

ORDINANCE NO. 07-53

AN ORDINANCE APPROVING AN UPGRADE
OF THE VILLAGES TELEPHONE EQUIPMENT

WHEREAS, the Village of Chatham sought a quote for the upgrade of the Villages Norstar telephone system; and

WHEREAS, the Public Works Committee reviewed the proposal and is recommending approval of the proposal.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF CHATHAM, ILLINOIS, AS FOLLOWS:

SECTION 1: That the bid from Verizon for \$14,725.51 to be paid equally from the General, Electric and Water & Sewer Fund is hereby approved.

SECTION 2: This Ordinance is effective upon its passage and approval.

PASSED THIS 25ST DAY OF SEPTEMBER, 2007



Thomas Gray
Thomas S. Gray, President
Village of Chatham

ATTEST:

Pat Schad
Pat Schad, Village Clerk

AYES: 6 HERR SCHATTEMAN BOYLE
REYNOLDS McGRATH KAWANAGH
NAYS: 0
ABSENT: 0

PASSED: 9-25-07
APPROVED: 9-25-07

STATEMENT OF WORK

Customer: Village of Chatham	Quote: 8-2VXBKT/001
Contract ID:	Date: September 17, 2007

This Statement of Work ("SOW") is by and between **Verizon Select Services Inc.** ("Verizon") and **Village of Chatham** ("Customer") as of the date last written below ("Effective Date") and is governed by the terms and made a part of the **System Agreement** ("Agreement") between Verizon and Customer.

This SOW defines the services and deliverables that Verizon shall provide to Customer under the terms of the Agreement ("Services"). This SOW also defines the responsibilities of Verizon and the Customer, the project scope, implementation duration, installation acceptance procedures, and Change Order Procedures. Verizon will perform the defined services at the locations listed in Exhibit A. Verizon will strive to meet Customer's schedule requirements; however, actual project dates will be subject to availability of material and resources.

Verizon will use reasonable efforts to avoid interruption of network service unless the Customer requires installation after hours. If it is necessary to interrupt network service, however, Verizon will notify the Customer SPOC at least 48 hours in advance.

1. Project Scope

1.1 Key Assumptions. Pricing is based on the following key assumptions:

- Verizon performs installations between the hours of 8:00 a.m. and 5:00 p.m. local time (7:30 a.m. and 4:15 p.m. in Hawaii), Monday through Friday, excluding Verizon observed and Federal holidays. Off-hours are defined as anything other than those hours. This project **does** require off-hour work.
- Customer personnel assigned to this project will have the skills necessary to assist Verizon in this project.
- Additional Assumptions
N/A

1.2. Verizon Responsibilities

- Provide a Single Point of Contact (SPOC) to manage and participate in the kickoff discussion, schedule coordination, and acceptance testing.
- Contact Customer prior to installation in order to confirm site readiness and schedule equipment delivery.
- Verify system power-up, operation of network interfaces and run internal diagnostics.
- Conduct Customer Acceptance Testing in accordance with the Acceptance Test Plan as defined per the manufacture's turn up documentation
- Document network equipment configuration, as per pre-sale negotiations, and provide a written copy to Customer.
- Additional Responsibilities
Customer has an existing Norstar and want to upgrade to a Norstar ICS and add CallPilot voice mail. Customer would like to Verizon to provide installation, maintenance and user training on the new CallPilot voice mail system.

Customers address is as follows:

Village of Chatham
116 E. Mulberry
Chatham, IL 62629

Verizon will do the following:

- Install Nortel Norstar Modular ICS System
- Install Call Pilot with 30 Mailboxes and Auto Attendant
- Install PRI into Norstar System
- Install (11) new wiring runs for (10) T7208 & (1) Polycom Conference phone
- Provide user training on Call Pilot Voice Mail

STATEMENT OF WORK

Verizon will ensure the phones are able to perform the following:

- Make sure phones can make and receive internal calls
- Make sure phones can retrieve voicemail.
- Make sure phones can make and receive external calls.

Customer wants 24 x 7 Norstar maintenance.

1.3. Customer Responsibilities

- Provide a Single Point of Contact (SPOC) to resolve implementation issues and to participate in the kickoff discussion, schedule coordination, and acceptance testing. Customer shall provide the name and contact information of such individual to Verizon in writing.
- Provide at least one analog (voice) telephone line near the new hardware (<15ft), for use during installation.
- Assume responsibility for hardware, software and memory compatibility issues related to existing equipment.
- Prior to installation, perform back up of any involved device, including drivers, applications, and operating systems as required
- Be responsible for providing licensed copies of operating system and applications software should they need to be re-installed during the installation, as applicable. Customer is responsible for installation or re-installation of any software not provided by Verizon on this project.
- Control all activities associated with the existing customer equipment, including changes, additions or deletions of devices made by any non-Verizon provided technicians.
- Provide prompt physical and electronic access to all areas/devices where Verizon will install equipment. NOTE: Wait time in excess of 30 minutes may result in a time and material charge.
- Additional Responsibilities
Make sure proper grounding is in place.

1.4. Change Order Request

Customer may request changes in, or additions to, the work being provided hereunder by completing the Verizon Change Order form, which Verizon will provide to Customer at the time of the change request. Requested changes will be facilitated to the extent feasible. If Verizon determines that such changes will cause an increase or decrease in the cost of or time required for performance of the work, Verizon will advise Customer thereof and such adjustments shall be reflected in the Verizon Change Order form. The Verizon Change Order form shall not become effective unless and until it is agreed to and executed by Customer and Verizon. Verizon will initiate changes to the project that affect cost or significantly affect schedule using the Verizon Change Order procedure.

1.5. Acceptance Testing

Verizon and Customer will perform acceptance testing at the time of installation. If Customer fails to provide access for Verizon to perform acceptance testing, or fails to participate in acceptance testing within 5 business days of being notified by Verizon that a site is ready for acceptance, the site(s) shall be deemed accepted by Customer and will be invoiced as though acceptance testing had been actually performed. A Customer signature on the Certificate of Acceptance, as set forth in Exhibit B or other Verizon standard acceptance documents, signifies that all deliverables have been completed for the site. Verizon and Customer acknowledge and agree that this SOW accurately sets forth the Services that Verizon will provide to Customer, and is signed by an authorized representative of Customer and Verizon.

AGREED AND ACCEPTED:

Customer

Verizon Select Services Inc.

By: _____

By: _____

STATEMENT OF WORK

Name: _____ **Name:** _____
Title: _____ **Title:** _____
Date: _____ **Date:** _____

STATEMENT OF WORK

Exhibit A

List of Identified Project Work Sites

Company Name	Contact	Address	Phone/ Fax	Site Type
Village of Chatham	Dell McCord	116 E. Mulberry Chatham, IL 62629	715-623-5768	Single

STATEMENT OF WORK

Exhibit B

Certificate of Acceptance

Certificate of Delivery and Installation of Verizon's Services

The undersigned hereby certifies that all Services provided under this Statement of Work have been delivered to the undersigned and that the Services are hereby accepted by site. The undersigned further certifies that he/she has, or has been delegated, the authority to accept the Services.

Site Name	Acceptance Date	Customer Representative Title

System Agreement

This System Agreement ("Agreement"), effective as of the _____ day of September, 2007, is made by and between

A. Verizon Entity Name ("Verizon"): Verizon Business Financial Management Corporation on behalf of Verizon Select Services Inc.	B. Customer Name ("Customer") Village of Chatham
Address: 22001 Loudoun County Parkway	Address: 116 E. Mulberry
City: Ashburn State: VA Zip Code: 20147	City: Chatham State: IL Zip Code: 62629
Contact Name and Phone Number: Gary Seymour - 303-305-5075	Customer Billing Address (if different):
Quote Number (if applicable) <u>8-2VXBKT</u>	City: State: Zip Code:
	Contact Name and Phone Number: Dell McCord - 217-341-3419

<p>C. Select all applicable options:</p> <p> <input type="checkbox"/> New System/Service Sale <input checked="" type="checkbox"/> Adds/Upgrade to Existing System <input checked="" type="checkbox"/> Installation Services </p> <p>VERIZON MAINTENANCE SERVICES</p> <p> <input type="checkbox"/> Data Maintenance Next Business Day Remote <input type="checkbox"/> Data Maintenance 4-Hour Remote <input type="checkbox"/> Data Maintenance 4-Hour On-Site <input type="checkbox"/> Data Maintenance 8-Hour On-Site <input type="checkbox"/> Video Central Support Next Business Day On-Site <input type="checkbox"/> Video Central Support Next Business Day Remote <input type="checkbox"/> Connectivity Assurance <input type="checkbox"/> IP Phones Next Business Day <input type="checkbox"/> IP Telephony Application Server Platform 4-Hour Remote <input type="checkbox"/> IP Telephony Application Server Platform 4-Hour On-Site <input type="checkbox"/> IP Telephony Application Server Platform 8-Hour On-Site <input type="checkbox"/> IP Telephony Software Support <input type="checkbox"/> IP Telephony Software Support with Upgrades <input type="checkbox"/> Integrated Maintenance Software Support <input type="checkbox"/> Integrated Maintenance Software Support with Upgrades <input type="checkbox"/> Integrated Maintenance 8x5x4 Advance Replacement <input type="checkbox"/> Integrated Maintenance 8x5x4 On-Site Support <input type="checkbox"/> Integrated Maintenance 8x5 Next Business Day Advance Replacement <input type="checkbox"/> Integrated Maintenance 8x5 Next Business Day On-Site Support </p>	<p>Verizon Maintenance Services Cont'd.</p> <p> <input type="checkbox"/> Integrated Maintenance 24x7x2 Advance Replacement <input type="checkbox"/> Integrated Maintenance 24x7x4 Advance Replacement <input type="checkbox"/> Integrated Maintenance 24x7x2 On-Site Support <input type="checkbox"/> Integrated Maintenance 24x7x4 On-Site Support <input type="checkbox"/> 8x5 Switch & Phones <input type="checkbox"/> 8x5 Switch & Proprietary Phones <input type="checkbox"/> 8x5 Switch Only <input type="checkbox"/> 8x5 Ancillary/Auxiliary Equipment <input type="checkbox"/> 8x5 Nortel Norstar <input type="checkbox"/> 8x5 NEC Electra Elite <input type="checkbox"/> 8x5 Business Communication Manager <input type="checkbox"/> 8x5 Centrex CPE <input type="checkbox"/> 24x7 Switch & Proprietary Phones <input type="checkbox"/> 24x7 Switch Only <input type="checkbox"/> 24x7 Ancillary/Auxiliary Equipment <input checked="" type="checkbox"/> 24x7 Nortel Norstar <input type="checkbox"/> 24x7 NEC Electra Elite <input type="checkbox"/> 24x7 Business Communication Manager <input type="checkbox"/> 24x7 Voice Service Plus <input type="checkbox"/> 24x7 Centrex CPE <input type="checkbox"/> Software Release Subscription (SRS) <input type="checkbox"/> On-Site Technician <input type="checkbox"/> Supplemental Warranty Coverage (extends the standard warranty to 24 hour coverage for major failures during the warranty period) <input type="checkbox"/> Other </p>
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System Agreement

Verizon Maintenance Services Cont'd.

Third Party Maintenance Services - Maintenance will be provided in accordance with the vendor's terms and conditions and except for payment, warranty, and limitation of liability, the terms and conditions of the Agreement shall not apply to such maintenance services.

- Nortel Extended Service
- Cisco SmartNet
- Other:

D. Payment Options:

- Cash Purchase
- Lease/Financing
 - Verizon Credit Inc.
 - Third Party Lease/Financing _____ (must have prior written approval of Verizon)
- E-Rate/USF Funding Application No. _____
- Tax Exempt No.

E. The total price of the System and/or services being purchased by the Customer is:

System Price	\$ <u>14,725.54</u>
Professional Services Price	\$ _____
Security Solutions Services Price	\$ _____
Maintenance Service	
Voice Maintenance Service for <u>3</u> Year(s)	\$ <u>1,991.45</u>
Managed Network Solutions Service for _____ Year(s)	\$ _____
Third Party Maintenance Service for _____ Year(s)	\$ _____
Supplemental Warranty Coverage	\$ _____
Applicable taxes (estimated)	\$ _____
TOTAL PRICE	\$ <u>16,716.99</u>
Down Payment	\$ _____
Balance Due	\$ <u>16,716.99</u>

Customer Initials



System Agreement

F. Maintenance Service Billing Option:

Pre-paid Billing: 3 years \$1,991.45

(Annual Rate)

Deferred Billing (deferred until warranty expiration):

_____ years

\$_____ (Year 1)

\$_____ (Year 2)

\$_____ (Year 3)

\$_____ (Year 4)

\$_____ (Year 5)

Bill deferred payment (check one): annually semi-annually quarterly monthly

G. Attachments

- Addendum for Equipment/Services Subject to E-Rate Funding
- Call Center Software, Support and Professional Services Exhibit
- Equipment Sales and Installation Exhibit
- Managed Network Solutions Exhibit
- Professional Services Exhibit
- Quote
- Service Plan Description(s)
- Statement of Work
- Voice Maintenance Exhibit

THE TERMS AND CONDITIONS OF THIS AGREEMENT CONTINUE ON THE FOLLOWING PAGES

Customer Initials



System Agreement

1. Scope of Agreement. Subject to the terms and conditions of this Agreement, Verizon will provide Customer, either directly or in conjunction with such subcontractors as it may select, the equipment, software, installation services, maintenance and/or professional services (hereinafter collectively the "System") as described in this Agreement and as further described in a Statement of Work and any Exhibit attached hereto.

1.1 For Equipment Sale and Installation Services: Verizon will provide and, if applicable, install the equipment as set forth in the applicable quote and the Equipment and Installation Services Exhibit.

1.2 For Maintenance Services: Verizon will provide the maintenance services as set forth in the applicable quote and the Call Center Software, Support and Professional Services Exhibit, the Maintenance Services Exhibit and/or the Managed Network Solutions Exhibit.

1.3 For Professional Services: Verizon will provide the professional services as set forth in the applicable quote and the Professional Services Exhibit.

All applicable Statements of Work and Exhibits attached hereto are incorporated herein and made a part of this Agreement.

2. Fees and Payment.

2.1 Customer will pay all fees for the System as set forth on Pages 2 and 3 of this Agreement and the applicable quote or Statement of Work, subject to additions and deductions made by written Change Order(s). Customer is responsible for applicable taxes, shipping, handling, telecommunication surcharges and other charges applicable to the equipment and/or services provided under this Agreement. Customer agrees either to pay to Verizon the amount of all applicable taxes (as determined by tax authorities) or to provide upon execution of this Agreement evidence of exemption acceptable to Verizon.

