

GOVERNMENT OBLIGATION CONTRACT**Obligor**

Rodeo-Hercules Fire Protection District
1680 Refugio Valley Road
Hercules, California 94547

Obligee

Kansas State Bank of Manhattan
1010 Westloop, P.O. Box 69
Manhattan, Kansas 66505-0069

Dated as of October 9, 2012

This Government Obligation Contract dated as of the date listed above is between Obligee and Obligor listed directly above. Obligee desires to finance the purchase of the Equipment described in Exhibit A to Obligor and Obligor desires to finance the purchase of the Equipment from Obligee subject to the terms and conditions of this Contract which are set forth below.

I. Definitions

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

- "Additional Schedule" refers to the proper execution of additional Schedules to Exhibit A and Exhibit B, as well as other exhibits or documents that may be required by the Obligee all of which relate to the financing of additional Equipment.
- "Budget Year" means the Obligor's fiscal year.
- "Commencement Date" is the date when Obligor's obligation to pay Contract Payments begins.
- "Contract" means this Government Obligation Contract and all Exhibits attached hereto, all addenda, modifications, schedules, refinancing's, and all documents relied upon by Obligee prior to execution of this Contract.
- "Contract Payments" means the payments Obligor is required to make under this Contract as set forth on Exhibit B.
- "Contract Term" means the Original Term and all Renewal Terms.
- "Exhibit" includes the Exhibits attached hereto, and any "Additional Schedule", whether now existing or subsequently created.
- "Equipment" means all of the items of Equipment listed on Exhibit A and any Additional Schedule, whether now existing or subsequently created, and all replacements, restorations, modifications and improvements.
- "Government" as used in the title hereof means a State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended ("Code"), or a constituted authority or district authorized to issue obligations of on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b), or a qualified volunteer fire company within the meaning of section 150(e)(1) of the Code.
- "Legally Available Funds" means funds that the governing body of Obligor duly appropriates or are otherwise legally available for the purpose of making Contract Payments under this Contract, including monies held in the Vendor Payable Account to the extent that such moneys are used to prepay Contract Payments or Purchase Option Price.
- "Obligee" means the entity originally listed above as Obligee or any of its assignees.
- "Obligor" means the entity listed above as Obligor and which is financing the Equipment from Obligee under the provisions of this Contract
- "Original Term" means the period from the Commencement Date until the end of the Budget Year of Obligor
- "Partial Prepayment Date" means the first Contract Payment date that occurs on or after the earlier of (a) the twenty-four month (24) anniversary of the Commencement Date or (b) the date on which Obligor has accepted all the Equipment and all amounts have been disbursed from the Vendor Payable Account to pay for the Equipment
- "Purchase Price" means the total cost of the Equipment, including all delivery charges, installation charges, legal fees, financing costs, recording and filing fees and other costs necessary to vest full, clear legal title to the Equipment in Obligor, subject to the security interest granted to and retained by Obligee as set forth in this Contract, and otherwise incurred in connection with the financing of this Equipment.
- "Renewal Term" means the annual term which begins at the end of the Original Term and which is simultaneous with Obligor's Budget Year and each succeeding Budget Year for the number of Budget Years necessary to comprise the Contract Term
- "State" means the state in which Obligor is located.
- "Surplus Amount" means any amount on deposit in the Vendor Payable Account on the Partial Prepayment Date.
- "Vendor Payable Account" means the separate account of that name established pursuant to Section X of this Contract.

II. Obligor Warranties

Section 2.01 Obligor represents, warrants and covenants as follows for the benefit of Obligee or its assignees:

- (a) Obligor is an "issuer of tax exempt obligations" because Obligor is the State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended, (the "Code") or because Obligor is a constituted authority or district authorized to issue obligations on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b), or a qualified volunteer fire company within the meaning of section 150(e)(1) of the Code
- (b) Obligor has complied with any requirement for a referendum and/or competitive bidding.
- (c) Obligor has complied with all statutory laws and regulations that may be applicable to the execution of this Contract, Obligor, and its Officer executing this Contract, are authorized under the Constitution and laws of the State to enter into this Contract and have used and followed all proper procedures of its governing body in executing and delivering this Contract. The Officer of Obligor executing this Contract has the authority to execute and deliver this Contract. This Contract constitutes a legal, valid, binding and enforceable obligation of the Obligor in accordance with its terms
- (d) Obligor shall use the Equipment only for essential, traditional government purposes.
- (e) Should the IRS disallow the tax-exempt status of the interest portion of the Contract Payments as a result of the failure of the Obligor to use the Equipment for governmental purposes, or should the Obligor cease to be an issuer of tax exempt obligations, or should the obligation of Obligor created under this Contract cease to be a tax exempt obligation for any reason, then Obligor shall be required to pay additional sums to the Obligee or its assignees so as to bring the after tax yield on this Contract to the same level as the Obligee or its assignees would attain if the transaction continued to be tax-exempt.
- (f) Obligor has never non-appropriated funds under a contract similar to this Contract
- (g) Obligor will submit to the Secretary of the Treasury an information reporting statement as required by the Code
- (h) Upon request by Obligee, Obligor will provide Obligee with current financial statements, reports, budgets or other relevant fiscal information
- (i) Obligor shall retain the Equipment free of any hazardous substances as defined in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. seq. as amended and supplemented
- (j) Obligor hereby warrants the General Fund of the Obligor is the primary source of funds or a backup source of funds from which the Contract Payments will be made
- (k) Obligor presently intends to continue this Contract for the Original Term and all Renewal Terms as set forth on Exhibit B hereto. The official of Obligor responsible for budget preparation will include in the budget request for each Budget Year the Contract Payments to become due in such Budget Year, and will use all reasonable and lawful means available to secure the appropriation of money for such Budget Year sufficient to pay the Contract Payments coming due therein. Obligor reasonably believes that moneys can and will lawfully be appropriated and made available for this purpose.
- (l) Obligor has selected both the Equipment and the vendor(s) from whom the Equipment is to be purchased upon its own judgment and without reliance on any manufacturer, merchant, vendor or distributor, or agent thereof, of such equipment to the public.
- (m) Obligor owns free and clear of any liens any additional collateral pledged, subject only to the lien described herein, Obligor has not and will not, during the Contract Term, create, permit, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment and any additional collateral except those created by this Contract.

