

SCHOOL BOARD OF CLAY COUNTY, FLORIDA

INDEX TO LEGAL DOCUMENTS

BANK-QUALIFIED ESCROW

Master Lease Agreement;
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Form 8038-G.

MUNICIPAL SERVICES GROUP, INC.

MASTER LEASE AGREEMENT

LEASE NUMBER [01]

This **MASTER LEASE AGREEMENT** (the "Agreement"), dated as of July 1, 2009 is made and entered into by and between **MUNICIPAL SERVICES GROUP, INC.**, a Colorado corporation, as lessor (the "Lessor"), and **SCHOOL BOARD OF CLAY COUNTY, FLORIDA**, a public corporation duly organized and existing under the laws of the State of Florida, as lessee ("Lessee").

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. The following terms have the meanings specified below.

"Acceptance Certificate" means each Acceptance Certificate delivered by Lessee as part of an Equipment Schedule certifying as to the delivery, installation and acceptance of Equipment.

"Agreement" means this Master Lease Agreement and all Equipment Schedules hereto.

"Agreement Date" means the date first written above.

"Code" means the Internal Revenue Code of 1986, as amended, together with Treasury Regulations promulgated from time to time thereunder.

"Equipment" means all items of property described in Equipment Schedules and subject to this Agreement.

"Equipment Group" means each group of Equipment listed in a single Equipment Schedule.

"Equipment Schedule" means each sequentially numbered schedule executed by Lessor and Lessee with respect to an Equipment Group.

"Escrow Account" means the equipment acquisition account established by Lessor and Lessee with the Escrow Agent pursuant to the Escrow Agreement.

"Escrow Agent" means ~~SUNTRUST BANK~~, a Georgia banking corporation, and any successor-escrow agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, substantially in the form of Exhibit F hereto, to be executed by Lessor, Lessee and the Escrow Agent upon the first funding of an Equipment Schedule using the procedure described in Section 2.4.

"Events of Default" means those events described in Section 12.1.

"Fiscal Year" means each 12-month fiscal period of Lessee.

"Funding Date" means, with respect to each Lease, the date Lessor makes payment to the Vendor(s) named in the related Equipment Schedule or reimburses Lessee for the purchase price of the related Equipment Group or, if the procedure described in Section 2.4 is utilized, the date Lessor deposits funds equal to such purchase price into the Escrow Account.

"Interest" means the portion of a Rental Payment designated as and comprising interest as provided in a Payment Schedule.

"Lease" means, with respect to each Equipment Group, this Agreement and the Equipment Schedule relating thereto, which together shall constitute a separate contract between Lessor and Lessee relating to such Equipment Group.

"Lease Date" means, with respect to each Lease, the date so designated in the related Equipment Schedule.

"Lease Term" means, with respect to each Equipment Group, the period during which the related Lease is in effect as specified in Section 3.1.

"Net Proceeds" means any insurance proceeds or condemnation awards paid with respect to any Equipment remaining after payment therefrom of all expenses incurred in the collection thereof.

"Non-Appropriation" means the failure of Lessee, Lessee's governing body, or, if applicable, the governmental entity from which Lessee obtains its operating and/or capital funds to appropriate money for any Fiscal Year sufficient for the continued performance by Lessee of all of Lessee's obligations under this Agreement, as evidenced by adoption and ratification of an annual budget without appropriations to pay Rental Payments for the Equipment due in such Fiscal Year and/or resolution specifically prohibiting Lessee from performing its obligations under this Agreement with respect to any Equipment, and from using any moneys to pay any Rental Payments due under this Agreement for a designated Fiscal Year and all subsequent Fiscal Years.

"Payment Date" means each date upon which a Rental Payment is due and payable as provided in a Payment Schedule.

"Payment Schedule" means the schedule of Rental Payments attached to an Equipment Schedule.

"Principal" means the portion of any Rental Payment designated as and comprising principal as provided in a Payment Schedule.

"Prepayment Price" means the amount so designated and set forth opposite a Payment Date in a Payment Schedule indicating the amount for which Lessee may purchase the related Equipment Group as of such Payment Date after making the Rental Payment due on such Payment Date.

"Rental Payment" means each payment due from Lessee to Lessor on a Payment Date.

"Specifications" means the bid specifications and/or purchase order pursuant to which Lessee has ordered any Equipment from a Vendor.

"State" means the state of Florida.

"Vendor" means each of the manufacturers or vendors from which Lessee has ordered or with which Lessee has contracted for the manufacture, delivery and/or installation of the Equipment.

Section 1.2. Exhibits.

Exhibit A: Equipment Schedule including form of Acceptance Certificate and form of Payment Schedule.

Exhibit B-1: Form of Tax Agreement and Arbitrage Certificate (Escrow).

Exhibit C-1: Form of Resolution of the Governing Body of Lessee relating to each Lease (Escrow).

Exhibit D: Form of Incumbency Certificate as to each officer or representative of Lessee executing this Agreement or any Lease.

Exhibit E: Form of Opinion of Independent Counsel to Lessee.

Exhibit F: Form of Confirmation of Outside Insurance.

Exhibit G: Bank Eligibility Certificate.

Exhibit H: Small Issuer Certificate.

ARTICLE II. LEASE OF EQUIPMENT

Section 2.1. Acquisition of Equipment. Prior to the addition of any Equipment Group, Lessee shall provide Lessor with a description of the equipment proposed to be subject to a Lease hereunder, including the cost and vendor of such equipment, the expected delivery date and the desired lease terms for such equipment, and such other information as the Lessor may require. If Lessor, in its sole discretion, determines the proposed equipment may be subject to a Lease hereunder, Lessor shall furnish to Lessee a proposed Equipment Schedule relating to the Equipment Group for execution by Lessee and then Lessor. By execution hereof, Lessor has made no commitment to lease any equipment to Lessee.

Section 2.2. Disbursement. Lessor shall have no obligation to make any disbursement to a Vendor or reimburse Lessee for any payment made to a Vendor for an Equipment Group (or, if the escrow procedure described in Section 2.4 hereof is utilized, consent to a disbursement by the Escrow Agent) until five (5) business days after Lessor has received all of the following in form and substance satisfactory to Lessor: (a) a completed Equipment Schedule executed by Lessee; (b) an Acceptance Certificate in the form included with Exhibit A hereto; (c) a resolution or evidence of other official action taken by or on behalf of the Lessee to authorize the acquisition of the Equipment Group on the terms provided in such Equipment Schedule; (d) a Tax Agreement and Arbitrage Certificate in the form of Exhibit B-1 (as applicable) attached hereto; (e) evidence of insurance with respect to the Equipment Group in compliance with Article VII of this Agreement; (f) Vendor invoice(s) and/or bill(s) of sale relating to the Equipment Group, and if such invoices have been paid by Lessee, evidence of payment thereof and evidence of official intent to reimburse such payment as required by the Code; (g) the original certificate of title or manufacturer's certificate of origin and title application, if any, for any Equipment which is part of such Equipment Group and is subject to certificate of title laws; (h) a completed and executed Form 8038-G or 8038-GC, as applicable, or evidence of filing thereof with the Secretary of Treasury; (i) an opinion of counsel to the Lessee substantially in the form of Exhibit E hereto, and (j) any other documents or items reasonably required by Lessor.

Section 2.3. Lease; Possession and Use. Lessor hereby leases the Equipment to Lessee, and Lessee hereby leases the Equipment from Lessor, upon the terms and conditions set forth herein. Lessee shall have quiet use and enjoyment of and peaceably have and hold each Equipment Group during the related Lease Term, except as expressly set forth in this Agreement.

Section 2.4. Escrow Procedure. If Lessor and Lessee agree that the cost of an Equipment Group is to be paid from an Escrow Account: (a) Lessor and Lessee shall execute an Escrow Agreement substantially in the form of Exhibit F; (b) Lessor and Lessee shall execute an Equipment Schedule relating to such Equipment Group; and (c) Lessor shall deposit an amount equal to the cost of the Equipment Group into the Escrow Account. All amounts deposited by Lessor into the Escrow Account shall constitute a loan from Lessor to Lessee which shall be repaid by the Rental Payments due under the related Lease.