2.2 Payments are due within thirty (30) days of receipt of the invoice ("Due Date") and any payment not received by the Due Date shall be subject to a late payment charge of the lesser of one and one-half percent (1.5%) per month and the maximum amount allowed by law. Late payment charges will be assessed monthly against the amount due. Should Customer dispute an amount invoiced, Customer shall pay the undisputed portion of that invoice and promptly notify Verizon in writing of the amount and nature of the dispute and the parties shall cooperate to resolve the dispute pursuant to Section 15 of this Agreement. Verizon reserves the right to suspend or terminate any or all Services or terminate the provision, installation or repair of any or all equipment subject to this Agreement immediately if Customer is more than sixty (60) days overdue for payments that have not been disputed in good faith.

2.3 The down payment listed on Page 2 of this Agreement shall be paid at execution of this Agreement. The balance due shall be paid in accordance with the terms of this Section unless otherwise specified in a Statement of Work.

3. Term and Termination. This Agreement shall be effective as of the date first set forth above and shall continue in full force and effect until terminated in accordance with this Agreement.

3.1. Either party may, upon written notice, immediately suspend its performance of and/or terminate the affected service or equipment order to which the deficiency pertains in the event the other party (i) fails to perform material terms of this Agreement and (a) such failure is not cured within thirty (30) calendar days following receipt of a default notice in writing from the other party, or (b) if such failure cannot reasonably be cured during that time and the defaulting party fails to use commercially reasonable efforts to cure such breach as soon as practicable, but in any event within ninety (90) calendar days following written notice; (ii) engages in fraud, criminal conduct or willful misconduct in connection with the business relationship of the parties; or (iii) becomes insolvent, ceases doing business in the ordinary course, enters bankruptcy proceedings or effects an assignment for the benefit of creditors. In the event Verizon terminates this Agreement pursuant to this Section 3.1, Customer shall promptly pay Verizon for the System and any services provided up to the date of termination. In the event Customer defaults under this Agreement, Customer's down payment shall be non-refundable.



System Agreement

3.2. Either party may terminate this Agreement or a Statement of Work for convenience, in whole or in part, upon thirty (30) days prior written notice to the other party. If this Agreement or a Statement of Work is terminated by Customer pursuant to this Section, or if an order under this Agreement is cancelled by Customer, Verizon shall have no further responsibility under this Agreement, Statement of Work or such order, as applicable, and Customer shall promptly pay Verizon:

3.2.1. for all equipment and services provided up to the date of termination or cancellation, as applicable;

3.2.2. for all expenses incurred up to the date of termination or cancellation, as applicable, including but not limited to the costs of terminating purchase orders, return of equipment and/or software, removal of equipment and/or software and other contractual obligations made by Verizon to meet its obligations under this Agreement or Statement of Work, plus a restocking fee of twenty-five percent (25%) of the cost of any equipment cancelled or returned.

3.3. Where multiple Statements of Work are associated with this Agreement, the termination of one or fewer than all of the Statements of Work shall only affect the terminated Statement(s) of Work. The remaining Statement(s) of Work shall remain in effect.

3.4. Verizon reserves the right to suspend performance under this Agreement or a Statement of Work if required, in Verizon's sole discretion, by regulation, statute, judicial action or other applicable legal requirement.

3.5. Verizon reserves the right to amend the rates, terms and conditions of Service under this Agreement to be effective upon the commencement of any renewal term and without formal amendment of this Agreement by providing Customer written notice thereof prior to the expiration of the then-current term. If Customer is unwilling to accept such amended rates, terms and conditions, Customer shall provide Verizon written notice thereof prior to the expiration of the then-current term, in which event the Service shall terminate upon expiration of the then-current term.

3.6. Termination of this Agreement shall not relieve either party of its respective obligations to comply with all terms of this Agreement that expressly call for performance prior or subsequent to the termination date, including without limitation the parties' respective obligations to protect proprietary and confidential information.

4. **Purchase Order.** The parties acknowledge that a Customer purchase order or similar document is intended solely to evidence Customer's intention to purchase equipment, software and/or services set forth therein. Except with respect to a provision in a Customer purchase order or similar document evidencing an intent to be bound by the terms and conditions of an Agreement between Customer and Verizon, the terms and conditions of such Customer purchase order or similar document shall be disregarded and of no force or effect, it being agreed that the terms and conditions of the Agreement between Customer and Verizon shall govern.

5. **Leasing Option.** With Verizon's prior written consent Customer may finance the System or any portion thereof in a separate transaction through a third party leasing company ("Lessor") approved by Verizon, assign its rights and obligations with respect to payment under this Agreement to the Lessor, and/or cause the Lessor to issue a purchase order in a form acceptable to Verizon. Notwithstanding such transaction and/or assignment, Customer shall remain responsible for performance of all of its obligations under this Agreement, including payment in full.

6. **Risk of Loss.** If Verizon installs the System, risk of loss or damage to the System passes to Customer on delivery of the System (including portions thereof) to Customer's site. If Verizon does not install the System, risk of loss or damage to the System (or portions thereof) passes to Customer upon delivery to the carrier.

7. **Title and Security Interest.** Until full payment has been rendered, Customer grants Verizon a purchase money security interest in the System, and agrees to execute all documents necessary to perfect that interest and, to the extent permitted by law, grants Verizon a special power-of-attorney for the purpose of executing the necessary documents. Upon final payment, title shall pass to Customer and Verizon will release its security interest. Customer will not grant or convey to any other person or entity a security interest in, or permit placement of a lien on, the System unless and until Customer has paid Verizon in full for such System.

8. **Software.** Software provided in conjunction with the System is licensed to Customer under the license provided by the software publisher or by the equipment manufacturer with which the software is provided.



System Agreement

Customer shall, if required, execute a separate software license agreement in a form satisfactory to the software publisher or equipment manufacturer.

9. Customer Responsibilities. Customer will:

- 9.1. Allow Verizon access for installation, inspection, testing, maintenance and repair of the System and performance of any required activity.
- 9.2. Provide suitable building facilities for the System in accordance with local codes, including but not limited to ducting, conduit, structural borings, etc. for cable and conductors in floors, ceilings and walls; electrical service with suitable terminals and power surge protection devices; and metallic grounds with sufficient slack in the equipment room, installed in conformity with the National Electrical Code and local codes.
- 9.3. Provide necessary heating, cooling, humidity and dust control as required by manufacturer specifications.
- 9.4. Remove existing equipment or cable that interferes with System installation.
- 9.5. Identify and disclose to Verizon concealed equipment, wiring or conditions that might be affected by or might affect the installation of the System. Customer shall defend and hold Verizon harmless from any claim, damage or liability resulting from a failure to disclose this information.
- 9.6. Authorize Verizon, at Customer's expense, to make service requests upon third parties for System interconnection requirements, including obtaining telephone service for testing where necessary.
- 9.7. Designate trash deposit points on each floor on which the System is to be installed where Verizon will place waste for removal by Customer.
- 9.8. Cooperate with Verizon's requests for assistance in testing or installation.
- 9.9. Be responsible for providing adequate back-up of data and for restoring data to repaired equipment.
- 9.10. If the System is to be connected to the public network, be solely responsible for selection, implementation and maintenance of security features for defense against unauthorized long distance calling, and for payment of long distance, toll and other telecommunications charges incurred through use of the System.
- 9.11. Immediately notify Verizon of any anticipated delay in building availability or inability to meet any of the above listed requirements.

10. Changes In/Additions to System.

10.1 Customer may order additional equipment, software, and/or services pursuant to a written Amendment, Customer purchase order or similar document, and such order shall be governed by this Agreement, including without limitation Section 4, and shall specifically reference this Agreement.

10.2 Customer shall also have the right, by written notice, to propose changes in the System under this Agreement and any Statement of Work ("Change Orders") and Verizon shall comply to the extent it deems feasible and reasonable. If Verizon determines that such changes cause an increase or decrease in the cost of or time required for performance, Verizon shall advise Customer and such adjustments shall be reflected in a written Change Order. Should Verizon encounter, in installing the System, any concealed or unknown condition not expressly set forth in the applicable Statement of Work, which condition affects the price or schedule for installation of the System, the price and/or the schedule shall be equitably adjusted by Change Order to cover all costs, including but not limited to labor, equipment, materials and tools necessary to carry out the change.

10.3 No Change Order shall become effective as a part of this Agreement and the applicable Statement of Work, and no changes in the System shall be initiated, until the Change Order is mutually agreed upon in writing. Verizon shall not be obligated to consider or accept any Change Order that results in a decrease of more than twenty percent (20%) in the total price of the System. Verizon may also propose changes in or additions to the System, and may proceed with such changes upon execution by Customer and Verizon of a written Change Order.

11. **Warranty.** Verizon warrants that it will perform the services provided under this Agreement in a good and workmanlike manner. Unless otherwise set forth in an Exhibit, all manufacturers'/publishers' warranties for equipment and/or software provided hereunder are passed through to Customer and warranty claims shall be presented by Customer directly to the manufacturer/publisher.

THE WARRANTIES SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES FROM VERIZON, UNLESS OTHERWISE STATED IN AN EXHIBIT. OTHERWISE VERIZON DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ANY



System Agreement

WARRANTY OF NON-INFRINGEMENT AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. VERIZON SHALL NOT BE LIABLE FOR UNAUTHORIZED ACCESS TO VERIZON'S OR CUSTOMER'S TRANSMISSION FACILITIES OR PREMISES EQUIPMENT OR FOR UNAUTHORIZED ACCESS TO OR ALTERATION, THEFT OR DESTRUCTION OF CUSTOMER'S DATA FILES, PROGRAMS, PROCEDURES OR INFORMATION THROUGH ACCIDENT, FRAUDULENT MEANS OR DEVICES, OR ANY OTHER METHOD. VERIZON MAKES NO WARRANTY FOR USE OF THE SYSTEM AS A COMPONENT IN LIFE SUPPORT SYSTEMS OR DEVICES, PUBLIC SAFETY SYSTEMS, OR WITH RESPECT TO THE PERFORMANCE OF ANY SOFTWARE OR FIRMWARE.

12. Limitation of Liability. EXCEPT FOR PAYMENTS OWED UNDER THIS AGREEMENT, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES, WHETHER ARISING IN CONTRACT, TORT (INCLUDING A PARTY'S NEGLIGENCE) OR OTHERWISE, INCLUDING WITHOUT LIMITATION DAMAGES ARISING FROM DELAY, LOSS OF GOODWILL, LOSS OF OR DAMAGE TO DATA, LOST PROFITS (ACTUAL OR ANTICIPATED), UNAVAILABILITY OF ALL OR PART OF THE SYSTEM, OR OTHER COMMERCIAL OR ECONOMIC LOSS, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

EXCEPT WITH RESPECT TO THE INDEMNIFICATION OBLIGATIONS SET OUT IN SECTION 13, VERIZON'S ENTIRE LIABILITY FOR ANY OTHER DAMAGE WHICH MAY ARISE HEREUNDER, FOR ANY CAUSE WHATSOEVER, AND REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT, INCLUDING VERIZON'S NEGLIGENCE, OR OTHERWISE, SHALL BE LIMITED TO THE PURCHASE PRICE OF THE SPECIFIC EQUIPMENT, SOFTWARE OR SERVICES GIVING RISE TO THE CLAIM. VERIZON SHALL BEAR NO LIABILITY FOR USE OF EQUIPMENT, SOFTWARE OR SERVICES PROVIDED UNDER THIS AGREEMENT IN CONNECTION WITH LIFE SUPPORT SYSTEMS OR DEVICES OR PUBLIC SAFETY SYSTEMS. EXCEPT AS EXPRESSLY STATED OTHERWISE HEREIN, VERIZON SHALL HAVE NO LIABILITY OR RESPONSIBILITY FOR INTEROPERABILITY OR COMPATIBILITY OF THE SYSTEM WITH THIRD-PARTY PRODUCTS OR SYSTEMS THAT CUSTOMER MAY UTILIZE IN CONJUNCTION WITH THE SYSTEM OR TO WHICH CUSTOMER MAY CONNECT THE SYSTEM.

13. Indemnification and Defense.

13.1 Except as provided below, Verizon will defend Customer against any claim, suit, action or proceeding alleging that equipment supplied by Verizon to Customer under this Agreement ("Verizon supplied equipment") infringes a valid U.S. patent or copyright ("Claim"), and Verizon will indemnify and hold harmless Customer against any and all finally awarded costs and expenses, including attorneys' fees, in connection with any such Claim.

13.2 If the use of any Verizon supplied equipment is enjoined or subject to a Claim as described above, Verizon may, at its option and expense, either procure for Customer the right to continue to use the equipment, replace the equipment, or relevant component, with substantially equivalent, non-infringing equipment, or relevant component, or modify the equipment, or relevant component, so that it becomes non-infringing. In the event that none of the foregoing options is commercially reasonable to Verizon, Verizon will remove the infringing Verizon supplied equipment and refund to Customer the purchase price for the equipment less depreciation for its use. Depreciation shall be calculated on a straight-line basis, assuming a useful life of five (5) years.

13.3 Verizon shall have no obligation for (a) any costs, fees or expenses incurred by Customer without Verizon's prior written consent; (b) any allegation, assertion, or claims of intellectual property infringement, including contributory infringement or inducement to infringe, arising out of or related to any Claim: (i) automated call processing, automated voice service, automated customer service or combined live operator/automated systems processing used in processing or completing calls, (ii) automated bridging of more than two callers utilizing some form of "listen only" (unilateral) communication combined with some form of interactive communication, (iii) prepaid calling products or services, (iv) wireless telecommunications services or support therefor, or (v) "music on hold," service; or (c) any indirect, special, consequential or incidental damages arising out of any Claim.



System Agreement

13.4 Any obligation on the part of Verizon to defend and indemnify shall not apply to any Claim or portion thereof that arises from (i) any negligent or willful act or omission by or attributable to Customer; (ii) use or operation of the Verizon supplied equipment in combination with equipment or services provided by Customer or any third party; (iii) any addition to or modification of the Verizon supplied equipment by Customer, any third party or Verizon at Customer's request; (iv) use of other than the then current unaltered release of any software used in the Verizon supplied equipment; or (v) any equipment, system, product, process, method or service of Customer which otherwise infringed the U.S. patent or copyright asserted against Customer prior to the supply of the equipment to Customer by Verizon under the Agreement.