Section 2.02 Escrow Agreement. In the event both Obligee and Obligor mutually agree to utilize an Escrow Account, then immediately following the execution and delivery of this Contract, Obligee and Obligor agree to execute and deliver and to cause Escrow Agent to execute and deliver the Escrow Agreement. This Contract shall take effect only upon execution and delivery of the Escrow Agreement by the parties thereto. Obligee shall deposit or cause to be deposited with the Escrow Agent for credit to the Equipment Acquisition Fund the sum of N/A, which shall be held, invested and disbursed in accordance with the Escrow Agreement.

III. Acquisition of Equipment, Contract Payments and the Purchase Option Price

Section 3.01 Acquisition and Acceptance. Obligor shall be solely responsible for the ordering of the Equipment and for the delivery and installation of the Equipment. The Payment Request and Equipment Acceptance Form must be signed by the same authorized individual(s) who signed the Signature Card, Exhibit G. By making a Contract Payment after its receipt of the Equipment pursuant to this Contract, Obligor shall be deemed to have accepted the Equipment on the date of such Contract Payment for purposes of this Contract. All Contract Payments

paid prior to delivery of the Payment Request and Equipment Acceptance Form shall be credited to Contract Payments as they become due as shown on the Contract Payment Schedule attached as Exhibit B hereto.

Section 3.02 Contract Payments. Obligor shall pay Contract Payments exclusively to Obligees or its assignees in lawful, legally available money of the United States of America. The Contract Payments shall be sent to the location specified by the Obligees or its assignees. The Contract Payments shall constitute a current expense of the Obligor and shall not constitute an indebtedness of the Obligor. The Contract Payments are due as set forth on Exhibit B. Obligees shall have the option to charge interest at the highest lawful rate on any Contract Payment received later than the due date for the number of days that the Contract Payment(s) were late, plus any additional accrual on the outstanding balance for the number of days that the Contract Payment(s) were late. Once all amounts due Obligees hereunder have been received, Obligees will release any and all of its rights, title and interest in the Equipment. Obligees shall also have the option, on monthly payments only, to charge a late fee of up to 10% of the monthly Contract Payment that is past due. The Contract Payments will be payable without notice or demand. Furthermore, Obligor agrees to pay any additional fees/costs incurred by Obligees relating to Obligor's requirement that a certain payment mechanism be utilized.

SECTION 3.03 Contract Payments Unconditional. Except as provided under Section 4.01, THE OBLIGATIONS OF OBLIGOR TO MAKE CONTRACT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS CONTAINED IN THIS CONTRACT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF, OR SUBJECT TO DEFENSE OR COUNTERCLAIM.

Section 3.04 Purchase Option Price. Upon thirty (30) days written notice, Obligor shall have the option to pay, in addition to the Contract Payment, the corresponding Purchase Option Price which is listed on the same line on Exhibit B. This option is only available to the Obligor on the Contract Payment date and no partial prepayments are allowed. If Obligor chooses this option and pays the Purchase Option Price to Obligees then Obligees will transfer any and all of its rights, title and interest in the Equipment to Obligor.

Section 3.05 Contract Term. The Contract Term shall be the Original Term and all Renewal Terms until all the Contract Payments are paid as set forth on Exhibit B except as provided under Section 4.01 and Section 9.01 below. If, after the end of the budgeting process which occurs at the end of the Original Term or any Renewal Term, Obligor has not non-appropriated as provided for in this Contract then the Contract Term shall be extended into the next Renewal Term and the Obligor shall be obligated to make all the Contract Payments that come due during such Renewal Term.

Section 3.06 Disclaimer of Warranties. OBLIGEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT. OBLIGEE IS NOT A MANUFACTURER, VENDOR OR DISTRIBUTOR, OR AGENT THEREOF, OF SUCH EQUIPMENT; NOR IS OBLIGEE A MERCHANT OR IN THE BUSINESS OF DISTRIBUTING SUCH EQUIPMENT TO THE PUBLIC. OBLIGEE SHALL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE ARISING OUT OF THE INSTALLATION, OPERATION, POSSESSION, STORAGE OR USE OF THE EQUIPMENT BY OBLIGOR.

IV. Non-Appropriation

Section 4.01 Non-Appropriation. If insufficient funds are available in Obligor's budget for the next Budget Year to make the Contract Payments for the next Renewal Term and the funds to make such Contract Payments are otherwise unavailable by any lawful means whatsoever, then Obligor may non-appropriate the funds to pay the Contract Payments for the next Renewal Term. Such non-appropriation shall be evidenced by the passage of an ordinance or resolution by the governing body of Obligor specifically prohibiting Obligor from performing its obligations under this Contract and from using any moneys to pay the Contract Payments due under this Contract for a designated Budget Year and all subsequent Budget Years. If Obligor non-appropriates, then all obligations of the Obligor under this Contract regarding Contract Payments for all remaining Renewal Terms shall be terminated at the end of the then current Original Term or Renewal Term without penalty or liability to the Obligor of any kind provided that if Obligor has not delivered possession of the Equipment to Obligees as provided herein and conveyed to Obligees or released its interest in the Equipment by the end of the last Budget Year for which Contract Payments were paid, the termination shall nevertheless be effective but Obligor shall be responsible for an amount equal to the amount of the Contract Payments thereafter coming due under Exhibit B which are attributable to the number of days after such Budget Year during which Obligor fails to take such actions and for any other loss suffered by Obligees as a result of Obligor's failure to take such actions as required. Obligor shall immediately notify the Obligees as soon as the decision to non-appropriate is made. If such non-appropriation occurs, then Obligor shall deliver the Equipment to Obligees as provided below in Section 9.04. Obligor shall be liable for all damage to the Equipment other than normal wear and tear. If Obligor fails to deliver the Equipment to Obligees, then Obligees may enter the premises where the Equipment is located and take possession of the Equipment and charge Obligor for costs incurred.