ARTICLE III. TERM

Section 3.1. Term. This Agreement shall be in effect from the Agreement Date until the earliest of (a) termination under Section 3.2 or (b) termination under Section 12.2; provided, however, no Equipment Schedules shall be executed after any Non-Appropriation or Event of Default. Each Lease with respect to an Equipment Group shall be in effect for a Lease Term commencing upon the Lease Date and ending as provided in Section 3.4.

Section 3.2. Termination by Lessee. In the sole event of Non-Appropriation, this Agreement and each Lease hereunder shall terminate, in whole, but not in part, as to all Equipment 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 Article. Lessee will provide Lessor with written notice of termination and by paying to Lessor any Rental 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 ninety (90) days prior to the end of the Fiscal Year for which appropriations were made, and shall notify Lessor of any anticipated termination; provided, however, that in any Event of Non-Appropriation failure to give notice shall be deemed a renewal for any subsequent years. The foregoing shall not obviate the Lessee's obligation to return the Equipment in accordance with all other applicable terms and conditions. In the event of termination of this Agreement as provided in this Section, Lessee shall comply with the instructions received from Lessor in accordance with Section 12.3.

Section 3.3. Effect of Termination. Upon termination of this Agreement as provided in Section 3.2, Lessee shall not be responsible for the payment of any additional Rental Payments coming due in succeeding Fiscal Years, but if Lessee has not complied with the instructions received from Lessor in accordance with Section 12.3, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equal to the amount of the Rental Payments that would thereafter have come due if this Agreement had not been terminated and which are attributable to the number of days after which Lessee fails to comply with Lessor's instructions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions as required.

Section 3.4. Termination of Lease Term. The Lease Term with respect to any Lease will terminate upon the occurrence of the first of the following events: (a) the termination of this Agreement by Lessee in accordance with Section 3.2; (b) the payment of the Prepayment Price by Lessee pursuant to Article V; (c) an Event of Default by Lessee and Lessor's election to terminate such Lease pursuant to Article XII; or (d) the payment by Lessee of all Rental Payments and all other amounts authorized or required to be paid by Lessee pursuant to such Lease.

ARTICLE IV. RENTAL PAYMENTS

Section 4.1. Rental Payments. Lessor and Lessee confirm their understanding and agreement that (a) all payment due under the Agreement are to be made only from Lessee's legally available and annually appropriated revenues from sources other than ad valorem or other taxes, (b) that Lessee shall not be obligated to pay any sums due under the Agreement from the proceeds of ad valorem or other taxes, and (c) that Lessee's contractual obligations to request annual appropriations from which payments due under the Agreement may be made does not constitute an indebtedness of Lessee within the meaning of any constitutional or statutory provision or limitation. The Lessee agrees to pay the Rental Payments due as specified in the Payment Schedule in Exhibit A, subject to the appropriation in each year of sufficient legally available ad valorem revenue to make Rental Payments and other obligations due in such Fiscal Year. A portion of each Rental Payment is paid as interest as specified in the Payment Schedule of each lease, and the first Rental Payment will include Interest accruing from the Funding Date. Lessor is authorized to insert the due date of the first Rental Payment in the Payment Schedule in Exhibit A. All Rental Payments shall be paid to Lessor, or to such assignee(s) Lessor has assigned as stipulated in Article XI, at such places as Lessor or such assignee(s) may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments with lawful money of the United States of America from moneys legally available therefor.

Section 4.2. Current Expense. The obligations of Lessee, including its obligation to pay the Rental Payments due in any Fiscal Year of a Lease Term, shall constitute a current expense of Lessee for such Fiscal Year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State. Nothing herein shall constitute a pledge by Lessee of any taxes or other moneys (other than moneys lawfully appropriated from time to time by or for the benefit of Lessee for this Agreement and the Net Proceeds of the Equipment) to the payment of any Rental Payment or other amount coming due hereunder.

Section 4.3. Unconditional Rental Payments. The Lessee's obligation to make Rental Payments and other payments required hereunder shall be absolute and unconditional, subject to the annual appropriation of sufficient legally available ad valorem revenue to make such payments. Lessee shall make these payments when due and shall not withhold any of these payments pending final resolution of any disputes. The Lessee shall not assert any right of set-off or counterclaim against its obligation to make these payments. Lessee's obligation to make Rental Payments or other payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment. The Lessee shall be obligated to continue to make payments required of it by this Agreement if title to, or temporary use of, the Equipment or any part thereof shall be taken under exercise of the power of eminent domain.

ARTICLE V. OPTION TO PREPAY

Section 5.1. Option to Prepay. Lessee shall have the option to prepay its obligations under any Lease in whole but not in part on any Payment Date for the then applicable Prepayment Price (which shall include a prepayment fee) as set forth in the related Payment Schedule, provided there has been no Non-Appropriation or Event of Default.

Section 5.2. Exercise of Option. Lessee shall give notice to Lessor of its intention to exercise its option not less than thirty (30) days prior to the Payment Date on which the option will be exercised and shall pay to Lessor not later than such Payment Date an amount equal to all Rental Payments and any other amounts then due or past due under the related Lease (including the Rental Payment due on the Payment Date on which the option shall be effective) and the applicable Prepayment Price set forth in the related Payment Schedule. In the event that all such amounts are not received by Lessor on such Payment Date, such notice by Lessee of exercise of shall be void and the related Lease shall continue in full force and effect.

Section 5.3. Release of Lessor's Interest. Upon receipt of the Prepayment Price in good funds with respect to any Equipment Group, the Lease with respect to such Equipment Group shall terminate and Lessee shall become entitled to such Equipment Group AS IS, WHERE IS; WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that such Equipment

Group shall not be subject to any lien or encumbrance created by or arising through Lessor.

ARTICLE VI. REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 6.1. Representations and Warranties of Lessee. Lessee represents and warrants as of the Agreement Date and as of each Lease Date as follows:

- (a) Lessee is a state or political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement, each Lease and the transactions contemplated hereby and thereby, and to perform all of its obligations under this Agreement and each Lease.
- (b) The execution and delivery of this Agreement and each Lease have been duly authorized by all necessary action of Lessee's governing body and such action is in compliance with all public bidding and other State and federal laws applicable to this Agreement, each Lease and the acquisition and financing of the Equipment by Lessee.
- (c) This Agreement and each Lease have been duly executed and delivered by and constitutes the valid and binding obligation of Lessee, enforceable against Lessee in accordance with their respective terms.
- (d) The execution, delivery and performance of this Agreement and each Lease by Lessee shall not (i) violate any State or federal law or local law or ordinance, or any order, writ, injunction, decree, or regulation of any court or other governmental agency or body applicable to Lessee, or (ii) conflict with or result in the breach or violation of any term or provision of, or constitute a default under, any note, bond, mortgage, indenture, agreement, deed of trust, lease or other obligation to which Lessee is bound.
- (e) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, challenging Lessee's authority to enter into this Agreement or any Lease or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement or any Lease.
- (f) No lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which Lessee has been a party at any time during the past ten (10) years has been terminated by Lessee as a result of insufficient funds being appropriated in any Fiscal Year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which Lessee has issued during the past ten (10) years.
- (g) Lessee or Lessee's governing body has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments during the current Fiscal Year, and such moneys will be applied in payment of all Rental Payments due and payable during such current Fiscal Year.
- (h) Lessee has an immediate need for, and expects to make immediate use of, the Equipment, which need is not temporary or expected to diminish during the applicable Lease Term. Lessee presently intends to continue each Lease hereunder for its entire Lease Term and to pay all Rental Payments relating thereto.

Section 6.2. Covenants of Lessee. Lessee agrees that so long as any Rental Payments or other amounts due under this Agreement remain unpaid:

- (a) Lessee shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or regulation or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain and maintain all permits and licenses necessary for the installation and operation of the Equipment. Lessee shall not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition would change or impair the originally intended functions, value or use of such Equipment.
- (b) Lessee shall provide Lessor access at all reasonable times to examine and inspect the Equipment and provide Lessor with such access to the Equipment as may be reasonably necessary to perform maintenance on the Equipment in the event of failure by Lessee to perform its obligations hereunder.
- (c) Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other claim with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided. Lessee shall promptly, at its own expense, take such actions as may be necessary duly to discharge or remove any such claim if the same shall arise at any time. Lessee shall reimburse Lessor for any expense incurred by Lessor in order to discharge or remove any such claim.
- (d) The person or entity in charge of preparing Lessee's budget will include in the budget request for each Fiscal Year the Rental Payments to become due during such Fiscal Year, and will use reasonable and lawful means to secure the appropriation of money for such Fiscal Year sufficient to pay all Rental Payments coming due therein. Lessor acknowledges that appropriation for Rental Payments is a discretionary governmental function which Lessee cannot contractually commit itself in advance to perform. Lessee acknowledges that this Agreement does not constitute such a commitment. However, Lessee reasonably believes that moneys in an amount sufficient to make all Rental 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 Lease Terms.
- (e) Lessee shall assure that its obligation to pay Rental Payments is not directly or indirectly secured by any interest in property, other than Lessor's interest in the Equipment as provided hereunder, and that the Rental Payments will not be directly or indirectly secured by or derived from any payments of any type or any fund other than Lessee's general purpose fund.
- (f) Upon Lessor's request, Lessee shall provide Lessor with current financial statements, budgets, and proof of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of Lessee to continue this Agreement and each Lease as may be reasonably requested by Lessor.
- (g) Lessee shall promptly and duly execute and deliver to Lessor such further documents, instruments and assurances and take such

further action as Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder.

Section 6.3. Tax Related Representations, Warranties and Covenants.

(a) *Incorporation of Tax Agreement and Arbitrage Certificate.* As of each Lease Date and with respect each Lease, Lessee makes each of the representations, warranties and covenants contained in the Tax Agreement and Arbitrage Certificate delivered with respect to such Lease. By this reference each such Tax Agreement and Arbitrage Certificate is incorporated in and made a part of this Agreement.

(b) *Event of Taxability.* If Lessor either (i) receives notice, in any form, from the Internal Revenue Service or (ii) reasonably determines, based on an opinion of independent and nationally recognized tax counsel selected by Lessor, that Lessor may not exclude any Interest paid under any Lease from its Federal gross income (each an "Event of Taxability"), the Lessee shall pay to Lessor upon demand (x) an amount which, with respect to Rental Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes [state and local taxes only to the extent that such taxes are imposed by the Lessee's taxing authority or some other taxing authority with jurisdiction due to the location of the Equipment] imposed on the Interest due through the date of such event), will restore to Lessor its after-tax yield (assuming tax at the highest marginal tax rate and taking into account the time of receipt of Rental Payments and reinvestment at the after-tax yield rate) on the transaction evidenced by such Lease through the date of such event and (y) as additional Rental Payments to Lessor on each succeeding Payment Date such amount as will maintain such after-tax yield to Lessor.

ARTICLE VII. INSURANCE AND RISK OF LOSS

Section 7.1. Liability and Property Insurance. Lessee shall, at its own expense, procure and maintain continuously in effect during each Lease Term: (a) public liability insurance for death or injuries to persons, or damage to property arising out of or in any way connected to the Equipment sufficient to protect Lessor and/or assigns from liability in all events, with a coverage of not less than \$1,000,000 per occurrence unless specified differently in the related Equipment Schedule, and (b) insurance against such hazards as Lessor may require, including, but not limited to, all-risk casualty and property insurance, in an amount equal to the greater of the full replacement cost of the Equipment or the applicable Prepayment Price of each Equipment Group.

Section 7.2. Workers' Compensation Insurance. If required by State law, Lessee shall carry workers' compensation insurance covering all employees on, in, near or about the Equipment, and upon request, shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

Section 7.3. Insurance Requirements.

(a) *Insurance Policies.* All insurance policies required by this Article shall be taken out and maintained with insurance companies acceptable to Lessor and shall contain a provision that thirty (30) days prior to any change in the coverage the insurer must provide written notice to the insured parties. No insurance shall be subject to any co-insurance clause. Each insurance policy shall name Lessor and/or its assigns as an additional insured party and loss payee regardless of any breach of warranty or other act or omission of Lessee and shall include a lender's loss payable endorsement for the benefit of Lessor and/or its assigns. Prior to the delivery of Equipment, Lessee shall deposit with Lessor evidence satisfactory to Lessor of such insurance and, prior to the expiration thereof, shall provide Lessor evidence of all renewals or replacements thereof.

(b) *Self Insurance.* With Lessor's prior consent, Lessee may self-insure the Equipment by means of an adequate insurance fund set aside and maintained for that purpose which must be fully described in a letter delivered to Lessor in form acceptable to Lessor.

(c) *Evidence of Insurance.* Lessee shall deliver to Lessor upon acceptance of any Equipment evidence of insurance which complies with this Article VII with respect to such Equipment to the satisfaction of Lessor, including, without limitation, the confirmation of insurance in the form of Exhibit G-1 attached hereto together with Certificates of Insurance, when available, or the Questionnaire for Self-Insurance and Addendum to Equipment Schedule Relating to Self-Insurance in the form of Exhibit G-2 attached hereto, as applicable.

Section 7.4. Risk of Loss. To the extent permitted by applicable laws of the State, as between Lessor and Lessee, Lessee assumes all risks and liabilities from any cause whatsoever, whether or not covered by insurance, for loss or damage to any Equipment and for injury to or death of any person or damage to any property. Whether or not covered by insurance, to the extent not expressly prohibited by the applicable laws of the State, Lessee hereby assumes responsibility for and agrees to indemnify Lessor from all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses, including reasonable attorneys' fees, imposed on, incurred by or asserted against Lessor that relate to or arise out of this Agreement, including but not limited to, (a) the selection, manufacture, purchase, acceptance or rejection of Equipment or the ownership of the Equipment, (b) the delivery, lease, possession, maintenance, use, condition, return or operation of the Equipment, (c) the condition of the Equipment sold or otherwise disposed of after possession by Lessee, (d) the conduct of Lessee, its officers, employees and agents, (e) a breach of Lessee of any of its covenants or obligations hereunder, (f) any claim, loss, cost or expense involving alleged damage to the environment relating to the Equipment, including, but not limited to investigation, removal, cleanup and remedial costs, and (g) any strict liability under the laws or judicial decisions of any state or the United States. This provision shall survive the termination of this Agreement.

Notwithstanding any language in this section to the contrary, nothing in this indemnification agreement shall be construed or interpreted to increase the scope or dollar limit of the School Board's liability beyond that which is set forth in 768.28 Fla. Stat., or to otherwise waive School Board's sovereign immunity, or to require School Board to indemnify Lessor or any other person, corporation or legal entity of any kind or nature whatsoever for injury or loss resulting from any acts other than the negligent acts of School Board or its agents or employees. The School Board shall not indemnify any party for attorney's fees or costs other than those court costs which are set forth by Florida Statute or other Florida law as recoverable costs of court.

Section 7.5. Destruction of Equipment. Lessee shall provide a complete written report to Lessor immediately upon any loss, theft, damage or destruction of any Equipment and of any accident involving any Equipment. Lessor may inspect the Equipment at any time and from time to time during regular business hours. If all or any part of the Equipment is stolen, lost, destroyed or damaged beyond repair ("Damaged Equipment"), Lessee shall within thirty (30) days after such event either: (a) replace the same at Lessee's sole expense with equipment having substantially similar Specifications and of equal or greater value to the Damaged Equipment immediately prior to the time of the loss occurrence, such replacement equipment to be subject to Lessor's approval, whereupon such replacement equipment shall be substituted in the applicable Lease and the other related documents by appropriate endorsement or amendment; or (b) pay the applicable Prepayment Price of the Damaged Equipment determined as set forth in the related Equipment Schedule. Lessee shall notify Lessor of which course of action it will take within fifteen (15) days after the loss occurrence. If, within forty-five (45) days of the loss occurrence, (a) Lessee fails to notify Lessor; (b) Lessee and Lessor fail to execute an amendment to the applicable Equipment Schedule to delete the Damaged Equipment and add the replacement equipment or (c) Lessee has failed to pay the applicable Prepayment Price, then Lessor may, at its sole discretion, declare the applicable Prepayment Price of the Damaged Equipment, to be immediately due and payable. The Net Proceeds of insurance with respect to the Damaged Equipment shall be made available by Lessor to be applied to discharge Lessee's obligation under this Section.