13.5 The foregoing states the entire obligation of Verizon to Customer and is Customer's sole and exclusive remedy with respect to any Claim of infringement of any intellectual property right of any kind, and Verizon disclaims all other warranties and obligations with respect to any such Claims.

13.6 Customer shall defend, indemnify and hold harmless Verizon, its employees, officers, directors, agents and affiliates for damages, costs and attorneys fees in connection with any claim arising out of (a) Customer's use of the equipment provided by Verizon other than as expressly indemnified by Verizon pursuant to Section 13.1 of this Agreement, (b) combination of the equipment provided by Verizon with other equipment, software, products or services not provided by Verizon under this Agreement, (c) modification of the equipment provided by Verizon, or (d) arising out of the content of communications transmitted by or on behalf of Customer in the use of the services or equipment provided by Verizon, including but not limited to libel, slander, and invasion of privacy.

13.7 Each party (the "indemnitor") shall defend, indemnify, and hold harmless the other party (the "indemnitee") against all claims and liabilities for direct damages imposed on the indemnitee for bodily injuries, including death, and for damages to real or tangible personal property to the extent caused by the negligent or otherwise tortious acts or omissions of the indemnitor, its agents or employees in the course of performance of this Agreement.

13.8 The defense and indemnification obligations set forth in this Section 13 are contingent upon (1) the indemnitee providing the indemnitor prompt, written, and reasonable notice of the claims, demands, and/or causes of action subject to indemnification, (2) the indemnitee granting the indemnitor the right to control the defense of the same, and (3) the indemnitee's full cooperation with the indemnitor in defense of the claim, including providing information and assistance in defending the claim. Nothing herein, however, shall restrict the indemnitee from participating, on a non-interfering basis, in the defense of the claim, demand, and/or cause of action at its own cost and expense with counsel of its own choosing. No settlement may be entered into by the indemnitor on behalf of the indemnitee that includes obligations to be performed by the indemnitee (other than payment of money that will be fully paid by the indemnitor under Sections 13.1- 13.7 above) without indemnitee's prior written approval.

14. Confidentiality. Except as required by law or regulation, each party (the "receiving party") shall keep confidential and not disclose, directly or indirectly, to any third party any Confidential Information, as defined below, received from the other party (the "disclosing party") without the prior written consent of a duly authorized officer of the disclosing party. The disclosing party shall conspicuously mark its tangible Confidential Information as Proprietary or Confidential at the time of disclosure to the receiving party. Confidential Information that is disclosed orally will be identified by the disclosing party as Confidential Information at the time of disclosure to the receiving party. Each party shall use, copy and disclose the Confidential Information of the disclosing party solely for purposes of performing this Agreement. All Confidential Information of a party shall be and shall remain the property of such party. A party shall deliver to the disclosing party, upon written request by the disclosing party, all Confidential Information of the disclosing party then in the receiving party's possession or control, directly or indirectly, in whatever form it may be (including, without limitation, magnetic media) or certify its destruction to the disclosing party. Each party shall take all necessary and reasonable action, by instruction, agreement or otherwise, with its employees, consultants, subcontractors, affiliates, and representatives to satisfy its obligations hereunder. The receiving party's obligations hereunder with respect to confidentiality, non-disclosure and limitation of use of Confidential Information shall be for the term of the Agreement plus one (1) year. For purposes of this provision, a third party shall not include an entity which has a need to know the Confidential Information and which owns, is owned by, or is under common ownership with a party to this Agreement.

14.1 Nothing in this Agreement shall prevent either party from using or disclosing any Confidential Information that: (i) has become generally available to the public, other than through any improper action of such party, (ii) is



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already in the possession of the receiving party and not subject to an existing agreement of confidence between the parties, (iii) is received from a third party without restriction and without breach of this Agreement, (iv) is independently developed by the receiving party as evidenced by its records, or (v) is disclosed pursuant to a valid law, rule, regulation, subpoena, demand, or order of a court or other governmental body or any political subdivision thereof of competent jurisdiction (collectively "demand"); provided, however, that the receiving party shall first have given notice thereof to the disclosing party (unless prohibited by the terms of such request or requirement, or such notice is otherwise prohibited by law) in order to permit the disclosing party to seek reasonable protective arrangements.

14.2 For purposes of this Agreement, the term "Confidential Information" shall include, without limitation, all trade secrets of a party and all other information and material that relates or refers to the plans, policies, finances, corporate developments, products, pricing, sales, services, procedures, intra-corporate transactions, suppliers, prospects and customers of a party, as well as financial information relating to such suppliers, prospects and customers, and any other similar confidentiality information and material which such party does not make generally available to the public. By way of illustration, but not limitation, Confidential Information includes all computer software (including object code and source code), computer software and data base technologies, systems, structures and architectures, and the processes, formulae, compositions, improvements, inventions, discoveries, concepts, ideas, designs, methods and information developed, acquired, owned, produced, or practiced at any time by a party, and all non-public information relating to the business of such party.

15. Alternate Dispute Resolution (ADR). Any controversy, claim, or dispute ("Disputed Claim") arising out of or relating to this Agreement, except for claims relating to indemnity, infringement, or confidentiality obligations or matters relating to injunctions or other equitable relief (together "Equitable Claims"), shall be first subject to a thirty (30) day negotiation period between the parties in which each party shall disclose to the other party all such documents, facts, statements and any other information which are reasonably requested by the other party and are relevant to the dispute in question. Should such negotiations fail to resolve the dispute within thirty (30) calendar days, Disputed Claims shall be resolved by binding arbitration of a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator shall be based upon this Agreement and applicable law. The decision of the arbitrator shall be reduced to writing, shall be final and binding except for fraud, misconduct, or errors of law, and judgment upon the decision rendered may be entered in any court having jurisdiction thereof. In all arbitrations, the arbitrator must give effect to applicable statutes of limitation subject to limitation of actions terms set forth in this Agreement, and shall not be afforded any authority to award relief in excess of what this Agreement provides or to order consolidation or class arbitrations. The arbitrator shall have no authority to award punitive damages in any Disputed Claim. The parties agree that any such claims arising under this Agreement must be pursued on an individual basis in accordance with the procedure noted above. Even if applicable law permits class actions or class arbitrations, the ADR procedure agreed to herein applies and the parties waive any rights to pursue any claim arising under this Agreement on a class basis. The arbitration shall be held in a mutually agreed to location, and shall be final and binding on both parties. Each party will bear its own costs of arbitration but shall split equally the fees of the arbitration and the arbitrator.

16. Hazardous Substances. Except as disclosed to and acknowledged in writing by Verizon, Customer certifies that it is not aware of the presence of any asbestos or other hazardous substance (as defined by any applicable state, federal or local hazardous waste or environmental law or regulation) at any location where Verizon is to perform services under this Agreement. If during such performance Verizon employees or agents encounter any such substance, Customer agrees to take all necessary steps, at its own expense, to remove or contain the asbestos or other hazardous substance and to test the premises to ensure that exposure does not exceed the lowest exposure limit for the protection of workers. Verizon may suspend performance under this Agreement until the removal or containment has been completed and approved by the appropriate governmental agency and Verizon. Performance obligations under this Agreement shall be extended for the period of delay caused by said cleanup or removal. Customer's failure to remove or contain hazardous substances shall entitle Verizon to terminate this Agreement without further liability, in which event Customer shall permit Verizon to remove any equipment that has not been accepted, shall reimburse Verizon for expenses incurred in performing this Agreement until termination (including but not limited to expenses associated with such termination, such as removing equipment, terminating leases, demobilization, etc.), and shall complete payment for any portion of the System that has been accepted.

17. Force Majeure. Neither party shall be liable for any delay or failure in performance under this Agreement arising out of acts or events beyond its reasonable control, including but not limited to acts of God, war, terrorist



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acts, fire, flood, explosion, riot, embargo, acts of the Government in its sovereign capacity, labor disputes, unavailability of equipment, software or parts from vendors, or changes requested by Customer. The affected party shall provide prompt notice to the other party and shall be excused from performance to the extent of such caused delays or failures, provided that the party so affected shall use reasonable efforts to remove such causes of such delays or failures and both parties shall proceed whenever such causes are removed or cease. If performance of either party is prevented or delayed by circumstances as described in this section for more than ninety (90) days, either party may terminate the affected Service or Statement of Work. Notwithstanding the foregoing, Customer shall not be relieved of its obligation to make any payments, including any late payment charges as provided in Section 2.2, above, that are due to Verizon hereunder.

18. Assignment. Neither party may, without the prior written consent of the other party, assign or transfer its rights or obligations under this Agreement; consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Verizon may, without prior notice, assign this Agreement, in whole or in part, to any Verizon affiliate or to any successor entity upon the merger, reorganization, consolidation or sale of all or substantially all of Verizon's assets associated with the equipment or Services provided pursuant to this Agreement. For purposes of this Section, "affiliate" shall mean a person or entity that directly or indirectly controls, is controlled by, or is under common control with Verizon. Any attempt to assign this Agreement in contravention of this Section shall be void and of no force and effect.

19. Governing Law. This Agreement shall be governed by the substantive laws of the State of Delaware, without regard to its choice of law principles.

20. Non-Waiver/Severability. Either party's failure to enforce any of the provisions of this Agreement or to exercise any right or option is not a waiver of any such provision, right, or option, and shall not affect the validity of this Agreement. Any waiver must be written and signed by the parties. If any provision of this Agreement or the provision of any Service or equipment under the terms hereof is held to be illegal, invalid, or otherwise prohibited under applicable law or regulation in any State or jurisdiction, then this Agreement shall be construed as if not containing such provision or not requiring the provision of such invalid, illegal, or prohibited Service or equipment in such State or jurisdiction.

21. Publicity. Except as required by law, the parties shall keep this Agreement confidential and shall not disclose this Agreement or any of its terms without the other party's written consent. Neither party shall use any trademark, trade name, trade dress or any name, picture or logo which is commonly identified with the other party or its affiliates, or from which any association with such party or its affiliates may be inferred or implied, in any manner, including but not limited to advertising, sales promotions, press releases or otherwise, without the prior written permission of such party. Notwithstanding any contrary term in this Agreement, the parties may issue or permit issuance of a press release or other public statement concerning this Agreement, provided, however, that no such release or statement shall be published without the prior mutual consent of the parties.

22. Notices. All notices or other communication given or required by either party to the other under this Agreement shall be deemed to have been properly given if hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile with confirmation of receipt or by overnight courier. Such notices and communications shall be deemed effective upon receipt. If to Verizon, notices should be sent to Verizon Business Services, 6415-6455 Business Center Drive, Highlands Ranch, CO 80130, Attn: Customer Service (Email: notice@verioznbusiness.com) with a copy to Verizon Business Services, 22001 Loudoun County Parkway, Ashburn, VA 20147, Attn: Vice President, Legal, and if to Customer to the address specified on the cover sheet. Such address may be changed by either party by notice sent in accordance with this Section.

23. Limitation of Actions. A party may bring no action or demand for arbitration arising out of this Agreement more than two (2) years after the cause of action has accrued. The parties waive the right to invoke any different limitation on the bringing of actions under state law.

24. Compliance with Laws. Each party shall comply with the provisions of all applicable federal, state, and local laws, ordinances, regulations and codes in its performance under this Agreement or any Statement of Work, including without limitation the export laws of the United States or any country in which Customer receives equipment, software or services.



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25. Independent Contractor Relationship; No Agency. Each party understands and agrees that it and its personnel are not agents or employees of the other party, and that each party is an independent contractor hereunder for all purposes and at all times. Neither party has the right or authority to, and shall not, assume or create any obligation of any nature whatsoever on behalf of the other party or bind the other party in any respect whatsoever. Each party shall indemnify, hold harmless and defend the other against any liabilities, claims, losses and damages (including costs, expenses and reasonable attorneys' fees) arising out of its failure to comply with this provision and any laws, rules or regulations applicable thereto.

26. Interpretation. The Agreement shall not be construed or interpreted for or against any party hereto because that party drafted or caused that party's legal representative to draft any of its provisions.

27. Headings. The Section headings used herein are for reference and convenience only and shall not enter into the interpretation of this Agreement.

28. Modifications. This Agreement may only be amended, changed, waived or modified in a written document that is signed by both parties.

29. Entire Agreement. This Agreement, together with any Statement of Work hereunder and any Exhibit hereto, constitutes the entire agreement between the parties pertaining to the subject matter herein and supercedes all prior oral and written proposals, correspondence and memoranda with respect thereto, and no representations, warranties, agreements or covenants, express or implied, of any kind or character whatsoever with respect to such subject matter have been made by either party to the other, except as expressly set forth in this Agreement. In the event of conflicts among the terms of this Agreement, a Statement of Work and/or an Exhibit, the following order of precedence shall apply: the Exhibit, this Agreement, and the Statement of Work.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed. Each party warrants and represents that its respective representative whose signature appears below have been and are on the date of signature duly authorized to execute this Agreement and that each party has the authority to enter into this Agreement.

Verizon Business Financial Management Corporation or Verizon Business Network Services, Inc. on behalf of Verizon Select Services, Inc.

Customer: Village of Chatham

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

By: *Pat Schad*
Print Name: PAT SCHAD
Title: VILLAGE CLERK
Date: 9-25-07





201 N. Franklin Street
Suite 3300
Tampa, FL 33602

Phone: (813) 229-4890
Fax: (813) 229-4884

September 20, 2007

DEL MCCORD
VILLAGE OF CHATHAM
116 EAST MULBERRY
CHATHAM, IL, 62629

RE: Municipal Lease Documentation

Dear DEL MCCORD:

We appreciate the opportunity to do business with VILLAGE OF CHATHAM. Enclosed, are the documentation requirements for the transaction, with a detailed instruction sheet to assist you in properly completing and executing the documents. After completion and execution, please return the documents to my attention at the above letterhead address.

Please call me at (813) 229-6000 with any questions or concerns regarding this letter or the enclosed package.

Sincerely,

VERIZON CREDIT INC.

Alison Winters
Credit Analyst

Enclosures

VERIZON CREDIT INC.

INSTRUCTIONS FOR DOCUMENT COMPLETION

Master Equipment Lease-Purchase Agreement and Schedule

Attached please find the following documents:

1. Master Equipment Lease-Purchase Agreement:

An authorized signer must sign and date the last page of this document under your organization's name as Lessee and initial pages 1-8.

2. Schedule to the Master Lease

An authorized signer must sign and date on the last page under your organization's name as Lessee. Please also provide your tax-exempt identification number, if applicable.

3. Exhibit 1 – Insurance Coverage Requirements

Please circle the appropriate number on Exhibit 1 and complete as requested. An authorized signer must sign and date the completed form.

4. Exhibit 3 – Incumbency Certificate of Lessee

This document identifies the authorized signers for your organization with respect to the Lease, as well as providing a sample of their signatures. Please complete as required. You may not self-certify, meaning that someone other than the authorized signers, such as the secretary of your organization, must sign and date the document on behalf of the Lessee.

5. Exhibit 5 – Certificate of Acceptance

Please sign, date and return the Certificate of Acceptance upon satisfactory installation of the equipment.

6. Exhibit 5 – Attachment 1 – Rental Payment Schedule

This attachment will be completed and returned to you upon our receipt of the signed and dated Certificate of Acceptance.

7. Exhibit 5 – Attachment 2 – IRS Form 8038-G or 8038-GC, as appropriate.

Please read the Instructions for Form 8038G/GC, complete the Form as instructed, and file the original with the IRS as required. Please send a completed, signed copy of the Form to us.

**INSTRUCTIONS
FOR DOCUMENT COMPLETION - Continued**

Master Equipment Lease-Purchase Agreement and Schedule

8. Exhibit 6 – Evidence of Exemption from State & Local Taxes

Please provide evidence of your organization's exemption from state and local taxes, if applicable.

9. Exhibit 7 – Tax Certificate of Lessee

Please have an authorized signer complete, sign and date this form.



VERIZON CREDIT INC.

MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT
(For Use with State and Local Governments)

Master Equipment Lease – Purchase

Agreement Date: _____

VILLAGE OF CHATHAM (Lessee)

Address: 116 EAST MULBERRY.

City/State/Zip: CHATHAM, IL, 62629

Telephone: (217)483-2451

VERIZON CREDIT INC. (Lessor)

201 North Franklin St., Suite 3300

Tampa, FL 33602

For and in consideration of the mutual promises and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** Unless the context otherwise clearly requires, the following terms shall have the respective meanings set forth below for all purposes of this Agreement, each Schedule and each Lease:

“Additional Payments” means any amounts (other than Rental Payments) required to be paid by Lessee pursuant to the terms of each Lease.

“Agreement” means this Master Equipment Lease-Purchase Agreement, as supplemented and amended from time to time as herein provided.

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

“Certificate of Acceptance” means, with respect to each Schedule, a certificate that Lessee delivers to Lessor upon Lessee’s receipt and acceptance of the Equipment described in such Schedule and pursuant to which Lessor is directed by Lessee to, and against which Lessor does, allocate funds to pay the Purchase Price for such Equipment. Each Certificate of Acceptance with respect to a Schedule shall be in substantially the form attached as *Exhibit 5* to such Schedule, shall be completed, executed and delivered by Lessee to Lessor as provided in Paragraph 9 of this Agreement and shall have a Rental Payment Schedule and, with respect to a Tax-Exempt Lease only, Internal Revenue Service information reporting return attached thereto.

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

“Determination of Taxability” means any determination, decision or decree by the Commissioner of Internal

Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction, or an opinion obtained by Lessor, of counsel qualified in such matters and reasonably acceptable to the Lessee, that an Event of Taxability shall have occurred. A Determination of Taxability also shall be deemed to have occurred on the first to occur of the following:

(a) the date when the Lessee files any statement, supplemental statement, or other tax schedule, return or document, which discloses that an Event of Taxability shall have occurred;

(b) the date when Lessor or Lessee shall be advised by the Commissioner of Internal Revenue or any District Director of Internal Revenue that an Event of Taxability shall have occurred; or

(c) the effective date of any Federal legislation enacted after the date of this Agreement that causes an Event of Taxability.

“Equipment” means (a) the equipment, vehicles, computer hardware and software (subject to any applicable software license agreement) and other tangible and intangible personal property (including maintenance and other support service agreements) identified in each Schedule, (b) any property acquired in substitution, renewal, repair or replacement for or as additions, improvements, accessions and accumulations to any of such equipment, vehicles, computer hardware and software (including later versions, updates, upgrades and modifications) and other personal property and (c) any accessories, parts and appurtenances appertaining or attached to any of such equipment, vehicles, computer hardware and software and other personal property or from time to time incorporated therein or installed thereon.

“Event of Default” is defined in Paragraph 24 of this Agreement.

“Event of Nonappropriation” means a nonrenewal of the term of a Lease by Lessee, determined by the failure or refusal of the governing body of Lessee to appropriate monies sufficient to pay the Rental Payments and reasonably estimated Additional Payments for the next succeeding Renewal Term as provided in such Lease.

"Event of Taxability" with respect to any Rental Payment means:

(i) the application of the proceeds of the Lease in such manner that such Lease becomes an "arbitrage bond" within the meaning of Code section 103(c), and with the result that the interest portion of Rental Payments on such Lease is or becomes includable in Lessor's gross income (as defined in Code section 61); or

(ii) if as the result of any act, failure to act or use of the proceeds of any Lease or any misrepresentation or inaccuracy in any of the representations, warranties or covenants contained in any Agreement by Lessee or the enactment of any Federal legislation after the date of this Agreement, the interest portion of any Rental Payment is or becomes includable in Lessor's gross income (as defined in Code section 61).

"Fiscal Period" means the annual or biennial period used from time to time by Lessee for its financial accounting and budgeting purposes.

"Initial Term" means, with respect to each Lease, the period determined as provided in Paragraph 3 hereof.

"Lease" means, collectively, (a) a Schedule and the terms of this Agreement which are incorporated by reference into such Schedule, (b) the Certificate of Acceptance relating to such Schedule, together with the Attachments to such Certificate of Acceptance, and (c) each Addendum that describes this Agreement or the Lease to which such Addendum relates.

"Legally Available Funds" means funds that the governing body of Lessee duly appropriates or are otherwise legally available for the purpose of making Payments under each Lease.

"Lessee" means the entity referred to as Lessee in the heading for this Agreement.

"Lessor" means (a) the entity referred to as Lessor in the heading for this Agreement or (b) any assignee or transferee of any right, title or interest of Lessor in and to any Lease (including Rental Payments and the Equipment thereunder) pursuant to Paragraph 27 hereof, but does not include any entity solely by reason of that entity retaining or assuming any obligation of Lessor to perform under any Lease.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

"Payments" means, with respect to each Lease, the Rental Payments and the Additional Payments thereunder, collectively.

"Prepayment Option Amount" means, with respect to each Lease, the amount determined pursuant to such Lease at which Lessee may prepay the aggregate principal component of Rental Payments thereunder on any Rental Payment date provided in such Lease for which a Prepayment Option Amount is identified under the column titled "PREPAYMENT OPTION AMOUNT" on the related Rental Payment Schedule prior to the scheduled payment of all Rental Payments to be paid under such Lease for the Equipment therein identified.

"Purchase Price" means, with respect to each

Schedule, the total cost of the Equipment described in the Certificate of Acceptance related to such Schedule, including all delivery charges, installation charges, capitalizable consulting and training fees, legal fees, financing costs, motor vehicle registration fees, recording and filing fees and other costs necessary to vest full, clear legal title to such Equipment in Lessee, subject to the security interest granted to and retained by Lessor as set forth in the related Lease, and otherwise incurred in connection with the financing provided by the lease-purchase of the Equipment as provided in such Lease.

"Renewal Term" means, with respect to each Lease, each successive period, in addition to the applicable Initial Term, that is coextensive with Lessee's Fiscal Period and for which Lessee has extended the term of such Lease as provided therein.

"Rental Payments" means, with respect to each Lease, the amounts (allocable with respect to a Tax-Exempt Lease to a principal component and an interest component) payable by Lessee pursuant to such Lease, as payments for the installment financing of the Purchase Price for the Equipment as set forth in such Lease.

"Rental Payment Schedule" means, with respect to each Lease, the schedule of Rental Payments due with respect to the funds allocated for the payment of the Purchase Price under such Lease by Lessor at Lessee's direction pursuant to the related Certificate of Acceptance, calculated as provided in the related Schedule and attached as *Attachment 1* to such Certificate of Acceptance.

"Schedule" means a Lease Schedule that may be executed by Lessor and Lessee from time to time pursuant to this Agreement and, in the case of a Tax-Exempt Lease, in substantially the form attached to this Agreement as *Schedule A-1* or, in the case of a Taxable Lease, in substantially the form attached to this Agreement as *Schedule A-2* or *Schedule A-3*, together in each case with the Exhibits attached to each such Schedule.

"Schedule Funding Date" means the date identified by Lessor in its Acknowledgment to a Certificate of Acceptance on which Lessor allocated funds for the payment of the Purchase Price under the related Schedule at Lessee's direction.

"State" means the State under whose laws Lessee exists or is organized.

"Taxable Lease" means a Lease that is not a Tax-Exempt Lease.

"Tax-Exempt Lease" means a Lease for which the interest component of Rental Payments is excludible from gross income of the owner or owners thereof for federal income tax purposes.

"Vendor" means the manufacturer, seller or supplier of the Equipment and the agents or dealers of the manufacturer, seller or supplier from whom Lessee acquired and Lessor financed the Equipment pursuant to the applicable Schedule.

2. Agreement to Lease-Purchase Equipment Under Each Lease. Lessee hereby agrees to acquire, purchase and lease all the Equipment identified in each Schedule that may from time to time be executed by Lessor and

Lessee pursuant hereto, and Lessor hereby agrees to lease the Equipment under each Schedule to Lessee, all on the terms and conditions set forth in this Agreement and the related Lease. Each Schedule executed and delivered by Lessor and Lessee pursuant to this Agreement and the related Certificate of Acceptance (including the Attachments thereto) shall constitute a separate and independent Lease.

This Agreement is not a commitment by Lessor to Lessee or to any Vendor to enter into any Schedule not currently in effect unless Lessee shall execute and deliver to Lessor a completed Schedule together with all Exhibits thereto each in form and substance and with terms acceptable to Lessor (in the exercise of its sole discretion) and only so long as the financial condition or affairs of Lessee shall not have changed so as, in the sole opinion of Lessor, to impair the credit risk to Lessor of the transaction contemplated by such Schedule.

Each Schedule, upon its execution by Lessor and Lessee, shall constitute a commitment by Lessor to finance Lessee's installment purchase and leasing of the Equipment therein described on the terms and subject to the conditions provided in such Schedule, and shall constitute a commitment by Lessee to obtain such financing from Lessor, but nothing in this Agreement or in such Schedule shall obligate Lessor to allocate funds for the payment of the Purchase Price under the related Lease as directed in any Certificate of Acceptance unless Lessee shall complete, execute and deliver to Lessor a Certificate of Acceptance with respect to Equipment at a Purchase Price and with Vendors acceptable to Lessor (in the exercise of its sole discretion) and only so long as the financial condition or affairs of Lessee shall not have changed so as, in the sole opinion of Lessor, to impair the credit risk to Lessor of the transaction contemplated by such Certificate of Acceptance; *provided, however*, that Lessor's approval of or failure to object to any Vendor shall not constitute or imply any representation by Lessor with respect to the quality or reliability of such Vendor.

This Agreement and any Schedule are, and in the case of a Certificate of Acceptance may be, entered into solely for the benefit of Lessor and Lessee and not for the benefit of any third party including (without limitation) any Vendors.

3. Term. The term of this Agreement begins as of the Master Equipment Lease-Purchase Agreement Date set forth above and will continue so long as any amount remains unpaid under a Lease. The Initial Term of each Lease begins as of the Schedule Funding Date identified by Lessor in the Certificate of Acceptance relating to such Lease and expires at midnight on the last day of Lessee's current Fiscal Period during which such Schedule Funding Date occurs. Beginning at the expiration of the applicable Initial Term, the term of each Lease shall automatically be extended upon the successive appropriation by Lessee's governing body of amounts sufficient to pay Rental Payments and reasonably estimated Additional Payments during the next succeeding Renewal Term in the number of Renewal Terms, each coextensive with Lessee's Fiscal Period, as are necessary for all Rental Payments identified

in the pertinent Rental Payment Schedule to be paid in full, unless such Lease is terminated as provided therein.

The term of each Lease will expire upon the first to occur of

(a) the expiration of the Initial Term or any Renewal Term under such Lease during which an Event of Nonappropriation occurs,

(b) the day after the last scheduled Rental Payment under such Lease is paid in full,

(c) the day after the Prepayment Option Amount under such Lease is paid in full or

(d) an Event of Default under such Lease and a termination of Lessee's rights thereunder as provided therein.

4. Rental Payments. Lessee hereby agrees to pay Rental Payments for the Equipment identified in each Lease (but only from Legally Available Funds) to Lessor at Lessor's mailing address set forth above (or at such other address as may be designated from time to time pursuant to Paragraph 27 or 30 hereof) in the amounts provided in the pertinent Rental Payment Schedule. Rental Payments made by check will be accepted subject to collection.

Lessee's obligation to make Rental Payments and to pay any Additional Payments payable under each Lease constitutes a current obligation payable exclusively from Legally Available Funds and shall not be construed to be an indebtedness within the meaning of any applicable constitutional or statutory limitation or requirement. Lessee has not pledged its full faith and credit or its taxing power to make any Rental Payments or Additional Payments under any Lease.

5. Agreement to Seek Appropriations; Notice of Event of Nonappropriation. Lessee agrees that its primary business official will do all things lawfully within such official's power (a) to include amounts to make Payments under each Lease in each annual or biennial budget (as appropriate) to be submitted to Lessee's governing body and (b) to use best efforts to obtain and maintain funds from which Payments under each Lease may be made during each Fiscal Period for which amounts have been duly appropriated to make Payments. Lessee hereby agrees to notify Lessor immediately (and in no case later than 30 days prior to the last day of its then current Fiscal Period) of the occurrence of an Event of Nonappropriation under any Lease.

6. Prepayment Option. Lessee is granted the option pursuant to the applicable Lease to prepay the aggregate principal component of Rental Payments (in whole but not in part) identified in such Lease, prior to the scheduled payment of the Rental Payments in full pursuant to such Lease, on each Rental Payment date for which a Prepayment Option Amount is identified under the column titled "Prepayment Option Amount" in the applicable Rental Payment Schedule. Such prepayment amount shall equal the Prepayment Option Amount (assuming that all Rental Payments and Additional Payments due under such Lease on and prior to the prepayment date have been paid) shown for the Rental Payment date on which such prepayment is to be effective under the column titled "Prepayment Option Amount" in the applicable Rental

Payment Schedule. The aggregate principal component of Rental Payments may not be prepaid in whole or in part on any day prior to the first Rental Payment Date for which a "Prepayment Option Amount" is shown in the applicable Rental Payment Schedule, and the Prepayment Option Amount shown on any Rental Payment Schedule may include an amount representing premium.

To exercise the option provided in this Paragraph 6 and granted in a Lease, Lessee shall give Lessor a written notice exercising such option and designating the affected Lease, the Rental Payment date on which such prepayment is to be effective and the applicable Prepayment Option Amount, which notice shall be delivered to Lessor at least 30 days in advance of the proposed prepayment date. Such prepayment option may be exercised by Lessee with respect to a Lease whether or not one or more Events of Default have occurred and are then continuing under such Lease at the time of such exercise; provided, however, that the prepayment of such principal component of Rental Payments under the applicable Lease upon the exercise of such option during the continuance of an Event of Default thereunder shall not limit, reduce or otherwise affect liabilities or obligations that Lessee has incurred as a result of such Event of Default or otherwise terminate the term of the affected Lease notwithstanding anything in such Lease to the contrary.

Immediately upon any such prepayment being made, Lessor shall execute all documents reasonably necessary to confirm in Lessee title in and to the Equipment under the affected Lease free and clear of any lien, encumbrance or other interest created by Lessor, but without warranties and in "where-is, as-is" condition, and release Lessor's security interest in such Equipment and shall deliver such documents to Lessee. Lessor shall further cooperate in providing for the filing of any necessary releases, termination statements or other similar documents and the release of certificates of title or certificates of origin to Lessee.

7. Essentiality. Lessee's present intention is to make Rental Payments and Additional Payments under each Lease for the Initial Term and all Renewal Terms applicable thereto as long as it has Legally Available Funds. In that regard, Lessee represents with respect to each Lease that (a) the use and operation of the Equipment under each Lease is essential to its proper, efficient and economic governmental operation and (b) the functions performed by the Equipment under each Lease could not be transferred to other equipment available for its use.

8. Nonsubstitution. If Lessor terminates a Lease pursuant to Paragraph 25 or an Event of Nonappropriation occurs with respect to a Lease, Lessee agrees, to the extent not prohibited by law, not to purchase, lease, rent or otherwise acquire equipment performing functions similar to those performed by the Equipment described in such Lease or obtain from any source the services or information that the Equipment described in such Lease was to perform or provide, in each case for a period equal to the shorter of (a) the longest period (if any) permitted by State law for such purpose or (b) 360 days after such termination or occurrence.

9. Delivery and Installation. Lessee shall select the type, quantity and Vendor of each item of Equipment designated in a Schedule. Once Lessor and Lessee have executed the related Schedule, Lessee (as Lessor's agent for this purpose) shall then order the Equipment identified in such Lease from such Vendor. Any existing purchase order at the time a Schedule is executed for any portion of the Equipment therein identified and any purchase order thereafter executed shall be deemed to be executed by Lessee in its capacity as Lessor's agent for purposes of such Schedule. Lessor shall have no liability for any delay in delivery or failure by the Vendor to deliver any Equipment under any Schedule or to fill any purchase order or meet the conditions thereof. Lessee, at its expense, will pay or cause the Vendor to pay all transportation, packing, taxes, duties, insurance, installation, testing and other charges relating to the Equipment under each Schedule. As soon as practicable after Lessee's receipt and installation of all Equipment identified in a Schedule, Lessee shall deliver to Lessor a Certificate of Acceptance relating thereto. Execution of a Certificate of Acceptance with respect to the Equipment identified in a Schedule by any employee, official or agent of Lessee having authority in the premises or having managerial, supervisory or procurement duties with respect to equipment of the same general type as the Equipment described in such Certificate of Acceptance shall constitute acceptance of such Equipment on behalf of Lessee. If Lessee delivers a completed and executed Certificate of Acceptance to Lessor that is in form and substance acceptable to Lessor and satisfies the conditions for allocation of funds for the payment of the Purchase Price under the related Lease, including those provided in the third paragraph of Paragraph 2 of this Agreement, Lessor shall within 5 business days allocate such funds as directed by Lessee in such Certificate of Acceptance, complete and execute the Acknowledgment of Lessor included in such Certificate of Acceptance and calculate and prepare the Rental Payment Schedule to be attached to such Certificate of Acceptance all of which shall constitute and be part of the related Lease.

Lessee understands and agrees that neither the Vendor of any Equipment under any Schedule or related purchase order, nor any salesman or other agent of any such Vendor, is an agent of Lessor. No salesman or agent of the Vendor of any Equipment under any Schedule or related purchase order is authorized to waive or alter any term or condition of any such Schedule or related purchase order, and no representation as to Equipment or any other matter by the Vendor of any Equipment under any Schedule or related purchase order shall in any way affect Lessee's duty to pay the Rental Payments under the related Lease and perform its other obligations as set forth in such Lease. Lessee hereby acknowledges that it has or will have selected the Equipment identified in each Schedule using its own criteria and not in reliance on any representations of Lessor.

10. Disclaimer of Warranties. LESSOR, NOT BEING THE MANUFACTURER, SELLER OR SUPPLIER OF ANY OF THE EQUIPMENT UNDER ANY SCHEDULE, NOR A DEALER IN ANY OF SUCH EQUIPMENT, HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY, REPRESENTATION OR COVENANT, EXPRESS OR IMPLIED, AS TO ANY

Initials

MATTER WHATEVER, INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE DESIGN OR CONDITION OF THE EQUIPMENT, THE QUALITY OR CAPACITY OF THE EQUIPMENT, THE WORKMANSHIP IN THE EQUIPMENT, COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO, PATENT INFRINGEMENT OR LATENT DEFECTS. NOTHING HEREIN SHALL MODIFY LESSEE'S RIGHTS AGAINST THE VENDOR OF ANY EQUIPMENT. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for any direct, indirect, consequential, incidental or special damages or loss of any classification. Lessor shall have no obligation to install, erect, test, adjust, service or maintain any Equipment under any Lease. Lessee shall look solely to the manufacturer, seller and/or supplier for any and all claims related to any and all of the Equipment. LESSEE ACQUIRES, PURCHASES AND LEASES THE EQUIPMENT "WHERE-IS, AS IS" AND "WITH ALL FAULTS."

Lessor hereby acknowledges that, so long as no Event of Default or Event of Nonappropriation has occurred and is continuing under a Lease, the warranties (if any) of the manufacturer, seller and/or supplier of the Equipment under such Lease are for the benefit of Lessee.

11. Title to Equipment. During the term of each Lease, title to the Equipment identified therein shall be vested in Lessee, subject in the case of software or other intellectual property to the terms of any relevant license or sublicense agreement, subject to the rights of Lessor under such Lease, unless Lessor terminates such Lease pursuant to Paragraph 25 hereof as provided in such Lease or an Event of Nonappropriation occurs with respect to such Lease, in which event title to the Equipment identified in such Lease shall immediately vest in Lessor free and clear of any right, title or interest of Lessee. Lessee, at its expense, will protect and defend Lessee's title to the Equipment identified in each Lease and Lessor's rights and interests therein and will keep the Equipment under each Lease free and clear from any and all claims, liens, encumbrances and legal processes of Lessee's creditors and other persons. All items of Equipment shall at all times be and remain personal property notwithstanding that any such Equipment may now or hereafter be affixed to realty.

12. Tax Covenants Applicable Only to Tax-Exempt Leases; Tax Indemnity Payments. Lessee agrees that it has not taken and will not take any action that may cause the interest component of Rental Payments under any Tax-Exempt Lease to be or to become includible in the gross income of the owner or owners thereof for federal income tax purposes, nor has it or will it omit to take or cause to be taken, in a timely manner, any action, which omission may cause the interest component of Rental Payments under any Tax-Exempt Lease to be or to become includible in the gross income of the owner or owners thereof for federal income tax purposes. Lessee agrees to execute and deliver to Lessor, upon Lessor's request, a tax certificate and agreement ("Tax Certificate") in substantially the form attached to this Agreement as Exhibit 7, relating to the establishment and maintenance of the excludibility from gross income of the interest component of Rental

Payments under any Tax-Exempt Lease for federal income tax purposes.

If an Event of Taxability occurs, Lessee agrees to pay promptly after any Determination of Taxability and on each Rental Payment date thereafter to Lessor an additional amount determined by Lessor to compensate on an After-Tax Basis such owner or owners for the loss of excludibility from gross income (including, without limitation, compensation relating to inclusion of such amounts in gross income for federal, state and local tax purposes, interest expense, penalties or additions to tax), which determination shall be conclusive (absent manifest error). Notwithstanding anything herein to the contrary, any additional amount payable by Lessee pursuant to this Paragraph 12 as provided in a Tax-Exempt Lease shall be payable solely from Legally Available Funds.

It is Lessor's and Lessee's intention that each Tax-Exempt Lease not constitute a "true" lease for federal income tax purposes and, therefore, it is Lessor's and Lessee's intention that Lessee be considered the owner of the Equipment under each Tax-Exempt Lease for federal income tax purposes; *provided, however*, that nothing in this paragraph shall affect the characterization of the transactions contemplated by each Lease for State law purposes. It is also Lessor's and Lessee's intention that the interest portion of the Rental Payments received by Lessor with respect to any Tax Exempt Lease be and remain excludable from gross income for purposes of federal income tax.

This Paragraph 12 shall be inapplicable and of no force or effect with respect to any Taxable Lease.

13. Use of Equipment, Inspection and Reports. During the term of each Lease, Lessee shall be entitled to quiet enjoyment of the Equipment identified therein and may possess and use the Equipment in accordance with such Lease, *provided* that Lessee is in compliance in all respects with the terms of such Lease and that such possession and use are in conformity with all applicable laws, any insurance policies and any installation requirements (including environmental specifications) or warranties of the manufacturer, seller and/or supplier with respect to the Equipment identified in such Lease. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment under each Lease. Lessor shall have the right, upon reasonable prior notice to Lessee and during regular business hours, to inspect the Equipment at the premises of Lessee or wherever the Equipment may be located. Lessee shall promptly notify Lessor of any alleged encumbrances on the Equipment identified in any Lease or any accident allegedly resulting from the use or operation thereof or any claim relating thereto.

During the term of each Lease and at Lessor's request, Lessee shall provide Lessor, no later than 10 days prior to the end of each Fiscal Period (commencing with the Lessee's first Fiscal Period during which a Schedule Funding Date occurs), with current budgets or other proof of appropriation for the ensuing Fiscal Period and such other information relating to Lessee's ability to continue the term of each Lease for the next succeeding Renewal Term as may be reasonably requested by Lessor.

During the term of each Lease and at Lessor's request, Lessee shall furnish or cause to be furnished to Lessor, at Lessee's expense, as soon as available and in any event not later than 180 days after the close of each Fiscal Period, the audited financial statements of Lessee as at the close of and for such Fiscal Period, all in reasonable detail, audited by and with the report of Lessee's auditor.

During the term of each Lease and at Lessor's request, Lessee shall promptly furnish to Lessor a list of those officials or officers of Lessee who are duly authorized to execute and deliver, for and on behalf of Lessee, this Agreement, any Schedule or any Certificate of Acceptance or otherwise perform acts and execute documents and agreements relating to any Lease.

14. Security Agreement; Further Assurances. To secure the performance of all of Lessee's obligations under each Schedule and the related Lease, Lessee grants to Lessor, and Lessor shall have and retain, a security interest constituting a first and exclusive lien on the Equipment delivered under each respective Lease, on all attachments, repairs, replacements and modifications thereto or therefor and on any proceeds therefrom; *provided, however*, that such grant of a security interest shall not apply with respect to any portion of Equipment consisting of computer software that is subject to a license that prohibits such grant of a security interest with respect to the licensed software. Any portion of Equipment consisting of computer software that is subject to such a prohibition in the related license shall be subject to such separate rights and remedies as may be agreed upon by Lessor and Lessee with the consent of the software licensor. Lessee agrees to execute and deliver such additional documents, including, without limitation, financing statements, certificates of title or certificates of origin (or applications therefor) noting Lessor's interest thereon, opinions of counsel, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest in the Equipment under each Lease or for the confirmation or perfection of each Lease and Lessor's rights under each Lease. Upon the occurrence of an Event of Default or an Event of Nonappropriation under a Lease or in the event that Lessee refuses or is otherwise unwilling to execute and file financing statements to which Lessor is entitled in accordance with such Lease within ten days after Lessor's written request to Lessee therefor, Lessor is authorized to file financing statements signed only by Lessor in accordance with the applicable Uniform Commercial Code or signed by Lessor as Lessee's attorney-in-fact.

15. Risk of Loss. All risk of loss, damage, theft or destruction to each item of Equipment under each Schedule and each Lease shall be borne by Lessee. No such loss, damage, theft or destruction of the Equipment under any Lease, in whole or in part, shall impair the obligations of Lessee under any Lease (including, but not limited to, the obligation to pay Rental Payments under each such Lease when due), all of which shall continue in full force and effect subject to the terms of the applicable Lease. If (a) the Equipment or any portion thereof under a Lease is destroyed (in whole or in part) or is damaged by fire or other casualty or (b) title to, or the temporary use of,

the Equipment or any part thereof under a Lease is taken under the exercise of the power of eminent domain, Lessee shall immediately notify Lessor. Lessee and Lessor shall cause the Net Proceeds of any insurance claim or condemnation award to be applied, at Lessor's option, to (i) the prompt repair, restoration, modification or replacement of the Equipment so affected or (ii) the payment in full of any then applicable Prepayment Option Amount. Any balance of Net Proceeds remaining after completion of such work or payment of such Prepayment Option Amount shall be paid promptly to Lessee. If the Net Proceeds are insufficient to pay the costs of such repair, restoration, modification or replacement or to pay such Prepayment Option Amount in full, Lessee shall, at Lessor's direction, either complete the work or pay any then applicable Prepayment Option Amount in full and in either case pay any cost in excess of the amount of Net Proceeds, but only from Legally Available Funds.

16. Insurance. In the event that Lessee is not self-insured as hereinafter provided, Lessee, at its expense, shall throughout the term of each Lease keep the Equipment thereunder insured against theft, fire, collision (in the case of vehicles) and such other risks as may be customary for each item of Equipment in the amounts and for the coverage set forth in *Exhibit 1* to the applicable Schedule, with carriers acceptable to Lessor, under a policy or policies containing a loss payable endorsement in favor of Lessor, and affording to Lessor such additional protection as Lessor shall reasonably require. Lessee shall further, at its expense, maintain in effect throughout the term of each Lease a policy or policies of comprehensive public liability and property damage insurance in the amounts and for the coverage set forth in *Exhibit 1* to the applicable Schedule, with carriers satisfactory to Lessor. All such insurance shall name Lessor as an additional insured. The policies required hereby shall provide that they may not be canceled or materially altered without at least 30 days prior written notice to Lessor. Lessee shall deliver to Lessor copies or other evidence satisfactory to Lessor of each insurance policy and each renewal thereof. Failure by Lessor to request evidence of such insurance policies or renewals, or otherwise to verify the existence of such insurance, shall not constitute a waiver of the requirements hereof. Lessor shall have the right, on behalf of itself and Lessee, to make claim for, receive payment of and execute and endorse all documents, checks or drafts received in payment for loss or damage under said insurance policies. If Lessee is self-insured with respect to equipment such as the Equipment under a Lease, Lessee shall maintain during the term of such Lease an actuarially sound self-insurance program in form satisfactory to Lessor and shall provide evidence thereof in form and substance satisfactory to Lessor.

17. Maintenance and Repairs. Lessee shall use the Equipment under each Lease in a careful and proper manner, in compliance with all applicable laws and regulations and, at its expense, keep and maintain the Equipment under each Lease in good repair and working order, performing all maintenance and servicing necessary to maintain the value and utility of the Equipment, reasonable wear and tear excepted. Without the prior written consent of Lessor, Lessee shall not make any

alterations, modifications or attachments to the Equipment under any Lease which cannot be removed without materially damaging the functional capabilities, economic value or utility of such Equipment. In the event that the Equipment includes or consists of software (i) Lessee shall at its expense possess and use the software in accordance with all of the terms, conditions and restrictions of any license or sublicense entered into with the owner/vendor or licensor of such software and if the license or sublicense restricts any provision of this Agreement without the licensor's consent, then Lessee shall assist Lessor, if so requested, in obtaining such consent, (ii) as due consideration for Lessor's payment of the price for the license and software and for providing the software to Lessee at a lease rate, Lessee agrees that Lessor is leasing the software to Lessee, and (iii) Lessee shall, at its own expense, pay promptly when due all servicing fees, maintenance fees, update and upgrade costs, modification costs, and all other costs and expenses relating to the license and software, and shall maintain the license in effect during the term of this Agreement.

18. Taxes. Unless Lessee has provided Lessor with evidence necessary to sustain an exemption therefrom, Lessee shall timely pay all assessments, license fees, taxes (including sales, use, excise, personal property, ad valorem, stamp, documentary and other taxes) and all other governmental charges, fees, fines or penalties whatsoever, whether payable by Lessor or Lessee, now or hereafter imposed by any governmental body or agency on or relating to the Equipment under each Lease, the Rental Payments under each Lease or the use, registration, rental, shipment, transportation, delivery, ownership or operation of the Equipment under each Lease and on or relating to each Lease; *provided, however,* that the foregoing shall not include any federal, state or local income or franchise taxes of Lessor; *provided further, however,* that nothing in the preceding proviso shall be interpreted to modify in any way Paragraph 12 hereof.

19. Lessor's Performance of Lessee's Obligations. If Lessee shall fail duly and promptly to perform any of its obligations under a Lease, Lessor may, at its option, perform any act or make any payment that Lessor deems necessary for the maintenance and preservation of the Equipment under such Lease and Lessor's interests therein, including, but not limited to, payments for satisfaction of liens, repairs, taxes, levies and insurance. All expenses incurred by Lessor in performing such acts and all such payments made by Lessor together with late charges described in Paragraph 20 below as provided in each Lease, and any reasonable legal fees incurred by Lessor in connection therewith, shall be payable by Lessee to Lessor on demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of Lessee.

20. Late Charges. Should Lessee fail to duly pay any part of any Rental Payment or other sum to be paid to Lessor under a Lease (including, but not limited to, any amounts due as a result of Lessor's exercise of its rights under Paragraph 25 hereof) within 10 days after the date on which such amount is due under such Lease, then Lessee shall pay to Lessor late charges on such delinquent

payment from the due date thereof until paid at the rate of 18% per annum or the highest rate permitted by law, whichever is less.

21. Indemnification. Lessee assumes liability for, agrees to and does hereby indemnify, protect and keep harmless Lessor and its agents, employees, officers, directors, parents, subsidiaries, affiliates and stockholders from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses (including reasonable attorney's fees), of whatsoever kind and nature, arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, storage, leasing or return of any item of Equipment, regardless of where, how and by whom operated, or any failure on the part of Lessee to accept the Equipment under any Lease or otherwise to perform or comply with any conditions of any Lease. Lessee is an independent contractor and nothing contained in any Lease shall authorize Lessee or any other person to operate any item of Equipment so as to incur or impose any liability or obligation for or on behalf of Lessor. ***Notwithstanding anything in any Lease to the contrary, any indemnity amount payable by Lessee as described in this Paragraph 21 and as provided in the applicable Lease shall be payable solely from Legally Available Funds and only to the extent authorized by law.***

22. No Offset; Unconditional Obligation. Each Lease is "triple net" and Lessee's obligation to pay all Rental Payments and Additional Payments under each Lease shall be absolute and unconditional under any and all circumstances subject to the terms and conditions of each Lease. Without limiting the generality of the foregoing, Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of Lessee against Lessor under any Schedule, any Lease, under this Agreement or otherwise; nor, except as otherwise expressly provided in a Lease, shall any Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any failure of the Equipment under such Lease to perform in the manner or to the extent that Lessee anticipated or to achieve cost or other savings that Lessee anticipated, any defect in or damage to or loss or destruction of all or any of the Equipment under any Lease from whatsoever cause, the taking or requisitioning of the Equipment under any Lease by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment under any Lease, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Agreement, any Schedule or any Lease, or lack of right, power or authority of Lessor to enter into this Agreement, any Schedule or any Lease or any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessor or Lessee or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rental Payments and Additional Payments payable by Lessee under each Lease shall

continue to be payable in all events unless the obligation to pay the same shall expire or be terminated pursuant to such Lease (including upon the occurrence of an Event of Nonappropriation thereunder) or until the Equipment thereunder has been returned to the possession of Lessor as provided in such Lease (for all purposes of each Lease, any item of Equipment shall not be deemed to have been returned to Lessor's possession until all of Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, Lessee hereby waives any and all rights that it may now have or that at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender any Lease or any of the items of Equipment thereunder, except in accordance with the express terms of each Lease.

23. Representations and Warranties of Lessee. Lessee hereby represents and warrants to and agrees with Lessor that:

(a) Lessee is a state or a political subdivision thereof eligible to issue a State or local bond as such terms are used in Section 103 of the Code.

(b) Lessee has the power and authority under applicable law to enter into the transactions contemplated by this Agreement, each Schedule and each Lease and has been duly authorized to execute and deliver this Agreement and each Lease and to carry out its obligations under each Schedule and each Lease.

(c) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Agreement, each Schedule and each Lease, and Lessee has complied with such public bidding requirements, if any, as may be applicable to the transactions contemplated by this Agreement, each Schedule and each Lease.

(d) Lessee is not subject to any legal or contractual limitation or provision of any nature whatsoever that in any way limits, restricts or prevents Lessee from entering into this Agreement, any Schedule or any Lease or performing any of its obligations under this Agreement, any Schedule or any Lease, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting Lessee, nor to the best knowledge of Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Agreement, any Schedule, any Lease or any other agreement or instrument to which Lessee is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Agreement, any Schedule or any Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by Lessee of this Agreement, each Schedule and each Lease or in connection with the carrying out by Lessee of its obligations hereunder and thereunder have been obtained,

except with respect to annual or biennial budgeting and appropriation procedures as required by State law relating to each Lease.

(f) The entering into and performance of this Agreement, each Schedule and each Lease will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Equipment under any Lease pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Lessee is a party or by which it or its assets may be bound, except as provided in each Lease with respect to the granting of security interests in and to the Equipment therein described.

(g) Lessee is acquiring the Equipment under each Schedule and the related Lease for use within its geographical boundaries.

(h) The useful life of the Equipment identified in each Schedule will not be less than the stated full term of the applicable Lease, including all contemplated Renewal Terms.

(i) Lessee expects to have made sufficient appropriations or expects to have other Legally Available Funds to pay all Rental Payments due during the Initial Term under each Lease.

(j) During the five years prior to the date hereof, Lessee has not failed (for whatever reason) to appropriate amounts sufficient to pay its obligations that are subject to annual or biennial appropriation.

24. Events of Default. Each of the following events constitutes an "Event of Default" with respect to a Lease:

(a) Lessee fails to pay in full the Rental Payment due under such Lease on any date upon which such Rental Payment is due;

(b) Lessee fails to comply with any other agreement or covenant of Lessee under such Lease for a period of 30 days following receipt of written notice of violation of such agreement or covenant and demand that such violation be remedied;

(c) Lessee institutes any proceedings under any bankruptcy, insolvency, reorganization or similar law or a receiver or similar officer is appointed for Lessee or any of its property;

(d) any warranty, representation or statement made in writing by or on behalf of Lessee in connection with such Lease is found to be incorrect or misleading in any material respect on the date made;

(e) actual or attempted sale, lease or encumbrance of any of the Equipment under such Lease or the making of any levy, seizure or attachment thereof or thereon; or

(f) any event of default occurs under any other Lease.

25. Repossession and Lessor's Other Rights Upon Event of Default or Event of Nonappropriation.

Immediately upon the occurrence of an Event of Default under a Lease or immediately after the expiration of the Initial Term or any Renewal Term under a Lease during which an Event of Nonappropriation occurs, Lessor may

terminate the affected Lease or Lessee's rights thereunder (including with respect to software terminating any liens and any right and license of Lessee to use the software) and in any such event repossess the Equipment under such Lease, which Lessee hereby agrees, at its expense, to surrender promptly to Lessor at such location in the continental United States as Lessor shall direct. Such right of repossession and other rights as specifically provided in this Paragraph 25 shall constitute the sole remedies for Lessee's failure to make payments or otherwise perform its obligations when required under a Lease. If Lessor is entitled to repossess the Equipment under a Lease, Lessee shall permit Lessor or its agents to enter the premises where the affected Equipment is then located. In the event of any such repossession, Lessee shall execute and deliver such documents as may reasonably be required to transfer title to and possession of the Equipment under the affected Lease to Lessor, free and clear of all liens and security interests to which such Equipment may have become subject.

Any termination of a Lease at Lessor's option as described in this Paragraph 25 and as provided in the applicable Lease shall take effect at the end of the Initial Term or the Renewal Term then in effect under such Lease, unless Lessor (at its option) elects to terminate such Lease on an earlier date.

Upon repossession, if the Equipment under the affected Lease is damaged or otherwise made less suitable for the purposes for which it was manufactured than when delivered to Lessee (reasonable wear and tear excepted), Lessee agrees, at its option, to: (a) repair and restore such Equipment to the same condition in which it was received by Lessee (reasonable wear and tear excepted) and, at its expense, promptly return such Equipment to Lessor (or to a location identified in a written notice to Lessee) or (b) pay to Lessor the actual costs of such repair, restoration and return.

If Lessor terminates a Lease as described in this Paragraph 25 and as provided in the applicable Lease or an Event of Nonappropriation occurs under a Lease and Lessee continues to use the Equipment after the Initial Term or any Renewal Term under such Lease during which the Event of Default or Event of Nonappropriation occurs or if Lessee otherwise refuses to pay Rental Payments due during a Renewal Term under a Lease for which Lessee's governing body has appropriated sufficient Legally Available Funds to pay such Rental Payments, Lessor shall be entitled to bring such action at law or in equity to recover damages attributable to such holdover period for the Equipment subject to such Lease that Lessee continues to use or to the remainder of such Renewal Term under such Lease for which such appropriations have been made.

Lessor shall also be entitled to exercise any or all remedies available to a secured party under the applicable Uniform Commercial Code and all other rights and remedies that Lessor may have at law or in equity. Upon termination of a Lease (whether as a result of the occurrence of an Event of Default or an Event of Nonappropriation) under which the financed Equipment included computer software, the license relating to such

software shall terminate and Lessee shall cease use and return such computer software as provided in the related license or otherwise. Lessee shall delete from its system all software then installed, destroy such software or any copies, duplicates or records thereof and not retain or continue to use anything constituting software in any form.

No right or remedy conferred upon or reserved to Lessor as described herein and as provided in each Lease is exclusive of any right or remedy herein or in any Lease or at law or in equity or otherwise provided or permitted, but each shall be cumulative of every other right or remedy given as described herein and as provided in each Lease or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

No waiver of or delay or omission in the exercise of any right or remedy as described herein and as provided in each Lease or otherwise available to Lessor shall impair, affect or be construed as a waiver of its rights thereafter to exercise the same. Any single or partial exercise by Lessor of any right hereunder or with respect to any Lease shall not preclude any other or further exercise of any right as described herein and as provided in each Lease. The exercise of any right or remedy herein provided with respect to a Lease shall not relieve Lessee of any other obligations under any other Lease or the Equipment identified therein.

26. No Sale, Assignment or Other Disposition by Lessee. Lessee agrees not to (a) sell, assign, transfer, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance upon or against any interest in this Agreement, any Lease or the Equipment under any Lease, (b) remove the Equipment from its Equipment Location identified in the applicable Schedule, and in the case of intangible property (including software) shall not be duplicated and used in another location, or (c) enter into any contract or agreement with respect to the use and operation of any of the Equipment under any Lease by any person other than Lessee, without Lessor's prior written consent in each instance. Lessee shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any assigning, transferring or other conveyance that may be made with such consent. Lessee shall take no action that may adversely affect the excludibility from gross income for federal income tax purposes of any portion of the interest component of the Rental Payments under any Tax-Exempt Lease.

27. Assignment by Lessor. Lessor may, at any time and from time to time without Lessee's consent, assign, transfer or otherwise convey all or any part of its interest in the Equipment under any Lease or any Lease, including Lessor's rights to receive the Rental Payments or any part thereof under any Lease (in which event Lessee agrees to make all Rental Payments under the affected Lease thereafter to the assignee designated by Lessor), to terminate any Lease or Lessee's rights under any Lease and to repossess the Equipment and exercise Lessor's other rights and remedies under each Lease; *provided, however,* that any such assignment, transfer or conveyance to a trustee for the benefit of owners of

certificates of participation shall be made in a manner that conforms to any applicable State law. Nothing in this Paragraph 27 shall be construed, however, to prevent Lessor from executing any such assignment, transfer or conveyance with respect to a Lease that does not involve funding through the use of certificates of participation within the meaning of applicable State law, including any such assignment, transfer or conveyance as part of a multiple asset pool to a partnership or trust, interests in which are offered and sold in a private placement or limited offering only to investors whom Lessor reasonably believes are qualified institutional buyers or accredited investors within the meaning of the applicable federal securities law; *provided, however*, that in any event, Lessee shall not be required to make Rental Payments under any Lease, to send notices or to otherwise deal with respect to matters arising under any Lease with or to more than one individual or entity with respect to each Lease. No assignment, transfer or conveyance permitted by this Paragraph 27 with respect to a Lease shall be effective until Lessee shall have been given a written notice of assignment that discloses the name and address of each such assignee; *provided, however*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership interests with respect to the Rental Payments payable under any Lease, it shall thereafter be sufficient that a copy of the agency or trust agreement shall have been deposited with Lessee until Lessee shall have been advised that such agency or trust agreement is no longer in effect. During the term of this Agreement, Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments with respect to each Lease in form necessary to comply with Section 149 of the Code with respect to Tax-Exempt Leases and Section 165(f) of the Code with respect to Taxable Leases. Lessee agrees, if so requested, to acknowledge each such assignment in writing within 15 days after request therefor, but such acknowledgment shall in no way be deemed necessary to make any assignment effective. Lessee further agrees that any monies or other property received by Lessor as a result of any such assignment, transfer or conveyance shall not inure to Lessee's benefit.

28. Costs. Lessee shall pay to Lessor all costs and expenses, including reasonable attorney's fees and costs related to repossession of the Equipment under any Lease (including, without limitation, the costs and expenses to deliver possession of the Equipment under such Lease to such location as Lessor directs pursuant to Paragraph 25 hereof) and the exercise of remedies with respect to each Lease, incurred by Lessor in enforcing any of the terms, conditions or provisions of each Lease.

29. Severability. If any provision of this Agreement or any Lease is or becomes invalid, illegal or unenforceable, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement or any such Lease, which shall be valid and enforceable to the fullest extent permitted by law.

30. Notices. All notices, reports and other documents provided for in this Agreement, any Schedule or any Lease shall be deemed to have been given or made when delivered (including by facsimile transmission) or three days after being mailed by certified mail, postage prepaid, addressed to Lessor or Lessee at their respective mailing addresses set forth above or such other addresses as either of the parties hereto may designate in writing to the other from time to time for such purpose.

31. Amendments. This Agreement, each Schedule (including the Exhibits attached thereto), each Certificate of Acceptance (including the Attachments thereto) and any Addendum relating hereto constitute the entire agreement between Lessor and Lessee with respect to the Equipment therein described and the subject matter hereof and thereof. No term or provision of this Agreement, any Schedule, any Certificate of Acceptance, any such Addendum or any Lease may be changed, waived, amended or terminated except by a written agreement signed by both Lessor and Lessee, except that Lessee may adjust the amount financed to the extent provided in each Schedule and Lessor may (a) adjust the annual interest rate for a Rental Payment Schedule to the extent provided in the related Schedule and (b) insert the serial number and additional description details in any Schedule of any item of Equipment after delivery thereof.

32. Construction. This Agreement, each Schedule and each Lease shall in all respects be governed by and construed in accordance with the laws of the State. The titles of the Paragraphs of this Agreement are for convenience only and shall not define or limit any of the terms or provisions hereof. Time is of the essence with respect to this Agreement, each Schedule and each Lease in each of their respective provisions.

33. Parties; Survival of Certain Obligations and Indemnities. (a) The provisions of this Agreement and each Lease shall be binding upon, and (subject to the limitations of Paragraphs 26 and 27 hereof) shall inure to the benefit of, the respective assignees and successors of Lessor and Lessee.

(b) The indemnities, assumptions of liabilities and obligations of Lessee provided for in Paragraphs 8, 12 and 21 of this Agreement and incorporated into each Lease shall continue in full force and effect notwithstanding the expiration or termination of the term of this Agreement or any applicable Lease.

34. Original Agreement and Lease. Lessor and Lessee shall execute and deliver only one original of this Agreement and of each Lease, each of which shall be delivered to Lessor. Lessor shall provide to Lessee a full, true and correct copy of the executed Agreement and each executed Lease. In the event that the originally executed Agreement or an originally executed Lease is lost, stolen, destroyed or mutilated and Lessor certifies such events to Lessee, Lessee shall execute and deliver to Lessor, promptly after Lessor's request and at Lessor's expense, a replacement Agreement or Lease for such original Agreement or Lease so lost, stolen, destroyed or mutilated.

LESSEE HEREBY ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THIS AGREEMENT.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Master Equipment Lease-Purchase Agreement to be duly executed and delivered as of the date first above written.

VILLAGE OF CHATHAM (Lessee)

VERIZON CREDIT INC. (Lessor)

By: Pat Schao

By: _____

Printed Name: PAT SCHA0

Printed Name: _____

Title: VILLAGE CLERK

Title: _____



SCHEDULE A-1
VERIZON CREDIT INC.
STATE AND LOCAL GOVERNMENT LEASE SCHEDULE
(TAX EXEMPT)

MASTER EQUIPMENT LEASE-PURCHASE
 AGREEMENT DATE: _____
 LESSEE: VILLAGE OF CHATHAM

LEASE SCHEDULE No.: 001
 LEASE SCHEDULE DATE: _____

1. This Schedule covers the following Equipment together with all accessories, attachments, substitutions and accessions:			
Vendor	Quantity	Description of Units of Equipment	Serial Numbers (if available)
		See Attached Equipment Summary	

2. EQUIPMENT LOCATION: MUNICIPAL OFFICE, 116 MULBERRY, CHATHAM, IL 62629

3. AMOUNT FINANCED:

Cash Purchase Price (including delivery)	\$	14,725.54
Plus processing/documentation fees	\$	0.00
Plus sales tax	\$	0.00
Plus	\$	
Amount Financed	\$	\$14,725.54

4. RENTAL PAYMENT TERMS:

Annual interest rate 8.67%

First Rental Payment due upon invoice.

Rental Payments due thereafter: Monthly
 Number of Rental Payments 24

Lessee agrees that the Rental Payment Schedule shall be calculated and prepared by Lessor after delivery by Lessee of the Certificate of Acceptance relating to this Schedule, subject to any adjustment in the amount financed as described above and adjustments of the annual interest rate used to calculate the interest component of Rental Payments as provided in Paragraph 5 below.

5. ADJUSTMENT IN ANNUAL INTEREST RATE: Lessor and Lessee have entered into this Schedule prior to delivery, installation and Lessee acceptance of the Equipment and with the mutual understanding that the annual interest rate stated in Paragraph 4 of this Schedule is subject to adjustment based upon the formula in this Paragraph 5. Lessor and Lessee agree that the annual interest rate described in Paragraph 4 is subject to a one-time adjustment equal to 52.0000% of the variance in yield between the applicable U. S. Treasury Index below and the respective Treasury Issue reflected in *The Wall Street Journal* on the date that Lessor is in receipt of all

Lessee shall pay any sales or use tax with respect to the Equipment described in this Schedule. Lessee hereby certifies that it is exempt from State and local taxation and its tax-exempt identification number is _____. If applicable, a copy of a certificate evidencing Lessee's tax-exemption is attached as Exhibit 6 hereto.

At the time of installation, the amount financed may be adjusted (at Lessee's request and as approved by Lessor based upon information provided by Lessee that supports such request in Lessor's reasonable judgment) by the addition or deletion of items of Equipment the cash purchase price of which shall not exceed 10% of the Cash Purchase Price indicated above.

required documents properly completed and executed (including an unconditional Certificate of Acceptance) and all other conditions for funding have been met for the Schedule. If more than one Treasury Issue is given, the issue trading closest to par will be selected.

U.S. TREASURY INDEX

<i>THE WALL STREET JOURNAL</i> dated <u>08/27/2007</u>	
LEASE TERM	<u>2.00 Years</u>
TREASURY ISSUE TERM	<u>3 Years</u>
COUPON	<u>3.875%</u>
MATURITY DATE	<u>09/2010</u>
YIELD	<u>4.30%</u>

6. **INCORPORATION BY REFERENCE:** The terms and provisions of the Master Equipment Lease-Purchase Agreement described above (other than to the extent that such terms and provisions relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated into this Schedule by reference and made a part hereof. Upon execution and delivery by Lessee of a Certificate of Acceptance related to this Schedule and execution by Lessor of the Acknowledgment thereon, such Certificate of Acceptance, Acknowledgment thereto and the Rental Payment Schedule calculated and prepared by Lessor with respect thereto shall be, and are hereby, incorporated into this Schedule by reference and made a part hereof.

7. **REPRESENTATIONS, WARRANTIES AND COVENANTS:** Lessee hereby represents, warrants and covenants that its representations, warranties and covenants set forth in such Master Equipment Lease-Purchase Agreement (including the exhibits and attachments thereto) are true and correct as though made on the date of execution of this Schedule and that such warranties and covenants shall remain true and correct. Lessee hereby further represents and warrants to and agrees with Lessor that:

(a) The payment of the Rental Payments or any portion thereof related to this Schedule is not (under the terms of the related Lease or any underlying arrangement) directly or indirectly (i) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property or (ii) derived from payments (whether or not to Lessee) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. No Equipment described in this Schedule is being or will be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the purchase price for the Equipment described in this Schedule will be used, directly or indirectly, to make or finance loans to any person other than Lessee. Lessee has not entered and will not enter into any management or other service contract with respect to the use and operation of the Equipment; *provided, however*, that Lessee may enter into customary agreements for the maintenance and upkeep of the Equipment so long as Lessee complies with Treas. Regs. sec. 1.141-3(b)(4) or any successor provision thereto.

(b) Lessee shall not permit any person or entity (including the federal government) to guarantee, directly or indirectly, in whole or in part, any Rental Payments related to this Schedule without the prior written consent of Lessor.

(c) All funds to be allocated for the payment of the purchase price by Lessor at Lessee's direction pursuant to each Certificate of

Acceptance will be used, directly or indirectly, to finance costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles if Lessee were treated as a corporation subject to federal income taxation, taking into account the placed-in-service date for the Equipment.

(d) Lessee does not intend to sell or otherwise dispose of the Equipment identified in this Schedule (or any interest therein) prior to the last Rental Payment scheduled to be paid with respect to such Equipment during the Initial Term and any Renewal Term under the applicable Rental Payment Schedule.

(e) Lessee has entered into this Schedule for the purpose of purchasing, acquiring and leasing the Equipment identified herein and not for the purpose of refinancing any outstanding obligation of Lessee more than 90 days in advance of its payment or prepayment date. The purchase price for the Equipment will be paid directly by Lessor, at the direction of Lessee as provided in a Certificate of Acceptance and upon satisfaction of all conditions precedent to disbursement, to the vendor or vendors of such Equipment or as reimbursement to Lessee for funds advanced to purchase such Equipment; *provided, however*, that no portion of the purchase price for the Equipment will be paid to Lessee as reimbursement for any expenditure paid by Lessee more than 60 days prior to the execution and delivery of this Schedule or, if earlier, more than 60 days prior to any official action taken to evidence an intent to reimburse.

8. **ATTACHMENTS:** Lessee hereby represents and certifies to Lessor that:

(a) attached to this Schedule as *Exhibit 2* is a full, true and correct copy of a resolution or other appropriate official action of Lessee's governing body specifically authorizing Lessee to execute and deliver the Master Equipment Lease-Purchase Agreement, this Schedule and the applicable Lease, which resolution remains in full force and effect and has not been rescinded or revoked as of the date hereof;

(b) attached to this Schedule as *Exhibit 3* is a full, true and correct copy of an Incumbency Certificate relating to the authority of the officers who have executed and delivered, or will execute and deliver, the Master Equipment Lease-Purchase Agreement, this Schedule and the applicable Lease on behalf of Lessee;

(c) attached to this Schedule as *Exhibit 4* is a full, true and correct copy of an opinion of Lessee's legal counsel regarding the legal, valid and binding nature of the Master Equipment Lease-Purchase Agreement, this Schedule and each Lease on Lessee and certain other related matters including the tax-exempt status of the interest portion of the Rental Payments. The facts and circumstances relating to the Lessee as of the date of the opinion are still true and correct on the date hereof; and

(d) attached to this Schedule as *Exhibit 7* is a full, true and correct copy of a Tax Certificate, providing representations, warranties and covenants with respect to certain matters necessary for Lessee's legal counsel to reach the conclusion that the interest portion of the Rental Payments are excludible from Lessor's gross income.

9. **ORIGINAL LEASE:** Lessor and Lessee shall execute and deliver only one original Lease represented by this Schedule and the Certificate of Acceptance (including the Rental Payment Schedule attached thereto) to be delivered with respect hereto and incorporated herein and such original Lease shall be delivered to Lessor.

VILLAGE OF CHATHAM (Lessee)

By: *Pat Schad*
Printed Name: PAT SCHAT
Title: VILLAGE CLERK

VERIZON CREDIT INC. (Lessor)

By: _____
Printed Name: _____
Title: _____



EXHIBIT 1
(TO LEASE SCHEDULE No. 001)

INSURANCE COVERAGE REQUIREMENTS

To Lessor: VERIZON CREDIT INC. ("Lessor")
201 N. Franklin Street, Suite 3300
Tampa, FL 33602

To Lessee: VILLAGE OF CHATHAM ("Lessee")
116 EAST MULBERRY,
CHATHAM, IL, 62629

In accordance with that certain Master Equipment Lease-Purchase Agreement, dated _____ and Lease Schedule No. 001, dated _____, (collectively, the "Lease"), by and between Lessor and Lessee, Lessee:

INSTRUCTIONS: Please circle number(s) regarding applicable insurance coverage. Proof of insurance coverage will be provided to Lessor and its successors and assigns at or prior to the time that Lessee delivers a Certificate of Acceptance to Lessor with respect to the Equipment described in the above-referenced Schedule.