V. Insurance, Damage, Insufficiency of Proceeds

Section 5.01 Insurance. Obligor shall maintain both casualty insurance and liability insurance at its own expense with respect to the Equipment. Obligor shall be solely responsible for selecting the insurer(s) and for making all premium payments and ensuring that all policies are continuously kept in effect during the period when Obligor is required to make Contract Payments. Obligor shall provide Obligees with a Certificate of insurance which lists the Obligees and/or assigns as a loss payee and an additional insured on the policies with respect to the Equipment.

- Obligor shall insure the Equipment against any loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Obligees in an amount at least equal to the then applicable Purchase Option Price of the Equipment. Alternatively, Obligor may insure the Equipment under a blanket insurance policy or policies.
- The liability insurance shall insure Obligees from liability and property damage in any form and amount satisfactory to Obligees.
- Obligor may self-insure against the casualty risks and liability risks described above. If Obligor chooses this option, Obligor must furnish Obligees with a certificate and/or other documents which evidences such coverage.
- All insurance policies issued or affected by this Section shall be so written or endorsed such that the Obligees and its assignees are named additional insureds and loss payees and that all losses are payable to Obligor and Obligees or its assignees as their interests may appear. Each policy issued or affected by this Section shall contain a provision that the insurance company shall not cancel or materially modify the policy without first giving thirty (30) days advance notice to Obligees or its assignees. Obligor shall furnish to Obligees certificates evidencing such coverage throughout the Contract Term.

Section 5.02 Damage to or Destruction of Equipment. Obligor assumes the risk of loss or damage to the Equipment. If the Equipment or any portion thereof is lost, stolen, damaged, or destroyed by fire or other casualty, Obligor will immediately report all such losses to all possible insurers and take the proper procedures to obtain all insurance proceeds. At the option of Obligees, Obligor shall either (1) apply the Net Proceeds to replace, repair or restore the Equipment or (2) apply the Net Proceeds to the applicable Purchase Option Price. For purposes of this Section and Section 5.03, the term Net Proceeds shall mean the amount of insurance proceeds collected from all applicable insurance policies after deducting all expenses incurred in the collection thereof.

Section 5.03 Insufficiency of Net Proceeds. If there are no Net Proceeds for whatever reason or if the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement of the Equipment, then Obligor shall, at the option of Obligees, either (1) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds or (2) apply the Net Proceeds to the Purchase Option Price and pay the deficiency, if any, to the Obligees.

Section 5.04 Obligor Negligence. Obligor assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Equipment and for injury to or death of any person or damage to any property whether such injury or death be with respect to agents or employees of Obligor or of third parties, and whether such property damage be to Obligor's property or the property of others (including, without limitation, liabilities for loss or damage related to the release or threatened release of hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act or similar or successor law or any State or local equivalent now existing or hereinafter enacted which in any manner arise out of or are incident to any possession, use, operation, condition or storage of any Equipment by Obligor), which is proximately caused by the negligent conduct of Obligor, its officers, employees and agents.

Section 5.05 Indemnification. Obligor hereby assumes responsibility for and agrees to reimburse Obligees for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Obligees that in any way relate to or arise out of a claim, suit or proceeding, based in whole or in part upon the negligent conduct of Obligor, its officers, employees and agents, or arose out of installation, operation, possession, storage or use of any item of the Equipment, to the maximum extent permitted by law.

VI. Title and Security Interest

Section 6.01 Title. Title to the Equipment shall vest in Obligor when Obligor acquires and accepts the Equipment. Title to the Equipment will automatically transfer to the Obligees in the event Obligor non-appropriates under Section 4.01 or in the event Obligor defaults under Section 9.01. In such event, Obligor shall execute and deliver to Obligees such documents as Obligees may request to evidence the passage of legal title to the Equipment to Obligees.

Section 6.02 Security Interest. To secure the payment of all Obligor's obligations under this Contract, as well as all other obligations, debts and liabilities, plus interest thereon, whether now existing or subsequently created, Obligor hereby grants to Obligees a security interest under the Uniform Commercial Code constituting a first lien on the Equipment described more fully on Exhibit A, including any and all additional collateral listed on any other Exhibit A. The security interest established by this section includes not only all additions, attachments, repairs and replacements to the Equipment but also all proceeds therefrom. Obligor authorizes Obligees to prepare and record any Financing Statement required under the Uniform Commercial Code to perfect the security interest created hereunder. Obligor agrees that any Equipment listed on Exhibit A is and will remain personal property and will not be considered a fixture even if attached to real property.

VII. Assignment

Section 7.01 Assignment by Obligees. All of Obligees' rights, title and/or interest in and to this Contract may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees (including a Registered Owner for Participation Certificates) by Obligees at any time without the consent of Obligor. No such assignment shall be effective as against Obligor until

the assignor shall have filed with Obligor written notice of assignment identifying the assignee. Obligor shall pay all Contract Payments due hereunder relating to such Equipment to or at the direction of Obligee or the assignee named in the notice of assignment. Obligor shall keep a complete and accurate record of all such assignments.

Section 7.02 Assignment by Obligor. None of Obligor's right, title and interest under this Contract and in the Equipment may be assigned by Obligor unless Obligee approves of such assignment in writing before such assignment occurs and only after Obligor first obtains an opinion from nationally recognized counsel stating that such assignment will not jeopardize the tax-exempt status of the obligation.

VIII. Maintenance of Equipment

Section 8.01 Equipment. Obligor shall keep the Equipment in good repair and working order, and as required by manufacturer's and warranty specifications. If Equipment consists of copiers, Obligor is required to enter into a copier maintenance/service agreement. Obligee shall have no obligation to inspect, test, service, maintain, repair or make improvements or additions to the Equipment under any circumstances. Obligor will be liable for all damage to the Equipment, other than normal wear and tear, caused by Obligor, its employees or its agents. Obligor shall pay for and obtain all permits, licenses and taxes necessary for the installation, operation, possession, storage or use of the Equipment. If any fees are required to be paid by the California Debt & Investment Advisory Commission then such fees shall be paid directly from the Obligor to the California Debt & Investment Advisory Commission. If the Equipment includes any titled vehicle(s), then Obligor is responsible for obtaining such title(s) from the State and also for ensuring that Obligee is listed as First Lienholder on all of the title(s). Obligor shall not use the Equipment to haul, convey or transport hazardous waste as defined in the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et. seq. Obligor agrees that Obligee or its Assignee may execute any additional documents including financing statements, affidavits, notices, and similar instruments, for and on behalf of Obligor which Obligee deems necessary or appropriate to protect Obligee's interest in the Equipment and in this Contract. Obligor shall allow Obligee to examine and inspect the Equipment at all reasonable times.

IX. Default

Section 9.01 Events of Default defined. The following events shall constitute an "Event of Default" under this Contract:

- (a) Failure by Obligor to pay any Contract Payment listed on Exhibit B for fifteen (15) days after such payment is due according to the Payment Date listed on Exhibit B
- (b) Failure to pay any other payment required to be paid under this Contract at the time specified herein and a continuation of said failure for a period of fifteen (15) days after written notice by Obligee that such payment must be made. If Obligor continues to fail to pay any payment after such period, then Obligee may, but will not be obligated to, make such payments and charge Obligor for all costs incurred plus interest at the highest lawful rate.
- (c) Failure by Obligor to observe and perform any warranty, covenant, condition, promise or duty under this Contract for a period of thirty (30) days after written notice specifying such failure is given to Obligor by Obligee, unless Obligee agrees in writing to an extension of time. Obligee will not unreasonably withhold its consent to an extension of time if corrective action is instituted by Obligor. Subsection (c) does not apply to Contract Payments and other payments discussed above.
- (d) Any statement, material omission, representation or warranty made by Obligor in or pursuant to this Contract which proves to be false, incorrect or misleading on the date when made regardless of Obligor's intent and which materially adversely affects the rights or security of Obligee under this Contract
- (e) Any provision of this Contract which ceases to be valid for whatever reason and the loss of such provision would materially adversely affect the rights or security of Obligee.
- (f) Except as provided in Section 4.01 above, Obligor admits in writing its inability to pay its obligations.
- (g) Obligor defaults on one or more of its other obligations.
- (h) Obligor becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies for or consents to the appointment of a receiver, trustee, conservator, custodian, or liquidator of Obligor, or all or substantially all of its assets, or a petition for relief under is filed by Obligor under federal bankruptcy, insolvency or similar laws, or is filed against Obligor and is not dismissed within thirty (30) days thereafter.

Section 9.02 Remedies on Default. Whenever any Event of Default exists, Obligee shall have the right to take one or any combination of the following remedial steps:

- (a) With or without terminating this Contract, Obligee may declare all Contract Payments and other amounts payable by Obligor hereunder to the end of the then current Budget Year to be immediately due and payable.
- (b) With or without terminating this Contract, Obligee may require Obligor at Obligor's expense to redeliver any or all of the Equipment and any additional collateral to Obligee as provided below in Section 9.04. Such delivery shall take place within fifteen (15) days after the event of default occurs. If Obligor fails to deliver the Equipment and any additional collateral, Obligee may enter the premises where the Equipment and any additional collateral is located and take possession of the Equipment and any additional collateral and charge Obligor for cost incurred. Notwithstanding that Obligee has taken possession of the Equipment and any additional collateral, Obligor shall still be obligated to pay the remaining Contract Payments due up until the end of the then current Original Term or Renewal Term. Obligor will be liable for any damage to the Equipment and any additional collateral caused by Obligor or its employees or agents
- (c) Obligee may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights. Obligor shall be responsible to Obligee for all costs incurred by Obligee in the enforcement of its rights under this Contract including, but not limited to, reasonable attorney fees.

Section 9.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to Obligee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Contract now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof.

Section 9.04 Return of Equipment and Storage.

- (a) **Surrender:** The Obligor shall, at its own expense, surrender the Equipment, any Additional Collateral and all required documentation to evidence transfer of title from Obligor to the Obligee in the event of a default or a non-appropriation by delivering the Equipment and any Additional Collateral to the Obligee at a location accessible by common carrier and designated by Obligee. In the case that any of the Equipment and any Additional Collateral consists of software, Obligor shall destroy all intangible items constituting such software and shall deliver to Obligee all tangible items constituting such software. At Obligee's request, Obligor shall also certify in a form acceptable to Obligee that Obligor has complied with the above software return provisions and that they will immediately cease using the software and that they shall permit Obligee and/or the vendor of the software to inspect Obligor's locations to verify compliance with the terms hereto
- (b) **Delivery.** The Equipment and any Additional Collateral shall be delivered to the location designated by the Obligee by a common carrier unless the Obligee agrees in writing that a common carrier is not needed. When the Equipment and any Additional Collateral is delivered into the custody of a common carrier, the Obligor shall arrange for the shipping of the item and its insurance in transit in accordance with the Obligee's instructions and at the Obligor's sole expense. Obligor at its expense shall completely sever and disconnect the Equipment and any Additional Collateral or its component parts from the Obligor's property all without liability to the Obligee. Obligor shall pack or crate the Equipment and any Additional Collateral and all of the component parts of the Equipment and any Additional Collateral carefully and in accordance with any recommendations of the manufacturer. The Obligor shall deliver to the Obligee the plans, specifications, operation manuals or other warranties and documents furnished by the manufacturer or vendor on the Equipment and any Additional Collateral and such other documents in the Obligor's possession relating to the maintenance and methods of operation of such Equipment and any Additional Collateral.
- (c) **Condition:** When the Equipment is surrendered to the Obligee it shall be in the condition and repair required to be maintained under this Contract. It will also meet all legal regulatory conditions necessary for the Obligee to sell or lease it to a third party and be free of all liens. If Obligee reasonably determines that the Equipment or an item of the Equipment, once it is returned, is not in the condition required hereby, Obligee may cause the repair, service, upgrade, modification or overhaul of the Equipment or an item of the Equipment to achieve such condition and upon demand, Obligor shall promptly reimburse Obligee for all amounts reasonably expended in connection with the foregoing.
- (d) **Storage:** Upon written request by the Obligee, the Obligor shall provide free storage for the Equipment and any additional collateral for a period not to exceed 60 days after the expiration of the Contract Term before returning it to the Obligee. The Obligor shall arrange for the insurance described to continue in full force and effect with respect to such item during its storage period and the Obligee shall reimburse the Obligor on demand for the incremental premium cost of providing such insurance.

