_] less costs of issuance in an amount of \$[\_\_\_\_]) received from Lessor (the “Project Fund”) to the Lessee.

3. Lessee shall utilize the Project Fund to pay for Acquisition Costs as detailed in the Agreement. Prior to any disbursement from the Project Fund, Lessee shall provide to the Lessor, for its written approval, an invoice or other documentation indicating the type of Acquisition Cost, the amount due and the name and address of the payee, which approval shall not be unreasonably withheld and which shall be determined promptly upon receipt of the aforementioned documentation.

4. The Project Fund shall be held and/or invested by the Lessor as directed by Lessee in Permitted Investments, as hereinafter defined, pursuant to this Project Fund Agreement and accounted for separately on the books and records of the Lessor. As used in this Agreement, the term “Permitted Investments” means (a) money market funds registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 and which have a rating of “AAAm-G,” “AAAm” or “AAM” of Standard & Poor’s Ratings Services; or (b) certificates of deposit issued by or other forms of deposit in any national or state bank to the extent that such deposits are fully insured by the Federal Deposit Insurance Corporation or any successor agency which is backed by the full faith and credit of the United States.

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5. Lessee shall notify the Lessor upon payment of all Acquisition Costs and certification of project completion. Any remaining Project Fund monies held by the Lessor after payment of all Acquisition Costs must be applied within sixty (60) days to pay or prepay Lease Payments due under, and in accordance with, the Agreement.

6. In the event the monies held by the Lessor are not spent so as to meet any applicable exemption from Rebate, the Lessor shall cooperate with the Lessee in computing the amount of any "Excess" (See Section 2.4 of the Master Lease Agreement) and the Lessee will be responsible for making payment of any Rebate due either from earnings on invested amounts or from other funds held by Lessee.

7. The Lessee agrees to provide the Lessor with the following certification as a condition precedent for receiving the transfer of the monies contained in the Project Fund.

a. The Lessee hereby certifies that the monies contained in the Project Fund will be used exclusively for the Project(s) described in the Agreement.

b. The Lessee hereby agrees to provide the Lessor with a certificate upon completion of the Project(s) that all necessary monies contained in the Project Fund have been spent in accordance with the Agreement and this Project Fund Agreement.

8. The Lessee hereby agrees to indemnify the Lessor and hold the Lessor harmless from and against any claim, loss, cost (including reasonable attorney's fees), expenses, damage, right, demand or cause of action of any nature whatsoever in connection with, or arising from this Project Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Project Fund Agreement by their duly authorized officers, all as of the date written above.

[ \_\_\_\_\_ ]  
as Lessee

By: \_\_\_\_\_  
Name:  
Title:

[ \_\_\_\_\_ ]  
as Lessor

By: \_\_\_\_\_  
Name:  
Title: