

Introduced _____
Public Hearing _____
Council Action _____
Executive Action _____
Effective Date _____

County Council of Howard County, Maryland

2013 Legislative Session

Legislative Day No. 3

Bill No. 11-2013

Introduced by: The Chairperson at the request of the County Executive

AN ACT pursuant to Section 612 of the Howard County Charter, approving a multi-year agreement between Howard County, Maryland and Grant Capital Management, Inc., a Maryland corporation, where Grant Capital will finance the acquisition of certain equipment including, without limitation, Fire Department apparatus, furniture, library books and computers through a Tax-Exempt Master Equipment Lease-Purchase Agreement.

Introduced and read first time _____, 2013. Ordered posted and hearing scheduled.

By order _____
Stephen LeGendre, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on _____, 2013.

By order _____
Stephen LeGendre, Administrator

This Bill was read the third time on _____, 2013 and Passed ____, Passed with amendments ____, Failed ____.

By order _____
Stephen LeGendre, Administrator

Sealed with the County Seal and presented to the County Executive for his approval this ____ day of _____, 2013 at ____ a.m./p.m.

By order _____
Stephen LeGendre, Administrator

Approved/Vetoed by the County Executive _____, 2013.

Ken Ulman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment.

1 **WHEREAS**, Howard County, Maryland (the “County”) has determined that a
2 present need exists for the acquisition of certain equipment (the “Equipment”) including,
3 without limitation, Fire Department apparatus, furniture, library books and computers
4 through a tax-exempt master equipment lease facility (the “Master Lease Facility”); and
5

6 **WHEREAS**, the Equipment is essential for the County to perform its
7 governmental functions; and
8

9 **WHEREAS**, the County issued a Request for Proposal No. 21-2013 to secure a
10 qualified lender for the Master Lease Facility; and
11

12 **WHEREAS**, Grant Capital Management, Inc., a Maryland corporation (“Grant
13 Capital”) submitted a proposal, represented the best value to the County for the required
14 services, and therefore, received the contract award; and
15

16 **WHEREAS**, the County desires to obtain the Equipment described in the
17 Equipment Schedule No. 1 to the 2013 Tax-Exempt Master Equipment Lease-Purchase
18 Agreement (collectively, the “Master Lease”), substantially in the form of which is
19 attached hereto as Exhibit A; and
20

21 **WHEREAS**, the County wishes to enter into the Master Lease with Grant
22 Capital, where Grant Capital will finance the acquisition of the Equipment; and
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24 **WHEREAS**, the Master Lease permits contracts with various Equipment vendors
25 to acquire Equipment in an amount not to exceed Thirty Million Dollars
26 (\$30,000,000.00) over three (3) years, pursuant to approval by the County Council; and
27

28 **WHEREAS**, funds made available by Grant Capital under the Master Lease will
29 be deposited in an escrow account controlled by Deutsche Bank, as escrow agent, and
30 will be applied to the acquisition of the Equipment in accordance with an escrow
31 agreement; and

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WHEREAS, the County has taken the necessary steps, including those relating to any applicable legal bidding requirements, to arrange for the acquisition of the Equipment; and

WHEREAS, the County and Grant Capital wish to enter into the Master Lease for a term that will extend beyond the current fiscal year; and

WHEREAS, the Master Lease requires the payment by the County of funds from an appropriation in a later fiscal year and therefore requires County Council approval as a multi-year agreement pursuant to Section 612 of the Howard County Charter.

NOW, THEREFORE,

Section 1. Be it Enacted by the County Council of Howard County, Maryland, that in accordance with Section 612 of the Howard County Charter, it approves the terms of a 2013 Tax-Exempt Master Equipment Lease-Purchase Agreement between Howard County and Grant Capital Management, Inc., which shall be in substantially the same form as Exhibit A attached to this Act.

Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland, that the County Executive is hereby authorized to execute and deliver the 2013 Tax-Exempt Master Equipment Lease-Purchase Agreement and any applicable Equipment Schedules required under the Agreement for such term in the name of and on behalf of the County.

Section 3. And Be It Further Enacted by the County Council of Howard County, Maryland, that this Act shall be effective immediately upon its enactment.

Exhibit A

**2013 TAX-EXEMPT MASTER EQUIPMENT LEASE-PURCHASE
AGREEMENT**

**2013 TAX-EXEMPT MASTER EQUIPMENT
LEASE-PURCHASE AGREEMENT**

THIS 2013 TAX-EXEMPT MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT is dated as of _____, 2013 (the "Master Lease"), by and between GRANT CAPITAL MANAGEMENT, INC., a Maryland corporation (the "Lessor") having a principal place of business at 8894 Stanford Boulevard, Suite 203, Columbia, Maryland 21045, and HOWARD COUNTY, MARYLAND, a body corporate and politic and a political subdivision of the state of Maryland ("Lessee"), having a principal place of business at George Howard Building, 3430 Courthouse Drive, Ellicott City, Maryland 21043.

WITNESSETH

WHEREAS, Lessee has determined that a present need exists for the acquisition of certain Equipment (hereinafter defined), and that Lessee is authorized under the Constitution and laws of the State and the Howard County Charter and Code to enter into this Master Lease for the purposes hereinafter set forth; and

WHEREAS, Lessor has agreed to finance the acquisition of the Equipment and to lease with an option to purchase such Equipment to Lessee upon the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee agree as follows:

1. Agreement to Lease. Lessor agrees to lease with the option to purchase to Lessee, and Lessee agrees to lease with the option to purchase from Lessor for the respective Lease Term (hereinafter defined), the one or more items of equipment (the "Equipment") described in one or more Equipment Schedules (each an Equipment Schedule and collectively with the terms of this Master Lease a "Lease") in form and substance satisfactory to Lessor, from time to time executed and delivered by Lessor and Lessee in connection herewith, in accordance with the terms and conditions contained in this Master Lease and the Financing Proposal Letter dated _____, 2013 from _____ and all attachments hereto.

This Master Lease and Exhibits A through D constitute and describe the scope of master lease-purchase financing services to be provided.

2. Lease Term.

(a) This Master Lease will become effective upon the execution and delivery by Lessee and Lessor of this Master Lease.

(b) The Lessor's period of performance for providing lease-financing under this Master Lease shall be from the date hereof to the earlier of _____, or until \$30,000,000.00 or such lesser amounts of Equipment as may be authorized by the County Council of the Lessee has been lease-financed hereunder. The term of each Lease (the "Lease Term") will commence on the date set forth in the applicable Equipment Schedule (the "Commencement Date"), and unless earlier terminated as expressly provided for in this Master Lease, will continue for the period set forth in the applicable Equipment Schedule. The Lease Term with respect to the Equipment leased under a Lease will terminate: (a) upon the purchase of the Equipment by the Lessee; (b) upon payment by Lessee of all of the Lease Payments (hereinafter defined) required to be paid by Lessee under the Lease with respect to the Equipment; or (c) as otherwise provided in the Lease. Upon termination of the Lease Term as a result of the occurrence of either of the events specified in (a) or (b), above, the Lease will terminate, the security interest or other

interest of the Lessor in such Equipment shall terminate, Lessee will acquire full and unencumbered title to such Equipment free and clear of all liens and encumbrances created by or arising through or under Lessor, and Lessor agrees to execute and deliver to Lessee such documents, in form and substance satisfactory to Lessee, to evidence such transfer of title and the termination of Lessor's security interest or other interest in the Equipment related to such Lease.

3. Cost of Equipment; Delivery of Equipment; and Payment of Equipment Costs.

(a) The Lessee will enter into certain contracts ("Contracts") with one or more vendors (the "Vendors") of various items of equipment to be purchased from the respective Vendors and leased hereunder. Such Contracts shall provide for the delivery, installation, and purchase of the Equipment. Lessee does hereby assign to Lessor all of Lessee's rights, but none of its obligations, under the Contracts, including without limitation, the right to purchase the Equipment in accordance with the terms thereof. When used herein, the term "Equipment Costs" means the net purchase price payable to the respective Vendors under the respective Contracts, which shall not exceed the amount set forth in the respective Equipment Schedules, so long as such cumulative amounts do not exceed \$30,000,000.00 in the aggregate, plus accrued interest earned under any Escrow Agreement.

(b) The Contracts shall provide that the Equipment is to be delivered to Lessee at the location (the "Equipment Location") specified in the applicable Equipment Schedule. Lessee will accept the Equipment as soon as it has been installed and is operational to the reasonable satisfaction of the Lessee, or in the event that the Vendor allows a pre-acceptance test period, as soon as the test period has expired (the "Acceptance Date"). Lessee will evidence its acceptance of the Equipment by executing and delivering to Lessor on the Acceptance Date an Acceptance Certificate (herein so called).

(c) Lessor agrees to make moneys available from time to time to fund an Escrow Agreement or to pay to the Vendors specified on the accompanying Equipment Schedule such Equipment Cost when required. In the event the Equipment Cost exceeds \$30,000,000.00 in the aggregate, Lessor shall not be required to provide additional moneys for this purpose.