X. Vendor Payable Account

Section 10.01 Establishment of Vendor Payable Account. On the date that the Obligee executed this Contract, which is on or after the date that the Obligor executes this Contract, Obligee agrees to (i) make available to Obligor an amount sufficient to pay the total Purchase Price for the Equipment by establishing a separate, non-interest bearing account (the "Vendor Payable Account"), as agent for Obligor's account, with a financial institution that Obligee selects that is acceptable to Obligor (including Obligee or any of its affiliates) and (ii) to deposit an amount equal to such Purchase Price as reflected on Exhibit B in the Vendor Payable Account. Obligor hereby further agrees to make the representations, warranties and covenants relating to the Vendor Payable Account as set forth in Exhibit C attached hereto. Upon Obligor's delivery to Obligee of a Payment Request and Equipment Acceptance Form in the form set forth in Exhibit F attached hereto, Obligor authorizes Obligee to withdraw funds from the Vendor Payable Account from time to time to pay the Purchase Price, or a portion thereof, for each item of Equipment as it is delivered to Obligor. The Payment Request and Equipment Acceptance Form must be signed by an authorized individual acting on behalf of Obligor. The authorized individual or individuals designated by the Obligor must sign the Signature Card which will be kept in the possession of the Obligee.

Section 10.02 Down Payment. Prior to the disbursement of any funds from the Vendor Payable Account, the Obligor must either (1) deposit all the down payment funds that the Obligor has committed towards the purchase of the Equipment into the Vendor Payable Account or (2) Obligor must provide written verification to the satisfaction of the Obligee that all the down payment funds Obligor has committed towards the purchase of the Equipment have already been spent or are simultaneously being spent with the funds requested from the initial Payment Request and Equipment Acceptance Form. For purposes of this Section, the down payment funds committed towards the Equipment from the Obligor are the down payment funds that were represented to the Obligee at the time this transaction was submitted for credit approval by the Obligor to the Obligee.

Section 10.03 Disbursement upon Non-Appropriation. If an Event of Non-appropriation occurs prior to the Partial Prepayment Date, the amount then on deposit in the Vendor Payable Account shall be retained by the Obligee and Obligor will have no interest therein.

Section 10.04 Surplus Amount. Any Surplus Amount then on deposit in the Vendor Payable Account on the Partial Prepayment Date shall be applied to pay on such Partial Prepayment Date a portion of the Purchase Option Price then applicable.

Section 10.05 Recalculation of Contract Payments. Upon payment of a portion of the Purchase Option Price as provided in Section 10.04 above, each Contract Payment thereafter shall be reduced by an amount calculated by Oblige based upon a fraction the numerator of which is the Surplus Amount and the denominator of which is the Purchase Option Price on such Partial Prepayment Date. Within 15 days after such Partial Prepayment Date, Oblige shall provide to Obligor a revised Exhibit B to this Contract, which shall take into account such payment of a portion of the Purchase Option Price thereafter and shall be and become thereafter Exhibit B to this Contract. Notwithstanding any other provision of this Section 10, this Contract shall remain in full force and effect with respect to all or the portion of the Equipment accepted by Obligor as provided in this Contract, and the portion of the principal component of Contract Payments remaining unpaid after the Partial Prepayment Date plus accrued interest thereon shall remain payable in accordance with the terms of this Contract, including revised Exhibit B hereto which shall be binding and conclusive upon Oblige and Obligor.

XI. Miscellaneous

Section 11.01 Notices. All notices shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at their respective places of business as first set forth herein or as the parties shall designate hereafter in writing.

Section 11.02 Binding Effect. Obligor acknowledges this Contract is not binding upon the Oblige or its assignees unless the Conditions to Funding listed on the Documentation Instructions have been met to Oblige's satisfaction, and Oblige has executed the Contract. Thereafter, this Contract shall inure to the benefit of and shall be binding upon Oblige and Obligor and their respective successors and assigns.

Section 11.03 Severability. In the event any provision of this Contract 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 11.04 Amendments, Addenda, Changes or Modifications. This Contract may be amended, added to, changed or modified by written agreement duly executed by Oblige and Obligor. Furthermore, Oblige reserves the right to directly charge or amortize into the remaining balance due from Obligor, a reasonable fee, to be determined at that time, as compensation to Oblige for the additional administrative expense resulting from such amendment, addenda, change or modification.

Section 11.05 Execution in Counterparts. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.06 Captions. The captions or headings in this Contract do not define, limit or describe the scope or intent of any provisions or sections of this Contract.

Section 11.07 Master Contract. This Contract can be utilized as a Master Contract. This means that the Oblige and the Obligor may agree to the financing of additional Equipment under this Contract at some point in the future by executing one or more Additional Schedules to Exhibit A and Exhibit B, as well as other exhibits or documents that may be required by Oblige. Additional Schedules will be consecutively numbered on each of the exhibits which make up the Additional Schedule and all the terms and conditions of the Contract shall govern each Additional Schedule.

Section 11.08 Entire Writing. This Contract constitutes the entire writing between Oblige and Obligor. No waiver, consent, modification or change of terms of this Contract shall bind either party unless in writing and signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. There are no understandings, Contract, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Contract, the Equipment or any additional collateral, financed hereunder. Any terms and conditions of any purchase order or other documents submitted by Obligor in connection with this Contract which are in addition to or inconsistent with the terms and conditions of this Contract will not be binding on Oblige and will not apply to this Contract.

Oblige and Obligor have caused this Contract to be executed in their names by their duly authorized representatives listed below.