ARTICLE VIII. OTHER OBLIGATIONS OF LESSEE

Section 8.1. Maintenance of Equipment. Lessee shall notify Lessor in writing prior to moving the Equipment to another address and shall otherwise keep the Equipment at the address specified in the related Equipment Schedule. Lessee shall, at its own expense, maintain the Equipment in proper working order and shall make all necessary repairs and replacements to keep the Equipment in such condition including compliance with State and federal laws. Any and all replacement parts must be free of encumbrances and liens. All such replacement parts and accessories shall be deemed to be incorporated immediately into and to constitute an integral portion of the Equipment and as such, shall be subject to the terms of this Agreement.

Section 8.2. Taxes. Lessee shall pay all taxes and other charges which are assessed or levied against the Equipment, the Rental Payments or any part thereof, or which become due during the Lease Term, whether assessed against Lessee or Lessor, except as expressly limited by this Section. Lessee shall pay all utilities and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment, and all special assessments and charges lawfully made by any governmental body that may be secured by a lien on the Equipment. Lessee shall not be required to pay any federal, state or local income, succession, transfer, franchise, profit, excess profit, capital stock, gross receipts, corporate, or other similar tax payable by Lessor, its successors or assigns, unless such tax is made as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section.

Section 8.3. Advances. If Lessee shall fail to perform any of its obligations under this Article, Lessor may take such action to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand, with interest at the rate of 18% per annum or the maximum rate permitted by law, whichever is less, from the date of the advance to the date of repayment.

ARTICLE IX. TITLE

Section 9.1. Title. During the Lease Term and subject to the rights of the Lessor under Section 12.2 and 12.3 hereof, or as otherwise provided, ownership and legal title of all Equipment and all replacements, substitutions, repairs and modification shall be in Lessee and Lessee shall take all action necessary to vest such ownership and title in Lessee. Lessor is merely financing the acquisition of such equipment for Lessee. Lessor has not been in the chain of title of the Equipment, does not operate, control or have possession of the Equipment and has no control over the Lessee or the Lessee's operation, use, storage or maintenance of the Equipment.

Section 9.2. Security Interest. All provisions referencing Lessor having a security interest in the Equipment are hereby cancelled and shall not have any force or effect. Lessor and Lessee agree that the Agreement does not result in the creation of any lien, charge, security interest or other encumbrance upon the Equipment or any other asset of Lessee.

Section 9.3. Modification of Equipment. Lessee will not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition will change or impair the originally intended value, function or use of the Equipment.

Section 9.4. Personal Property. The Equipment is and shall at all times be and remain personal property and not fixtures.

ARTICLE X. WARRANTIES

Section 10.1. Selection of Equipment. Each Vendor and all of the Equipment have been selected by Lessee. Lessor shall have no responsibility in connection with the selection of the Equipment, the ordering of the Equipment, its suitability for the use intended by Lessee, the acceptance by any Vendor or its sales representative of any order submitted, or any delay or failure by such Vendor or its sales representative to manufacture, deliver or install any Equipment for use by Lessee.

Section 10.2. Vendor's Warranties. Lessor hereby assigns to Lessee for and during the related Lease Term, all of its interest, if any, in all Vendor's warranties, guarantees and patent indemnity protection, express or implied issued on or applicable to an Equipment Group, and Lessee may obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense. Lessor has no obligation to enforce any Vendor's warranties or obligations on behalf of itself or Lessee.

Section 10.3. Disclaimer of Warranties. LESSEE ACKNOWLEDGES THAT THE EQUIPMENT IS OF A SIZE, DESIGN, CAPACITY, AND MANUFACTURE SELECTED BY LESSEE. LESSEE ACKNOWLEDGES THAT IT SELECTED THE EQUIPMENT WITHOUT ASSISTANCE OF LESSOR, ITS AGENTS OR EMPLOYEES. LESSOR IS NOT A MANUFACTURER OF THE EQUIPMENT OR A DEALER IN SIMILAR EQUIPMENT, AND DOES NOT INSPECT THE EQUIPMENT BEFORE DELIVERY TO LESSEE. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO

THE VALUE, DESIGN, CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE EQUIPMENT OR LESSEE'S USE OF THE EQUIPMENT.

ARTICLE XI. ASSIGNMENT AND SUBLEASING

Section 11.1. Assignment by Lessor. Lessor, without Lessee's consent, may assign and reassign all of Lessor's right, title and/or interest in and to this Agreement or any Lease, including, but not limited to, the Rental Payments and other amounts payable by Lessee and Lessor's interest in the Equipment, in whole or in part to one or more assignees or subassignee(s) by Lessor at any time. No such assignment shall be effective as against Lessee unless and until written notice of the assignment is provided to Lessee. When presented with a notice of assignment, Lessee will acknowledge in writing receipt of such notice for the benefit of Lessor and any assignee. Lessee shall keep a complete and accurate record of all such assignments.

Section 11.2. Assignment and Subleasing by Lessee. Neither this Agreement nor any Lease or any Equipment may be assigned, subleased, sold, transferred, pledged or mortgaged by Lessee.

ARTICLE XII. EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The occurrence of any of the following events shall constitute an Event of Default under this Agreement and each Lease:

- (a) Lessee's failure to pay, within ten (10) days following the due date thereof, any Rental Payment or other amount required to be paid to Lessor (other than by reason of Non-Appropriation).
- (b) Lessee's failure to maintain insurance as required by Article VII.
- (c) With the exception of the above clauses (a) & (b), Lessee's failure to perform or abide by any condition, agreement or covenant for a period of thirty (30) days after written notice by Lessor to Lessee specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of time prior to its expiration.
- (d) Lessor's reasonable determination that any representation or warranty made by Lessee in this Agreement was untrue in any material respect upon execution of this Agreement or any Equipment Schedule.
- (e) The occurrence of an Event of Taxability.
- (f) The filing of a petition in bankruptcy by or against Lessee, or failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental functions or assignment by Lessee for the benefit of creditors, or the entry by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of Lessee, or the dissolution or liquidation of Lessee.

Section 12.2. Remedies on Default. In the event of default by Lessee under the Agreement, Lessor's sole remedies shall be to sue Lessee for compensatory damages, which Lessee agrees to pay and which are hereby agreed to be the Prepayment Price applicable to the immediately preceding rental payment due date, as set forth on the Payment Schedule, plus any rental payments accrued and unpaid as of the date default, provided that in the event that Lessee voluntarily returns the Equipment to Lessor to a location specified by Lessor, at Lessee's sole risk, cost and expense and in the condition required by Section 8.1 of the Agreement, Lessor shall not have any further remedies against Lessee. Lessor shall also have the right in the event of default to exercise any other right, remedy or privilege which may be available to it, including without limitation proceedings by appropriate court action to require specific performances of any provision of the Agreement other than Lessee's covenant to return possession of and title to the Equipment, which covenant shall not be subject to enforcement by specific performance. Lessee shall remain liable for all reasonable legal fees and other costs and expenses; including court costs, incurred by Lessor in the enforcement of its remedies under the Agreement except to the extent prohibited by the Constitution and laws of the State of Florida.

Section 12.3. Return of Equipment; Release of Lessee's Interest. With respect to any provision of the Agreement requiring Lessee to return all or any portion of the Equipment to Lessor or to transfer title to all or any portion of the equipment to Lessor, Lessee agrees to voluntarily do so. Upon return of Equipment to the Lessor due to an event of Non-Appropriation or the occurrence of an Event of Default, the Lessor shall use commercially reasonable efforts to sell or lease or cost efficiently dispose of such Equipment, as the case is conditioned upon the Equipment and market variables. If the Lessee returns the Equipment for any reason not related to Non-Appropriation and Lessor sells, leases or otherwise disposes of any or all of the Equipment, Lessor shall apply the proceeds of such sale, lease or other disposition as provided in Section 12.4. Upon return of Equipment to the Lessor due to an event of Non-Appropriation, Lessee shall not be liable for any deficiency after sale, lease or other disposition of the Equipment. In the event that Lessee fails for refuses to return or transfer the Equipment or title thereto voluntarily as set forth above, Lessor acknowledges that the Agreement does not and shall not create a right in Lessor to involuntarily dispossess Lessee of title to or possession of all or any item of the Equipment. In lieu of such right Lessor shall be entitled to and Lessee agrees to pay to Lessor immediately, but only from Lessee's legally available and appropriated revenues from sources other than ad valorem or other taxes, the Prepayment Price applicable to the immediately preceding rental payment due date, as set forth on the Payment Schedule, plus any rental payments accrued and unpaid as of the date of such payment.

Section 12.4 Application of Moneys. Any net proceeds from the sale, lease or other disposition of Equipment by the Lessor following the occurrence of an Event of Default shall be applied in the following order of priority: FIRST, to pay all the Lessor's costs, charges and expenses incurred in taking, holding, repairing, selling, leasing or otherwise disposing of such Equipment, then

SECOND, to the extent not previously paid by Lessee, to pay Lessor all Rental Payments under the applicable Lease through the termination date, then THIRD, to pay the Prepayment Price applicable as of the end of the then current Fiscal Year as set forth in the related Payment Schedule and then FOURTH, to pay any remainder to the Lessee. Any net proceeds from the sale, lease or other disposition of Equipment by the Lessor following an event of Non-Appropriation shall be kept by the Lessor and applied in any manner that the Lessor determines.

Section 12.5 Late Charge. Lessor shall have the right to require late payment charge for each Rental or any other amount due hereunder which is not paid within 10 days of the date when due equal to the lesser of 5% of each late payment or the legal maximum. This Section is only applicable to the extent it does not affect the validity of this Agreement.

ARTICLE XIII. MISCELLANEOUS PROVISIONS

Section 13.1. Notices. All written notices to be given under this Agreement shall be given by mail to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time. Any such notice shall be deemed to have been received 72 hours after deposit in the United States mail in registered or certified form, with postage fully prepaid, or, if given by other means, when delivered at the address specified in this Section 13.1.

Section 13.2. Binding Effect. This Agreement and each Lease hereunder shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. Specifically, as used herein the term "Lessor" means any person or entity to whom Lessor has assigned its right to receive Rental Payments under any Lease.

Section 13.3. Severability. In the event any provision of this Agreement or any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.4. Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. This Agreement may be amended or modified only by written documents duly authorized, executed and delivered by Lessor and Lessee.

Section 13.5. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or Clauses hereof.

Section 13.6. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Equipment hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Agreement.

Section 13.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. Venue for any legal proceeding shall be in the State Courts of Clay County, Florida.

Section 13.8. Usury. It is the intention of the parties hereto to comply with any applicable usury laws; accordingly, it is agreed that, notwithstanding any provisions to the contrary herein or in any Equipment Schedule, in no event shall this Agreement or any Lease hereunder require the payment or permit the collection of Interest or any amount in the nature of Interest or fees in excess of the maximum amount permitted by applicable law. Any such excess Interest or fees shall first be applied to reduce Principal, and when no Principal remains, refunded to Lessee. In determining whether the Interest paid or payable exceeds the highest lawful rate, the total amount of Interest shall be spread through the applicable Lease Term so that the Interest is uniform through such term.

Section 13.9. Lessee's Performance. A failure or delay of Lessor to enforce any of the provisions of this Agreement or any Lease shall in no way be construed to be a waiver of such provision.

Section 13.10. Waiver of Jury Trial. Lessor and Lessee hereby waive any right to trial by jury in any action or proceeding with respect to, in connection with or arising out of this Agreement.

Section 13.11. USA Patriot Act Compliance Notification. Along with all other U.S. Financial institutions, we began complying with Section 326 of the USA Patriot Act effective October 1, 2003. Designed to assist the government in preventing the funding of terrorist and money laundering activities, this section of the USA Patriot Act requires us to know the business entities that are new to MUNICIPAL SERVICES GROUP, INC.. To accomplish this we will obtain, verify and record information that identifies business entities that open new accounts with us. What this means to you: when you open your account with us for your business, we will ask you for business name, physical address, taxpayer identification number and other information that will allow us to verify your company's identity. The information requested may include documents, such as your charter or Articles of Incorporation which will verify the identifying information you are giving us.

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EXECUTION PAGE OF MASTER LEASE AGREEMENT

LEASE NUMBER 1757

IN WITNESS WHEREOF, Lessor has caused this Agreement to be executed in its corporate name by its duly authorized officer, and Lessee has caused this Agreement to be executed in its name by its duly authorized officer.

SCHOOL BOARD OF CLAY COUNTY, FLORIDA,
Lessee

MUNICIPAL SERVICES GROUP, INC.
Lessor

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: Susan Harbaugh
Title: Vice President
Date: _____

Address: 900 Walnut St
Green Cove Springs, FL 32043-3199

Address: 5125 S Kipling Parkway
Suite 300
Littleton, CO 80127

Telephone: (904) 284-6501
Facsimile: (904) 284-6525

Telephone: (303) 225-8940
Facsimile: (303) 972-5903

EXHIBIT A

**EQUIPMENT SCHEDULE NO. 01
TO LEASE NO. 1757**

The following Equipment comprises an Equipment Group which is the subject of the Master Lease Agreement dated as July 1, 2009 (the "Agreement") between the undersigned Lessor and Lessee. The Agreement is incorporated herein in its entirety, and Lessee hereby reaffirms each of its representations, warranties and covenants contained in the Agreement. Lessee warrants that no Non-Appropriation and no Event of Default, or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, has occurred under the Agreement. An Acceptance Certificate and Payment Schedule are attached to this Equipment Schedule and by reference are made a part hereof. The terms capitalized in this Equipment Schedule but not defined herein shall have the meanings assigned to them in the Agreement.

EQUIPMENT GROUP

The cost of the Equipment Group to be funded by Lessee under this Lease is \$659,428.67 (the "Acquisition Cost"). The Equipment Group consists of the following Equipment which has been or shall be purchased from the Vendor(s) named below for the prices set forth below:

2009 Compass Learning Software, see attached list

The Equipment Group is or will be located at the following address(es). Prior to relocation of the Equipment Group or any portion thereof during the Lease Term, Lessee will provide written notice to Lessor:

SCHOOL BOARD OF CLAY COUNTY, FLORIDA,
Lessee

MUNICIPAL SERVICES GROUP, INC.
Lessor

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: Susan Harbaugh
Title: Vice President
Date: _____

Address: 900 Walnut St
Green Cove Springs, FL 32043-3199

Address: 5125 S Kipling Parkway
Suite 300
Littleton, CO 80127

Telephone: (904) 284-6501
Facsimile: (904) 284-6525

Telephone: (303) 225-8940
Facsimile: (303) 972-5903

2009 Compass Learning Software Complete Equipment List

- I) Odyssey HS (levels 9-12) Software Licenses for the Five (5) High Schools of **Clay, Fleming Island, Middleburg, OP, and Ridgeview**. Software Courses Included in License:
- a) English 1, English 2, Algebra I, Geometry, Physical Science, Biology, US History to 1850, US Government, Algebra 2, Trigonometry, English 3, English 4, US History 1850-present, World History, Chemistry, Physics, and Writer
 - b) Scaffolding for Remediation, including 7-8 Math and Language Arts
 - c) Supplemental Science (1-6) & Social Studies (2-8)
 - d) Florida Assessment with Odyssey Explorer and Custom Test Builder for K-8 Language Arts and Math and High School End of Course objective exams
- II) Odyssey HS (levels 9-12) Software Licenses for the Two (2) Learning Centers of **Bannerman and Keystone Heights**. Software Courses Included in License:
- a) All those software courses described in I.a. above.
 - b) Scaffolding for Remediation, including levels 5-8 math and language arts
 - c) Honors Algebra
 - d) Supplemental Science (1-6) & Social Studies (2-8)
 - e) Florida Assessment with Odyssey Explorer and Custom Test Builder for K-8 Language Arts and Math and High School End of Course objective exams
- III) Six (6) Software Licenses for the Junior High Schools of **Green Cove, Lake Asbury, Lakeside, OP, Wilkinson, and Oakleaf** for the following software:
- a) MS Courses Gr 7-8 math and language arts
 - b) Honors Algebra
 - c) MS Scaffolding Gr 5-6 math and language arts
 - d) Supplemental Science (1-6) & Social Studies (2-8)
 - e) Florida Assessment with Odyssey Explorer and Custom Test Builder for K-8 Language Arts and Math
- IV) Five (5) years of Hosted Basic Service (Software Support Service), including:
- a) CL Helpline, Maintenance Updates, and Version Upgrades
 - b) 2 Days Onsite System Engineer Assistance (Year 1 only service)
- V) Professional Development Services: 80 Days Professional Development (Year 1)

Lease No.: 1757
Equipment Schedule: 01

ACCEPTANCE CERTIFICATE

The undersigned, as Lessee under the Master Lease Agreement numbered 1757 (the "Agreement"), with Municipal Services Group, Inc. ("Lessor"), acknowledges receipt in good condition of the Equipment described in the Agreement or in the applicable Individual Payment Schedule attached thereto this _____ day of _____ and certifies that Lessor has fully and satisfactorily performed all of its covenants and obligations required under the Agreement.