1. maintains All Risk Physical Damage Insurance on the Equipment (as described in the Schedule) evidenced by a Certificate of Insurance ("Certificate") and Long Form Loss Payable Clause naming Lessor and its successors and assigns as Loss Payee. Coverage required: Full Replacement Value. Lessee has instructed the insurance agent named below to issue a Certificate to Lessor:

Company: _____
Address: _____
Phone No.: _____
Contact: _____

2. maintains Public Liability Insurance evidenced by a Certificate of Insurance, naming Lessor and its successors and assigns as Additional Insured, with the following minimum coverages:

\$ 500,000.00 per person (bodily injury)
\$ 1,000,000.00 aggregate bodily injury liability (each occurrence)
\$ 250,000.00 property damage liability (each occurrence)

Lessee has instructed the insurance agent named below to issue a Certificate to Lessor:

Company: _____
Address: _____
Phone No.: _____
Contact: _____

3. is self-insured for all risk, physical damage and will provide Lessor with such supporting documentation as Lessor may request.

4. is self-insured for public liability and will provide Lessor with such supporting documentation as Lessor may request.

LESSEE: VILLAGE OF CHATHAM

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



**EXHIBIT 3
(To LEASE SCHEDULE No. 001)**

INCUMBENCY CERTIFICATE OF LESSEE

The undersigned, the duly authorized representative of the named Lessee under that certain Master Equipment Lease-Purchase Agreement dated _____ (the "Agreement"), with Verizon Credit Inc., as Lessor, hereby certifies as follows in accordance with the requirements of the Agreement, which is incorporated by reference into the above-referenced Lease Schedule. Capitalized terms used herein have the same meaning as in the Agreement.

I hold the position noted under my signature, and I have all authority necessary to execute and deliver this Certificate. The following officers of the Lessee are duly elected or appointed, and the signatures above the respective name and title are true and correct and, where required, have been filed with the appropriate officials of the State.

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

IN WITNESS WHEREOF, I have executed and delivered this certificate as of this _____ day of _____

LESSEE: VILLAGE OF CHATHAM

By: _____

Printed Name: _____

Title: _____



EXHIBIT 5
(To Lease Schedule No. 001)

VERIZON CREDIT INC.

CERTIFICATE OF ACCEPTANCE

Lessee: VILLAGE OF CHATHAM

MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT DATE: _____

THE UNDERSIGNED ACKNOWLEDGES AND REPRESENTS FOR AND ON BEHALF OF LESSEE THAT: (a) the Equipment identified in the above-referenced Lease Schedule is delivered, installed, available for use and is placed in service as of the Acceptance Date indicated below; (b) such Equipment is in good operating condition and repair and is accepted as satisfactory in all respects for purposes of the applicable Lease; (c) the cash purchase price of such Equipment is \$14,725.54 and (d) to the extent that invoices with respect to the Equipment are not attached hereto, Lessee shall deliver or cause to be delivered to Lessor such invoices in a timely manner.

FURTHER, Lessee hereby directs Verizon Credit Inc., as Lessor, (a) to allocate funds for the payment of the amounts evidenced on the invoices delivered herewith or to be delivered by Lessee pursuant to the preceding paragraph, which amounts represent the cash purchase price for such Equipment and the amount financed for purposes of the Lease (calculated as permitted by Paragraph 3 of such Lease Schedule), which may include an adjustment from the purchase price stated in such Lease Schedule, which adjustment shall not exceed 10% of the cash purchase price stated in such Lease Schedule, and (b) to calculate and prepare the Rental Payment Schedule as provided in the above-referenced Lease Schedule, which shall be the Rental Payment Schedule for all purposes of the applicable Lease.

If this Certificate of Acceptance relates to a Tax-Exempt Lease, Lessee hereby (a) represents that neither Lessee nor any agency or unit of Lessee has on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used directly or indirectly to pay the amount that is herein requested for allocation for the payment of the purchase price, (b) represents that it has not and will not establish any funds or accounts (no matter where held or the source thereof) the use of which is legally required, otherwise restricted or reasonably expected to be used to pay directly or indirectly the Rental Payments to be shown on the Rental Payment Schedule (Attachment 1) for this Certificate of Acceptance except the portion of the Lessee's general or special fund from which such Rental Payments are to be made within 12 months of when amounts used to make Rental Payments are deposited therein and (c) agrees to complete and file or cause to be filed in a timely manner an information reporting return (either I.R.S. Form 8038-G or Form 8038-GC, as appropriate) in the form attached as Attachment 2 hereto as required by the Internal Revenue Code of 1986, as amended.

If this Certificate of Acceptance relates to a Tax-Exempt Lease and such Lease may be treated as bank-qualified, the Lessee will designate such Lease as "bank-qualified" as provided in the Bank-Qualified Designation attached as Attachment 3 hereto.

ACCEPTANCE DATE: X _____
AUTHORIZED SIGNATURE: X _____
PRINTED NAME: X _____
TITLE: X _____

LESSOR ACKNOWLEDGMENT

THE UNDERSIGNED HEREBY ACKNOWLEDGES FOR AND ON BEHALF OF LESSOR THAT:

(1) The Schedule Funding Date is _____, _____ (on which funds were allocated for the payment of the purchase price at Lessee's direction as described in the Certificate of Acceptance to which this Acknowledgment is attached and from which interest accrues); and

(2) The Rental Payment Schedule attached as *Attachment 1* hereto has been calculated and prepared as provided in the above-referenced Lease Schedule and shall constitute the Rental Payment Schedule for all purposes of the applicable Lease.

DATED this _____ day of _____, _____.

Verizon Credit Inc., as Lessor

By: _____

Printed Name: _____

Title: _____



ATTACHMENT 1

(To Certificate of Acceptance for Lease Schedule No. 001)

VERIZON CREDIT INC.

RENTAL PAYMENT SCHEDULE

LESSEE: VILLAGE OF CHATHAM

**MASTER EQUIPMENT LEASE-PURCHASE
AGREEMENT DATE:** _____

LEASE SCHEDULE NO.: 001

Stated annual interest rate: 8.67%

Adjustment to interest rate per Schedule: TBD %

Adjusted annual interest rate: TBD %

**IN ACCORDANCE WITH THE LEASE SCHEDULE DESCRIBED ABOVE, THE RENTAL
PAYMENTS SHALL BE MADE FOR THE EQUIPMENT DESCRIBED IN SUCH LEASE SCHEDULE AS
FOLLOWS:**

PAYMENT NO.	PRINCIPAL COMPONENT	INTEREST COMPONENT	TOTAL RENTAL PAYMENT DUE	PREPAYMENT OPTION AMOUNT*
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To be furnished upon receipt of the executed Certificate of Acceptance.

* Assumes all Rental Payments, applicable taxes and all other amounts payable under the Lease on and prior to that date have been paid.



ATTACHMENT 2

(To Certificate of Acceptance for Lease Schedule No. 001)

[ATTACH I.R.S. FORM 8038-G OR 8038-GC, AS APPROPRIATE]



EXHIBIT 6
(To Lease Schedule No. 001)

[ATTACH EVIDENCE OF EXEMPTION FROM STATE AND LOCAL TAXES, IF APPLICABLE.]

EXHIBIT 7
(To Lease Schedule No. 001)

Tax Certificate of Lessee

The undersigned being, the _____ of VILLAGE OF CHATHAM (the Lessee”), certify as follows with respect to the lease of certain equipment pursuant to Lease Schedule No. 001 (“Schedule”) to the Master Equipment Lease-Purchase Agreement (the “Master Lease”), among the Lessee and Verizon Credit Inc., as lessor (“Lessor”). Terms used herein have the same meaning as defined in the Master Lease.

1. The Schedule bears interest at a fixed rate as described in the Schedule.
2. Amount of Issue. The principal amount of the Schedule does not exceed the amount necessary for its governmental purpose, which is to acquire the Equipment. It is estimated that there will be no earnings thereon.
3. Sale Proceeds.
 - (a) Use of Sale Proceeds. The sale proceeds will be applied, either directly or indirectly to the cost of the Equipment, by payment to or reimbursement of the vendors of the Equipment. None of the sale proceeds will be used to fund any costs of issuance. No portion of the proceeds will be used as a substitute for other funds that were otherwise to be used as a source for financing the Equipment and that have been or will be used to acquire, directly or indirectly, investment property.
 - (b) Expenditure of Sale Proceeds. There will be no investment of the sale proceeds of the Schedule and, hence, no earnings (which for this purpose includes amounts derived from the investment of such earnings) from the investment of sale proceeds. The sale proceeds of the Schedule will be expended on the date of commencement of the Schedule for the contract price of the Equipment.
4. No Sale or Lease of Equipment. Lessee does not expect to sell or lease or otherwise dispose of any portion of the Equipment while the Schedule is outstanding.
5. No Sinking Fund or Collateral; No Replacement. Neither Lessee nor any agency or unit of Lessee has on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used directly or indirectly to pay the amount that is herein requested for allocation for the payment of the purchase price. Lessee has not and will not establish any funds or accounts (no matter where held or the source thereof) the use of which is legally required, otherwise restricted or reasonably expected to be used to pay directly or indirectly the Rental Payments to be shown on the Rental Payment Schedule for the Schedule except the portion of the Lessee’s general or special fund from which such Rental Payments are to be made within 12 months of when amounts used to make Rental Payments are deposited therein. Lessee has not pledged or otherwise restricted and does not expect to pledge or restrict any other funds or property which as a result of the pledge or restriction would be reasonably assured to be available to pay, directly or indirectly, principal or interest on the Schedule, even if Lessee encounters financial difficulties.
6. Arbitrage Rules. Lessee covenants that (i) it will make use of proceeds and other funds allocable to the Schedule and restrict the investment of proceeds and such other funds such that the Schedule will not constitute “arbitrage bonds” within the meaning of Code sections 103 and 148 and the regulations thereunder and (ii) it will not take or permit any action, nor use any portion of the proceeds of the Schedule in a manner which would cause the Schedule to be an arbitrage bond under Code Section 148 or violate the provisions of that Section. The Lessee will comply with, and make all filings required by, all applicable rules, rulings or regulations promulgated by the Department of the Treasury or the Internal Revenue Service in order to preserve the exclusion from gross income of the interest portion of the Rental Payments.

7. Rebate. (a) Lessee expects that all proceeds of the Schedule will be spent within six months and, therefore, does not expect to earn amounts subject to rebate. Nevertheless, Lessee covenants that it will pay on a timely basis any arbitrage rebate due to the United States of America with respect to moneys and investments held under the Schedule or in any way connected with the Schedule. Lessee will pay to the United States of America at least once during each five-year period (beginning on the commencement date of the Schedule) an amount that is at least equal to 90% of the "Excess Earnings," within the meaning of Code section 148(f), and will pay to the United States of America, not later than 60 days after the expiration of the Schedule, 100% of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code. To the extent any payment of rebatable arbitrage is either insufficient or not timely made to the United States, the Lessee shall pay to the United States on behalf of the Lessee any deficiency, correction amount, interest, penalty, or other amount necessary to prevent any Schedule from becoming an arbitrage bond within the meaning of Section 148 of the Code.

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

(c) Interpretation of this Section. The purpose of this section is to satisfy the requirements of the arbitrage rebate provision of the Code ("Rebate Provisions") and the regulations thereunder. Accordingly, this section shall be construed so as to meet such requirements. The Lessee covenants that all action taken under this section shall be taken in a manner that complies with the Rebate Provisions and that it shall neither take any action nor omit to take any action that would cause this Schedule to be an "arbitrage bond" within the meaning of the Code by reason of the failure to comply with the Rebate Provision.

(d) Modification upon Opinion of Special Tax Counsel. The requirements of this Section may be modified or amended in whole or in part upon receipt by Lessee and Lessor of an opinion of counsel recognized in such matters selected by the Lessee and reasonably acceptable to the Lessor to the effect that such modifications and amendments will not adversely affect the exclusion from gross income of the interest component of the Rental Payments.

8. IRS Form. Lessee agrees to complete and file or cause to be filed in a timely manner an information reporting return (either I.R.S. Form 8038-G or Form 8038-GC, as appropriate) in the form attached as *Attachment 2* to the Certificate of Acceptance as required by the Internal Revenue Code of 1986, as amended.

9. Other Obligations. No tax-exempt obligations (i) have been sold at substantially the same time as the Schedule (i.e., within 15 days of the date of commencement of the Schedule), have been sold pursuant to a common plan of financing with the Schedule and (iii) will be payable from the same source of funds as the Schedule, and therefore, that the Schedule and such obligations may constitute a common "issue" within the meaning of Treas. Regs. sec. 1.150-1.

10. Arbitrage Certificates May be Relied Upon. Lessee has not been notified of the listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

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

Lessee: VILLAGE OF CHATHAM

By: _____

Printed Name: _____

Title: _____

VERIZON CREDIT INC.

ATTACHMENT A

EQUIPMENT SUMMARY

To Master Equipment Lease-Purchase Agreement
Schedule No. 001

Date of Agreement: _____

Lessor: Verizon Credit Inc.

VENDOR: Verizon Select Services Inc.

Lessee: VILLAGE OF CHATHAM

EQUIPMENT DESCRIPTION

Municipal Office, Chatham, IL 62629

MatCode	Part Number	Description	Qty
397629	NT7B53FA-93	Norstar KSU MICS 0X3	1
926131	NT7B74AAAA	T1 Digital Trunk Int	1
73104815	NT7B75AAAG	GATC2 CLID	2
73132265	NT8B26AABLE6	T7208 Telephone Set	10
567888	NT8B80AAAB	Fastrad 2 (110V) Eng	1
494111	NT8B90AL-93	Analog Term Adapter	3
567060	NTAB2769	PRI Enabler	1
73129671	NTAB4213	Norstar Audio Confer	1
397633	NTBB02GA-93	2Port FiberExpansion	1
348362	NTBB20FB-93	Fiber Trunk Module 1	1
397631	NTBB24GA-93	Services Cartridge	1
397630	NTBB41FB-93	Norstar Station Modu	1
928906	NTKC0092	Voice Messaging Mail	1
928897	NTKC0094	Voice Messaging Mail	1
73076518	NTPW0116	CP 100 Rls 3.0 Eng/S	1
73133011	NTPW0138	NA-MICS-DR 7.1 S/WDo	1

VERIZON CREDIT INC.

VILLAGE OF CHATHAM

(LESSOR)

(LESSEE)

By: _____

By: _____

Title: _____

Date: _____

Date: _____

ES COMB 7/96