Rodeo-Hercules Fire Protection District

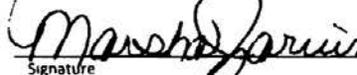


Signature

CHARLES HANLEY, FIRE CHIEF

Printed Name and Title

Kansas State Bank of Manhattan



Signature

Marsha Jarvis, Vice President

Printed Name and Title

EXHIBIT A
DESCRIPTION OF EQUIPMENT

RE: Government Obligation Contract dated as of October 9, 2012, between Kansas State Bank of Manhattan (Obligee) and Rodeo-Hercules Fire Protection District (Obligor)

Below is a detailed description of all the items of Equipment including quantity, model number and serial number where applicable:

One (1) Rescue Pumper and Three (3) Command Vehicles

Physical Address of Equipment after Delivery : 1680 Refugio Valley Road, Hercules, CA 94547

EXHIBIT B

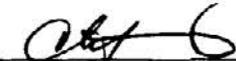
PAYMENT SCHEDULE

RE: Government Obligation Contract dated as of October 9, 2012, between Kansas State Bank of Manhattan (Obligee) and Rodeo-Hercules Fire Protection District (Obligor)

Date of First Payment: At Closing
 Original Balance: \$703,500.00
 Total Number of Payments: Ten (10)
 Number of Payments Per Year: One (1)

Pmt No.	Due Date	Contract Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
1	At Closing	\$80,400.68	\$0.00	\$80,400.68	\$634,620.23
2	15-Oct-13	\$80,400.68	\$19,316.09	\$61,084.59	\$571,405.07
3	15-Oct-14	\$80,400.68	\$17,422.46	\$62,978.22	\$506,478.04
4	15-Oct-15	\$80,400.68	\$15,470.14	\$64,930.54	\$439,792.79
5	15-Oct-16	\$80,400.68	\$13,457.29	\$66,943.39	\$371,301.70
6	15-Oct-17	\$80,400.68	\$11,382.04	\$69,018.64	\$300,955.87
7	15-Oct-18	\$80,400.68	\$9,242.47	\$71,158.21	\$228,705.07
8	15-Oct-19	\$80,400.68	\$7,036.56	\$73,364.12	\$154,497.72
9	15-Oct-20	\$80,400.68	\$4,762.27	\$75,638.41	\$78,280.84
10	15-Oct-21	\$80,400.68	\$2,417.48	\$77,983.20	\$0.00

Rodeo-Hercules Fire Protection District



Signature

CHARLES STANLEY, FIRE CHIEF

Printed Name and Title

*Assumes all Contract Payments due to date are paid

EXHIBIT C
ACCEPTANCE OF OBLIGATION
TO COMMENCE CONTRACT PAYMENTS UNDER EXHIBIT B

RE: Government Obligation Contract dated as of October 9, 2012, between Kansas State Bank of Manhattan (Obligee) and Rodeo-Hercules Fire Protection District (Obligor)

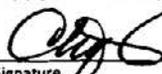
I, the undersigned, hereby certify that I am a duly qualified representative of Obligor and that I have been given the authority by the governing body of Obligor to sign this Acceptance of Obligation to commence Contract Payments with respect to the above referenced Contract. I hereby certify that:

1. The Equipment described on Exhibit A has not been delivered, installed or available for use as of the Commencement date of this Contract.
2. Obligor acknowledges that Obligee has agreed to deposit into a Vendor Payable Account an amount sufficient to pay the total purchase price (the "Purchase Price") for the Equipment so identified in such Exhibit A;
3. The principal amount of the Contract Payments in the Exhibit B accurately reflects the Purchase Price;
4. Obligor agrees to execute a Payment Request and Equipment Acceptance Form authorizing payment of the Purchase Price, or a portion thereof, for each withdrawal of funds from the Vendor Payable Account.

Notwithstanding that the Equipment has not been delivered to or accepted by Obligor on the date of execution of the Contract, Obligor hereby warrants that:

- (a) Obligor's obligation to commence Contract Payments as set forth in Exhibit B is absolute and unconditional as of the Commencement Date and on each date set forth in Exhibit B thereafter, subject to the terms and conditions of the Contract;
- (b) immediately upon delivery and acceptance of all the Equipment, Obligor will notify Obligee of Obligor's final acceptance of the Equipment by delivering to Obligee the "Payment Request and Equipment Acceptance Form" in the form set forth in Exhibit F attached to the Contract;
- (c) in the event that any Surplus Amount is on deposit in the Vendor Payable Account when an Event of Non-appropriation under the Contract occurs, then those amounts shall be applied as provided in Section 10 of the Contract;
- (d) regardless of whether Obligor delivers a final Payment Request and Equipment Acceptance Form, all Contract Payments paid prior to delivery of all the Equipment shall be credited to Contract Payments as they become due under the Contract as set forth in Exhibit B.

Rodeo-Hercules Fire Protection District



Signature
CHARLES HANLEY, FIRE CHIEF
Printed Name and Title

**RODEO-HERCULES FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS MEETING**

November 9, 2011

1. **CALL TO ORDER**

Chairperson Mills called the November 9, 2011, Meeting of the Board of Directors to order at 7:00 p.m.

DIRECTORS PRESENT

Mills, Bartke, Williams, Moulton, Prather (arrived at 7:05 p.m.)

DIRECTORS ABSENT

None

OTHERS PRESENT

C. Hanley, D. Heymans, R. Pio Roda, SCI Representative

2. **PLEDGE OF ALLEGIANCE**

3. **CONFIRMATION OF AGENDA**

4. **BOARD CORRESPONDENCE**

None received

5. **PUBLIC COMMUNICATIONS**

None to be heard

Board Minutes
November 9, 2011
Page Two

6. CONSENT CALENDAR

- A. Director Bartke moved to approve the consent calendar; seconded by Director Williams and carried by the following vote:

Director Mills - Aye
Director Williams - Aye
Director Bartke - Aye
Director Moulton - Aye
Director Prather - Absent

7. RECEIVE/APPROVE/DENY RESOLUTION 8-11 APPROVING A LEASE WITH OPTION TO PURCHASE AGREEMENT BETWEEN THE RODEO HERCULES FIRE PROTECTION DISTRICT AND FIRST MUNICIPAL LEASE CORPORATION

Chief Hanley reported on staff recommendation to approve funding for capital equipment including personal protective clothing and new apparatus including the rescue pumper which is a part of Condition No. 84 of Conoco Phillips Company's Land Use Permit 93-2038 which requires Conoco Phillips to provide one-half the cost of a hazardous materials response vehicle and necessary training and equipment. The COA has been revised to allow for the purchase of a rescue pumper in place of the hazardous materials vehicle. COA No. 84 requires Conoco Phillips to grant \$50,000 per year for 5 years to the Fire District and may increase its annual payments not to exceed \$65,000.