Lessee confirms that it will commence payments in accordance with Article 6 of the Agreement or the provisions of the applicable Individual Payment Schedule.

The undersigned officer of Lessee hereby reaffirms in all respects the Certificate as to Arbitrage attached as Exhibit C to the Agreement, and represents that, to the best of his or her knowledge, information and belief, the expectations therein expressed were reasonable as of the Accrual Date on which they were made, and are reasonable as of this date, and that there were, and are as of this date, no facts, estimates or circumstances other than those expressed therein that would materially affect the expectations expressed therein.

LESSEE: School Board of Clay County, Florida

By: _____

Title: _____

Lease Number: 1757
 Equipment Schedule: 01

EXHIBIT E
SCHEDULE OF PAYMENTS

Base Interest Rate: 4.05%

U. S. Treasury Note Yield: 2.83%

U. S. Treasury Note Index Percent: 143.17%

Dated Date: July 1, 2009

	Date	Payment	Interest	Principal	Purchase Price
1	Upon Delivery	142,560.00	0.00	142,560.00	529,790.4
2	07/01/2010	142,560.00	20,933.18	121,626.82	405,122.9
3	07/01/2011	142,560.00	16,007.29	126,552.71	275,406.4
4	07/01/2012	142,560.00	10,881.91	131,678.09	138,436.3
5	07/01/2013	142,560.00	5,548.95	137,011.05	0
Grand Totals		712,800.00	53,371.33	659,428.67	

Provided all documents have been returned in a form acceptable to Lessor within thirty (30) days of the Dated Date (the "Period"), then the Base Interest Rate can remain in effect during the Period. In the event all documents have not been returned within the Period, in a form acceptable to Lessor, and/or if the U. S. Treasury Note Yield for a maturity comparable to the Lease Term increases significantly, Lessor reserves the right to adjust and determine a new Base Interest Rate (the "Adjusted Base Interest Rate") pursuant to the provisions hereof. The Adjusted Base Interest Rate shall be determined by multiplying the U. S. Treasury Note Yield for a maturity comparable to the Lease Term (as of the business day immediately preceding the receipt of the documents by Lessor) by the U. S. Treasury Note Index Percent. Such Adjusted Base Interest Rate shall be the applicable interest rate for the principal balance of the Equipment that is the subject of this Individual Payment Schedule, and Lessee shall execute a revised Exhibit E to this Individual Payment Schedule to acknowledge such change.

LESSEE: School Board of Clay County, Florida

By: _____

Title: _____

EXHIBIT B-1

Lease Number: 1757
Equipment Schedule: 01

TAX AGREEMENT AND ARBITRAGE CERTIFICATE

This **TAX AGREEMENT AND ARBITRAGE CERTIFICATE** (this "Certificate") is issued by **SCHOOL BOARD OF CLAY COUNTY, FLORIDA** ("Lessee") in favor of **MUNICIPAL SERVICES GROUP, INC.** ("Lessor") in connection with that certain Master Lease Agreement dated as of July 1, 2009 (the "Agreement"), by and between Lessor and Lessee. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

Section 1. In General.

1.1. This Certificate is executed for the purpose of establishing the reasonable expectations of Lessee as to future events regarding the financing of certain equipment (the "Equipment") to be acquired by Lessor and leased to Lessee pursuant to and in accordance with the Equipment Schedule referenced above (the "Equipment Schedule") executed under the Agreement (together with all related documents executed pursuant thereto and contemporaneously herewith, the "Financing Documents"). As described in the Financing Documents, Lessor shall apply \$659,428.67 (the "Principal Amount") toward the acquisition of the Equipment and Lessee shall make Rental Payments under the terms and conditions as set forth in the Financing Documents.

1.2. The individual executing this Certificate on behalf of Lessee is an officer of Lessee delegated with the responsibility of reviewing and executing the Financing Documents, pursuant to the resolution or other official action of Lessee adopted with respect to the Financing Documents, a copy of which has been delivered to Lessor.

1.3. The Financing Documents are being entered into for the purpose of providing funds for financing the cost of acquiring, equipping and installing the Equipment which is essential to the governmental functions of Lessee, which Equipment is described in the Equipment Schedule.

1.4. Lessee will timely file for each payment schedule issued under the Lease a Form 8038-G relating to such Lease with the Internal Revenue Service in accordance with Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code").

1.5. Lessee has not issued, and reasonably anticipates that it and its subordinate entities, if any, will not issue, tax-exempt obligations (including the Lease) in the amount of more than \$30,000,000 during the current calendar year. Lessee hereby designates the Lease as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code and agrees that it and its subordinate entities, if any, will not designate more than \$30,000,000 of their obligations as "qualified tax-exempt obligations" during the current calendar year.

Section 2. Non-Arbitrage Certifications.

2.1. The Rental Payments due under the Financing Documents will be made with monies retained in Lessee's general operating fund (or an account or subaccount therein). No sinking, debt service, reserve or similar fund or account will be created or maintained for the payment of the Rental Payments due under the Financing Documents or pledged as security therefor.

2.2. There have been and will be issued no obligations by or on behalf of Lessee that would be deemed to be (i) issued or sold within fifteen (15) days before or after the date of issuance of the Financing Documents, (ii) issued or sold pursuant to a common plan of financing with the Financing Documents and (iii) paid out of substantially the same source of funds as, or deemed to have substantially the same claim to be paid out of substantially the same source of funds as, the Financing Documents.

2.3. Lessee does not and will not have on hand any funds that are or will be restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, as a substitute, replacement or separate source of financing for the Equipment.

2.4. No portion of the Principal Amount is being used by Lessee to acquire investments which produce a yield materially higher than the yield realized by Lessor from Rental Payments received under the Financing Documents.

2.5. The Principal Amount does not exceed the amount necessary for the governmental purpose for which the Financing Documents were entered into. Such funds are expected to be needed and fully expended for payment of the costs of acquiring, equipping and installing the Equipment.

2.6. Lessee does not expect to convey, sublease or otherwise dispose of the Equipment, in whole or in part, at a date which is earlier than the final Payment Date under the Financing Documents.

Section 3. Disbursement of Funds; Reimbursement to Lessee.

3.1. It is contemplated that the entire Principal Amount will be used to pay the acquisition cost of Equipment to the vendors or manufacturers thereof, provided that, if applicable, a portion of the principal amount may be paid to Lessee as reimbursement for acquisition cost payments already made by it so long as the conditions set forth in Section 3.2 below are satisfied.

3.2. Lessee shall not request that it be reimbursed for Equipment acquisition cost payments already made by it unless each of the following conditions have been satisfied:

- (a) Lessee adopted a resolution or otherwise declared its official intent in accordance with Treasury Regulation § 1.150-2 (the "Declaration of Official Intent"), wherein Lessee expressed its intent to be reimbursed from the proceeds of a borrowing for all or a portion of the cost of the Equipment, which expenditure was paid to the Vendor not earlier than sixty (60) days before Lessee adopted the Declaration of Official Intent;
- (b) The reimbursement being requested will be made by a written allocation before the later of eighteen (18) months after the expenditure was paid or eighteen (18) months after the items of Equipment to which such payment relates were placed in service;
- (c) The entire payment with respect to which reimbursement is being sought is a capital expenditure, being a cost of a type properly chargeable to a capital account under general federal income tax principles; and
- (d) Lessee will use any reimbursement payment for general operating expenses and not in a manner which could be construed as an artifice or device under Treasury Regulation § 1.148-10 to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.

Section 4. Use and Investment of Funds; Temporary Period.

4.1. Lessee has incurred or will incur, within six (6) months from the date of issuance of the Financing Documents, binding obligations to pay an amount equal to at least five percent (5%) of the Principal Amount toward the costs of the Equipment. An obligation is not binding if it is subject to contingencies within Lessee's control. The ordering and acceptance of the items of Equipment will proceed with due diligence to the date of final acceptance of the Equipment.