Director Moulton moved to approve Resolution 8-11 with election of Option A and authorize Chief Hanley to execute funding documents; seconded by Director Bartke; carried by the following vote:

Director Mills - Aye
Director Williams - Aye
Director Bartke - Aye
Director Moulton - Aye
Director Prather - No

8. REVENUE MEASURE

- A. Receive and review update from SCI Consultants

Steve Boardman, Tramutola LLC working with SCI Consultants, presented a review of the polling results and the next steps.

Board Minutes
November 9, 2011
Page Three

9. COMMUNITY ADVISORY PANEL

No report

10. FIRE CHIEF REPORT

Chief Hanley reviewed the Chief's Report which is attached as a part of this document. In addition, information was presented with regards to a proposal for fire service with the City of Pinole and the recent Fleet Management Study; discussed whether the District CERT program will be able to use the current cache of radios available for the CERT program – the current cache of radios will not be on a trunked system and will not be operative with the new P25 compliant radios

11. STAFF REPORTS

- A. Holiday dinner at Sala Restaurant, Hercules - December 15
- B. No Meeting in December

12. BOARD REPORTS

- A. None

13. LOCAL 1230 CORRESPONDENCE

- A. N. Ronchetto reported that the next 12 months will be a challenge; Local 1230 is in communications with Chief as we move forward

14. CLOSED SESSION

Open Closed Session at 7:55 p.m.

- A. Closed session pursuant to Government Code 54957.6; regarding public employment; conference with Labor Relations Negotiator (*Impact Bargaining*)
- B. Closed session pursuant to Government Code 54957; regarding public employment; conference with Labor Relations Negotiator (*Public Employee Appointment*)
- C. Closed session pursuant to Government Code 54957.6; regarding public employee performance evaluation; conference with Labor Relations Negotiator (*Fire Chief*)

Board Minutes
November 9, 2011
Page Four

15. CLOSED SESSION REPORT OUT

Returned to open session at 8:12 p.m.

- A. Closed session pursuant to Government Code 54957.6; regarding public employment; conference with Labor Relations Negotiator (*Impact Bargaining*)
Met in closed session - no votes or actions taken
- B. Closed session pursuant to Government Code 54957; regarding public employment; conference with Labor Relations Negotiator (*Public Employee Appointment*)

Director Williams moved and Director Moulton seconded to accept Chief Hanley's recommendation to promote Charles Coleman to Captain and Skye Johnson and Bill Clark to Engineer/Paramedic

- C. Closed session pursuant to Government Code 54957.6; regarding public employee performance evaluation; conference with Labor Relations Negotiator (*Fire Chief*)
Met in closed session - no votes or actions taken

N. Ronchetto asked Chairman Mills to confirm the date for the scheduled closure rotation - Chief Hanley reported that December 14, 2011 is the scheduled date for the inception of 48 hour rotation of station closures

16. ADJOURNMENT

Adjourned at 8:15 p.m.


Beth Bartke, Secretary

**RESOLUTION 8-11
LEASE WITH OPTION TO PURCHASE AGREEMENT**

At a duly called meeting of the Governing Body of Rodeo-Hercules Fire Protection District, held on the 9th day of November, 2011, there were at all times present the following members constituting a quorum of the Governing Body:

[Names] BETH BARTKE, MANLY MOULTON, BILL PRATHER, JOHN MILLS, RAEMONA WILLIAMS

At said meeting, [Name] Director Moulton introduced and moved the adoption of the following Resolution authorizing the negotiation, execution, and delivery of a Lease With Option to Purchase Agreement (the "Lease") for the purchase of one Pumper Fire Truck and Equipment, command vehicles, and personal protective clothing with a total cost of \$850,000.00, between Rodeo-Hercules Fire Protection District, the Lessee, and First Municipal Leasing Corporation (the "Lessor"); providing for (#) eleven (11) annual lease payments from legally available municipal funds; and prescribing other details in connection with the Lease.

WHEREAS, Rodeo-Hercules Fire Protection District (the "Municipality") is a Special District of the State of California ("State") duly organized and existing under the Constitution and laws of the State, including but not limited to, the Fire Protection District Law of 1987 with full power and authority to enter into the Lease; and

WHEREAS, pursuant to applicable law, the Board of Directors of the Municipality (the "Governing Body") is authorized to acquire, dispose of, encumber real and personal property, including, without limitation, rights and interest in property, leases, and easements necessary to the functions or the operations of the Municipality; as applicable by law, and

WHEREAS, the Governing Body of Lessee has determined that a true and very real need exists for the acquisition of the Equipment described in the Lease and hereby finds and determines that the execution of an Agreement for the purpose of leasing with the option to purchase the equipment designated and set forth in Schedule A to the Lease is appropriate and necessary to the function and operations of the Municipality, and that the use of the Equipment is essential to its proper, efficient and economic operation; and

WHEREAS, First Municipal Leasing Corporation, ("Lessor"), duly organized and in good standing under the laws of the State of Colorado, shall act as Lessor under said Lease; and

WHEREAS, the Lease shall not constitute a general obligation indebtedness of the Municipality within the meaning of the Constitution and laws of the State; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RODEO-HERCULES FIRE PROTECTION DISTRICT:

1. The execution and delivery of the Lease for the purposes specified therein by the Municipality are hereby authorized and approved in all respects. The Governing Body acting on behalf of the Municipality, hereby designates and confirms the following persons, upon advice of counsel, to enter into, execute, and deliver the Lease in such form as approved by counsel, and such other related documents relating to the Lease necessary and appropriate to the consummation of the transactions contemplated by the Lease

Name(s): Charles Hanley

Title (s): Fire Chief

2. The Lessee is authorized and directed to fulfill all obligations under terms of the Lease.

3. The Lease shall be in the principal amount not to exceed \$850,000.00, plus Lessor fees, bearing interest as set forth in Exhibit A of the Lease; said Lease to contain an option to purchase by the Municipality as set forth therein.