4.2. An amount equal to at least eighty-five percent (85%) of the Principal Amount will be expended to pay the cost of the Equipment by the end of the three-year period commencing on the date of this Certificate. No portion of the Principal Amount will be used to acquire investments that do not carry out the governmental purpose of the Financing Documents and that have a substantially guaranteed yield of four (4) years or more.

4.3. (a) In the event an Escrow Agreement is executed by the parties to this Agreement, Lessee covenants and agrees that it will rebate an amount equal to excess earnings on the Principal Amount deposited under the Escrow Agreement to the Internal Revenue Service if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by and otherwise comply with the regulations applicable thereto. Lessee reasonably expects to cause the Equipment to be acquired by July 1, 2009.

(b) In the event an Escrow Agreement is executed by the parties to this Agreement, Lessee will provide evidence to Lessor that the rebate amount has been calculated and paid to the Internal Revenue Service in accordance with Section 148(f) of the Code unless (i) the entire Principal Amount is expended on the Equipment by the date that is the six-month anniversary of the Financing Documents or (ii) the Principal Amount is expended on the Equipment in accordance with the following schedule: At least fifteen percent (15%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within six months from the date of issuance of the Financing Documents; at least sixty percent (60%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within 12 months from the date of issuance of the Financing Documents; and one hundred percent (100%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment prior to eighteen (18) months from the date of issuance of the Financing Documents.

(c) Lessee hereby covenants that (i) Lessee is a governmental unit with general tax powers; (ii) the Lease is not a "private activity bond" under Section 141 of the Code; (iii) at least ninety-five percent (95%) of the Principal Amount is used for the governmental activities of Lessee; and (iv) the aggregate principal amount of all tax-exempt obligations (including the Lease) issued by Lessee and its subordinate entities, if any, during the current calendar year is not reasonably expected to exceed \$5,000,000. Accordingly, the rebate requirements of Section 148(f) of the Code are treated as being met, in lieu of the spending exceptions set forth in paragraph (b) above.

Section 5. Escrow Account.

The Financing Documents provide that the monies deposited in escrow shall be invested until payments to the vendor(s) or manufacturer(s) of the Equipment are due. In the event an Escrow Agreement is executed by the parties to this Agreement, Lessee will ensure that such investment will not result in Lessee's obligations under the Financing Documents being treated as an "arbitrage bond" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"), respectively. Any monies which are earned from the investment of these funds shall be labeled as interest earned. All such monies will be disbursed on or promptly after the date that Lessee accepts the Equipment.

Section 6. No Private Use; No Consumer Loan.

6.1. Lessee will not exceed the private use restrictions set forth in Section 141 of the Code. Specifically, Lessee will not permit more than 10% of the Principal Amount to be used for a Private Business Use (as defined herein) if, in addition, the payment of more than ten percent (10%) of the Principal Amount plus interest earned thereon is, directly or indirectly, secured by (i) any interest in property used or to be used for a Private Business Use or (ii) any interest in payments in respect of such property or derived from any payment in respect of property or borrowed money used or to be used for a Private Business Use.

In addition, if both (A) more than five percent (5%) of the Principal Amount is used as described above with respect to Private Business Use and (B) more than five percent (5%) of the Principal Amount plus interest earned thereon is secured by Private Business Use property or payments as described above, then the excess over such five percent (5%) (the "Excess Private Use Portion") will be used for a Private Business Use related to the governmental use of the Equipment. Any such Excess Private Use Portion of the Principal Amount will not exceed the portion of the Principal Amount used for the governmental use of the particular project to which such Excess Private Use Portion is related. For purposes of this paragraph 6.1, "Private Business Use" means use of bond proceeds or bond financed-property

directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and excluding use as a member of the general public.

6.2. No part of the Principal Amount or interest earned thereon will be used, directly or indirectly, to make or finance any loans to non-governmental entities or to any governmental agencies other than Lessee.

Section 7. No Federal Guarantee.

7.1. Payment of the principal or interest due under the Financing Documents is not directly or indirectly guaranteed, in whole or in part, by the United States or an agency or instrumentality thereof.

7.2. No portion of the Principal Amount or interest earned thereon shall be (i) used in making loans the payment of principal or interest of which are to be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts if such investment would cause the financing under the Financing Documents to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 8. Miscellaneous.

8.1. Lessee shall keep a complete and accurate record of all owners or assignees of the Financing Documents in form and substance satisfactory to comply with the registration requirements of Section 149(a) of the Code unless Lessor or its assignee agrees to act as Lessee's agent for such purpose.

8.2. Lessee shall maintain complete and accurate records establishing the expenditure of the Principal Amount and interest earnings thereon for a period of five (5) years after payment in full under the Financing Documents.

8.3. To the best of the undersigned's knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances that would materially change the expectations expressed herein.

IN WITNESS WHEREOF, this Tax Agreement and Arbitrage Certificate has been executed on behalf of Lessee as of July 1, 2009.

SCHOOL BOARD OF CLAY COUNTY, FLORIDA,
Lessee

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C-1

Lease Number: 1757
Equipment Schedule: 01

RESOLUTION OF GOVERNING BODY

LESSEE: School Board of Clay County, Florida

At a duly called meeting of the governing body of Lessee held on the ____ day of _____, 20____, the following Resolution was introduced and adopted.

WHEREAS, the governing body of Lessee has determined that a true and very real need exists for the acquisition of the equipment or units of equipment ("Equipment") and then determined to accept the Municipal Services Group, Inc. financing proposal and execute Equipment Schedule No. 1 and/or the Master Lease Agreement No. 1757 (the "Agreement") for the acquisition of the Equipment, therefore taking all steps necessary, including any legal bidding requirements, under applicable law, to arrange for the acquisition and financing of the Equipment.

THEREFORE, the governing body hereby directs the Lessee and its legal counsel to review the Agreement and negotiate appropriate modifications to the final form of the Agreement so as to assure compliance with state law and local statutory law, prior to execution of the Agreement by those persons authorized for such purpose,

NOW BE IT RESOLVED, by the governing body of Lessee that:

Finding, Authorized Officers: The covenants, terms and conditions of the Agreement are in the best interests of Lessee for financing the acquisition of the Equipment. The Lessee is hereby authorized to take all action necessary or reasonably required or desirable to carry out, give effect to and consummate the transactions contemplated hereby, including, but not limited to the execution and delivery of the Agreement, with such variations or revisions or all additional certificates, documents and other papers thereto deemed necessary by the Lessee or its counsel in order to implement and carry out the matters authorized in this Resolution.

The governing body of Lessee hereby confirms that the person or persons designated below are duly authorized to execute and deliver, and to witness (or attest), respectively, the Agreement and any additional certificates, documents and other papers necessary for the consummation of the transactions contemplated herein. Execution by any person designated below shall be deemed to be final approval by the Lessee of all the provisions of the Agreement and any additional related certificates, documents or other papers.

The acquisition of the Equipment is in the best interests of Lessee; is necessary, convenient, in the furtherance of and will at all times be used in connection with Lessee's governmental and proprietary purposes and functions (except to the extent that subleasing of the Equipment is permitted under terms of the Agreement). No portion of the Equipment will be used directly or indirectly in any trade or business carried on by any person other than a governmental unit of the State on a basis different from the general public.

The governing body of Lessee declares its official intent to be reimbursed from the proceeds of the Agreement approved herein for prior expenditures not to exceed the maximum principal amount of seven hundred fifty thousand dollars (\$750,000.00) in the event Lessee elects to disburse moneys from its own reserves for acquiring the Equipment. Such declaration of official intent to be reimbursed is issued pursuant to Section 1.150-2(e)(1) of the Federal Income Tax Regulations.

Maintenance. Lessee covenants that it will perform all acts within its power which are or may be necessary to insure the maintenance of its legal status as being a duly organized and existing entity under the laws of the State, which status is the basis for the interest portion of the Rental Payments coming due under the Agreement to at all times remain exempt from federal income taxation under the laws and regulations of the United States of America as presently enacted and construed or as hereafter amended.

Approval of Prior Action. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the governing body of Lessee toward the execution of Agreements and the accomplishment of the transactions herein authorized are hereby ratified, approved and confirmed.

Severability. If any provision of this Resolution should be held invalid, the invalidity of such provisions shall not affect any of the other provisions of this Resolution.