4. The Municipality's obligations under the Lease shall be expressly subject to annual appropriation by the Governing Body; and such obligation under the Lease shall not constitute a general obligation of the Municipality or indebtedness within the meaning of the Constitution and laws of the State.

3

5. All other related contracts and agreements necessary and incidental to the Lease are hereby authorized.

6. The Municipality reasonably anticipates to issue not more than \$10,000,000.00 of tax-exempt obligations (other than "private activity bonds" which are not "qualified 501(c)(3) bonds") during the calendar year 2011 and hereby designates the Lease as a qualified tax-exempt obligation for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

7. This resolution shall take effect upon its adoption and approval.

ADOPTED AND APPROVED this 9th day of November, 2011.

RODEO-HERCULES FIRE PROTECTION DISTRICT

Lessee

The undersigned certifies the above Resolution, and further certifies that the above Resolution has not been repealed or amended and remains in full force and effect.

ATTEST:

By: Beth Bartke

Name: Beth Bartke

Title: Secretary

Date: 11/9/11, 2011

SEAL

EXHIBIT E
OFFICERS CERTIFICATE

RE: Government Obligation Contract dated as of October 9, 2012, between Kansas State Bank of Manhattan (Obligee) and Rodeo-Hercules Fire Protection District (Obligor)

I, the undersigned, hereby certify that I am a duly qualified representative of Obligor and that I have been given the authority by the governing body of Obligor to sign this Officers Certificate with respect to the above referenced Contract. I hereby certify that:

1. Obligor has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Contract Payments required to be paid under the Contract during the current Budget Year of Obligor, and such moneys will be applied in payment of all Contract Payments due and payable during such current Budget Year.
2. Obligor has obtained insurance coverage as required under the Contract from an insurer qualified to do business in the State.
3. No event or condition that constitutes or would constitute an Event of Default exists as of the date hereof.
4. The governing body of Obligor has approved the authorization, execution and delivery of this Contract on its behalf by the authorized representative of Obligor who signed the Contract.
5. Please list the Source of Funds (Fund Item in Budget) for the Contract Payments that come due under Exhibit B of this Contract.

Source of Funds : General

By signing below, Obligor hereby authorizes the General Fund of the Obligor as a backup source of funds from which the Contract Payments can be made.

Rodeo-Hercules Fire Protection District



Signature

CHARLES HANKLEY, FIRE CHIEF

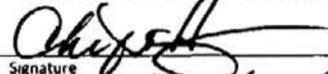
Printed Name and Title

EXHIBIT G
SIGNATURE CARD

RE: Government Obligation Contract dated as of October 9, 2012, between Kansas State Bank of Manhattan (Obligee) and Rodeo-Hercules Fire Protection District (Obligor)

The below signatures will be used for purposes of verifying the signature on a Payment Request and Equipment Acceptance Form prior to making payments from the Equipment Acquisition Fund or Vendor Payable Account. By signing below, the undersigned represents and warrants that s/he has received all appropriate authority from Rodeo-Hercules Fire Protection District.

Rodeo-Hercules Fire Protection District



Signature

Charles Stanley, FIRE CHIEF

Printed Name and Title

Signature of additional authorized individual (optional) of Obligor



Signature

DONNA HEGMANS, ADM. SERVICES OFFICER

Printed Name and Title

EXHIBIT H

OBLIGOR ACKNOWLEDGEMENT

RE: Government Obligation Contract dated as of October 9, 2012, between Kansas State Bank of Manhattan (Obligee) and Rodeo-Hercules Fire Protection District (Obligor)

Obligor hereby acknowledges that it has ordered or caused to be ordered the equipment that is the subject of the above-mentioned Contract.

Please complete the below information, attach another page if necessary

Vendor Name: Hi-Tech Emergency Vehicle Service, Inc.
Phone: 209-847-3042
Contact Person: Dan Marchione, President
Equipment: 2000 GPM Triple Combination Pumper
Amount of Equipment: \$570,894.26

Vendor Name: Command Vehicle to be determined
Phone: _____
Contact Person: _____
Equipment: _____
Amount of Equipment: _____

Vendor Name: _____
Phone: _____
Contact Person: _____
Equipment: _____
Amount of Equipment: _____

Vendor Name: _____
Phone: _____
Contact Person: _____
Equipment: _____
Amount of Equipment: _____

Vendor Name: _____
Phone: _____
Contact Person: _____
Equipment: _____
Amount of Equipment: _____

Obligor will immediately notify Obligee if any of the information listed above is changed.

EXHIBIT I

BANK QUALIFIED CERTIFICATE

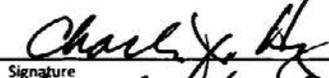
RE: Government Obligation Contract dated as of October 9, 2012, between Kansas State Bank of Manhattan (Obligee) and Rodeo-Hercules Fire Protection District (Obligor)

Whereas, Obligor hereby represents that it is a "Bank Qualified" Issuer for the calendar year in which this Contract is executed by making the following designations with respect to Section 265 of the Internal Revenue Code. (A "Bank Qualified Issuer" is an issuer that issues less than ten million (\$10,000,000) dollars of tax-exempt obligations during the calendar year).

Now, therefor, Obligor hereby designates this Contract as follows:

1. **Designation as Qualified Tax-Exempt Obligation.** Pursuant to Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986 as amended (the "Code"), the Obligor hereby specifically designates the Contract as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. In compliance with Section 265(b)(3)(D) of the Code, the Obligor hereby represents that the Obligor will not designate more than \$10,000,000 of obligations issued by the Obligor in the calendar year during which the Contract is executed and delivered as such "qualified tax-exempt obligations".
2. **Issuance Limitation.** In compliance with the requirements of Section 265(b)(3)(C) of the Code, the Obligor hereby represents that the Obligor (including all subordinate entities of the Obligor within the meaning of Section 265(b)(3)(E) of the Code) reasonably anticipates not to issue in the calendar year during which the Contract is executed and delivered, obligations bearing interest exempt from federal income taxation under Section 103 of the Code (other than "private activity bonds" as defined in Section 141 of the Code) in an amount greater than \$10,000,000.

Rodeo-Hercules Fire Protection District



Signature
Charles Hunter, FIRE CHIEF
Printed Name and Title