Immediate Effect. This Resolution shall take effect immediately upon its passage.

Signature of Party to Execute Master Municipal Lease and Option Agreement and Exhibits Title

Signature of Party to Execute Acceptance Certificate Title

ADOPTED and RESOLVED this ____ day of _____, 2009

School Board of Clay County, Florida

Signature: _____

Title: _____

ATTEST: The undersigned certifies the adoption of above resolution by the governing body of Lessee and further certifies that the above resolution has not been repealed or amended and remains in full force and effect. The undersigned further certifies that the above and foregoing Agreement is the same as presented at said meeting of the governing body of Lessee.

Secretary/Clerk

EXHIBIT D

Lease No.: 1757
Equipment Schedule: 01

INCUMBENCY CERTIFICATE

I do hereby certify that I am the duly elected or appointed and acting _____ of **SCHOOL BOARD OF CLAY COUNTY, FLORIDA**, a political subdivision duly organized and existing under the laws of the State of Florida, that I have custody of the records of such entity, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of such entity 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 July 1, 2009 between such entity and **MUNICIPAL SERVICES GROUP, INC.**.

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, I have duly executed this certificate as of this ____ day of _____, _____.

By: _____
Name: _____
Title: Board Secretary or Clerk

EXHIBIT E

OPINION OF COUNSEL

(On Attorney's Letterhead)

Municipal Services Group, Inc.
5125 South Kipling Parkway
Suite 300
Littleton, CO 80127

Ladies and Gentlemen:

As Counsel for School Board of Clay County, Florida ("Lessee"), I have examined duly executed originals of Equipment Schedule No. 1 and the Master Lease Agreement No. 1757 (the "Agreement") by and between Lessee as lessee and Municipal Services Group, Inc. ("Lessor") as lessor, the proceedings taken by Lessee to authorize and execute the Agreement together with the other related documents, and the Constitution and laws of the state of Florida (the "State") as presently enacted and construed. Based upon said examination and upon such other examination as we have deemed necessary or appropriate, it is my opinion that:

1. Lessee was duly organized and validly exists under the Constitution and laws of the State as a political subdivision of the State.
2. The Agreement has been duly authorized, executed and delivered by Lessee, pursuant to Constitutional, statutory and/or home rule provisions that authorized this transaction and the Resolution.
3. The Agreement is a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms. To the extent lawful, in the event Lessor obtains a judgment against Lessee in money damages, as a result of an event of default under the Agreement, Lessee will be obligated to pay such judgment.
4. Applicable public bidding requirements have been complied with.
5. To the best of my knowledge, after due inquiry, no litigation is pending or threatened in any court or other tribunal, state or Federal, in any way questioning or affecting the validity of the actions of the governing body of Lessee or the Agreement.
6. The signatures of the officers of Lessee that appear on the Agreement are true and genuine; I know said officers and know them to hold the offices set forth below their names.
7. There are no pending actions or proceedings to which Lessee is a party, and there are no other pending or threatened actions or proceedings of which Lessee has knowledge, before any public body, court, arbitrator or administrative agency, which, either individually or in the aggregate, would materially adversely affect the transaction contemplated by the Lease or the ability of Lessee to perform its obligations under the Agreement. Further, Lessee is not in default under any material obligation for the payment of borrowed money, for the deferred purchase price of property or for the payment of any rent under any lease agreement which, either individually or in the aggregate, would have the same such effect.
8. The Agreement does not conflict with other agreements or obligations binding on Lessee.
9. The Equipment leased pursuant to the Agreement constitutes personal property under applicable law and when subjected to use by Lessee will not be construed as a fixture.
10. Lessee is a political subdivision within the meaning of Section 103 of the Internal Revenue Code and the related regulations and rulings.

This Opinion of Counsel may be relied upon by Municipal Services Group, Inc., and any permitted successor(s) and/or assignee(s) of Municipal Services Group, Inc.

Attorney for Lessee

EXHIBIT F
Lease No.: 1757
Equipment Schedule: 01

INSURANCE COVERAGE REQUIREMENTS

TO: Municipal Services Group, Inc.
5125 South Kipling Parkway
Suite 300
Littleton, CO 80127

FROM: School Board of Clay County, Florida

SUBJECT: INSURANCE COVERAGE REQUIREMENTS

1. In accordance with Section 8.03 of the Master Lease Agreement No.1757, we will instruct the insurance agent named below (please fill in name, address, and telephone number)

Provider Name: _____

Provider Address: _____

Provider Contact Person: _____

Contact Email Address (if available): _____

Phone Number: _____ Fax Number: _____

to issue:

a. All Risk Physical Damage Insurance on the leased Equipment or Unit thereof (as defined in the Agreement) evidenced by a Certificate of Insurance and Long Form **Loss Payable Clause naming Lessor "and/or its assigns" Lender Loss Payee.** Please complete this requirement **after** notification by MSG.

b. Public Liability Insurance evidence by a Certificate of Insurance naming "Lessor and/or its assigns" as an Additional Insured.

Minimum Coverage Required:
\$500,000.00 per person
\$500,000.00 aggregate bodily injury liability
\$300,000.00 property damage liability

OR, Upon Lessor's Consent,

2. Pursuant to Section 8.03 of the Agreement, we are self-insured for all risk physical damage and public liability and will provide proof of such self-insurance in letter form together with a copy of the statute authorizing this form of insurance.

3. Proof of insurance coverage will be provided to Lessor no later than the time that the Equipment or Unit thereof is delivered to us.

LESSEE: School Board of Clay County, Florida

By: _____

Title: _____

EXHIBIT G

Lease No.: 1757

Equipment Schedule: 01

BANK ELIGIBILITY CERTIFICATE

THIS BANK ELIGIBILITY CERTIFICATE is entered into this _____ day of _____, 20____ and is executed by School Board of Clay County, Florida, as Lessee, supplementing and adding to Equipment Schedule No. 1 to Master Lease Agreement No. 1757.

WITNESSETH:

WHEREAS, Lessor and Lessee have entered into Equipment Schedule No. 1 and Master Lease Agreement No. 1757; and

WHEREAS, Lessee desires to supplement the Agreement;

NOW THEREFORE, in consideration of the premises hereinafter contained, Lessee hereby certifies that:

Lessee has not issued or effected the issuance of, and reasonably anticipates that it shall not issue or effect the issuance of more than Thirty Million Dollars (\$30,000,000.00) of tax-exempt obligations during the 2009 calendar year, and hereby designates the lease of the Equipment to which this certificate pertains as a "qualified tax-exempt obligation," as defined by Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

In witness whereof, Lessee has caused this Supplement to the Agreement to be executed by its respective officers thereunto duly authorized, all as of the date and year first above written.

LESSEE: School Board of Clay County, Florida

By: _____

Title: _____

EXHIBIT H

Lease No.: 1757

Equipment Schedule: 01

SMALL ISSUER EXEMPTION CERTIFICATE

THIS SMALL ISSUER EXEMPTION CERTIFICATE is entered into this _____ day of _____, 20____ and is executed by School Board of Clay County, Florida, as Lessee, supplementing and adding to Equipment Schedule No. 1 to Master Lease Agreement No. 1757.

WITNESSETH:

WHEREAS, Lessor and Lessee have entered into Equipment Schedule No. 1 and Master Lease Agreement No.1757; and

WHEREAS, Lessee desires to supplement the Agreement;

NOW THEREFORE, in consideration of the premises hereinafter contained, the parties hereto agree to supplement the Agreement as follows:

1. Lessee is a governmental unit with general taxing power.
2. Not less than 95% of tax proceeds of the Agreement will be used for governmental purposes of Lessee.
3. Lessee (which includes all subordinate entities of Lessee) has not issued or effected the issuance of, and reasonably anticipates that Lessee shall not issue or effect the issuance of, more than Five Million Dollars (\$5,000,000.00) of tax-exempt bonds (other than private activity bonds or current refunding bonds, such terms being within the meaning of Section 148 (1)(4)(D) of the Internal Revenue Code of 1986, as amended), during the 2009 calendar year.

In witness whereof, Lessee has caused this Supplement to the Agreement to be executed by its respective officers thereunto duly authorized, all as of the date and year first above written.

LESSEE: School Board of Clay County, Florida

By: _____

Title: _____