(d) In connection with the acquisition of Equipment under any Equipment Schedule requiring payment to a Vendor after the Commencement Date, Lessor and Lessee shall enter into an Escrow Agreement to provide for such payments. Lessor shall select a bank, reasonably acceptable to the Lessee and offering competitive interest rates on escrowed funds, to act as escrow agent and to make payments to the Vendors, specified on the accompanying Equipment Schedules, in accordance with the payment instructions specified in the Escrow Agreement. Lessor agrees to make a good faith effort to select a qualified minority business enterprise bank to act as the escrow agent. The cost of the services of such escrow agent will be borne by Lessor.

4. Lease Payments.

(a) Subject to Section 5 hereof, Lessee agrees to pay to Lessor or its assignee pursuant to Section 18 hereof the Lease Payments, equal to the amounts specified in Exhibit B to the applicable Equipment Schedule. A portion of each semi-annual Lease Payment is paid as, and represents payment of interest, all as set forth in the applicable Equipment Schedule. The Lease Payments will be payable without notice or demand, except for the invoices hereinafter provided, at the office of Lessor (or such other place as Lessor or its assignee may from time to time designate in writing), and will commence on the due date for the first Lease Payment (the "Due Date") as set forth in Exhibit B to the applicable Equipment Schedule. Lessor shall prepare and submit to Lessee in accordance with the instructions of the County Project Coordinator (defined herein) semi-annual invoices for the Lease Payments reflected on Exhibit B to each Equipment Schedule. Each consolidated invoice submitted for payment shall include on its face the

Lessor's or the Lessor's assignee's Federal Tax Identification Number. Consolidated payments will be made by the Due Date. The County Project Coordinator may make a consolidated payment of any number or all Lease Payments due to Lessor (or to the Assignee of Lessor to whom such Lease Payments are due) on the same date. Any payments received after the Due Date will bear interest from the Due Date at the rate of 10% per annum or the maximum amount permitted by law, whichever is less. Except as specifically provided in Section 5, Section 25 and Section 26 hereof, Lessee's obligation to pay the Lease Payments will be absolute and unconditional in all events and, to the extent funds are appropriated therefore, will not be subject to any set-off, defense, abatement, reduction, counterclaim, or recoupment for any reason whatsoever.

(b) Electronic funds transfer will be used by the Lessee to pay Lessor or its assignee the Lease Payments and any other payments due Lessor from Lessee unless the County Project Coordinator, in her or his sole discretion, determines otherwise.

(c) Lessor and Lessee understand and intend that the obligation of Lessee to pay the Lease Payments required hereunder shall be subject to appropriated funds, and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds, or moneys of Lessee beyond those appropriated for the purpose of acquiring the Equipment.

(d) The County Executive, through his acknowledgment and acceptance of this Master Lease and each Equipment Schedule, reasonably believes that legally available funds can be obtained sufficient to make all Lease Payments during each Lease Term, and hereby covenants that he will do all things lawfully within his power to obtain, maintain, and pursue funds from which the Lease Payments may be made, including making provision for such payments to the extent necessary in each budget proposed for the purpose of obtaining funding, and that he will use his bona fide best efforts to obtain appropriation of the necessary funds to avoid termination pursuant to Section 5 hereof by taking all appropriate action to seek adequate budgeted funds to maintain each Lease in force. It is the intent of the County Executive to make the Lease Payments for the full Lease Term of each Lease if funds are legally available therefore, and in that regard, Lessee represents that the use of the Equipment is essential to its proper, efficient, and economic operation.

5. Nonappropriation of Funds; Substitution. In the event sufficient funds are not appropriated in any fiscal period for Lease Payments due under any Lease, then Lessee will immediately notify the Lessor or its assignee of such occurrence and the Lease Term of such Lease shall terminate on the last day of the fiscal period for which appropriations were authorized, without penalty or expense to Lessee of any kind whatsoever. In the event of such termination, Lessee may exercise its option to purchase the Equipment to the extent that appropriations are available in the current fiscal year with 15 days notice to the Lessor of its intent to purchase the Equipment, or in the alternative, agrees to peaceably surrender possession of such Equipment to Lessor or its assignee on the date of such termination. Lessor will have all legal and equitable rights and remedies to take possession of the Equipment upon such termination.

6. Limitation on Warranties.

(a) Lessee acknowledges and agrees and shall confirm its acknowledgement and agreement on each Equipment Schedule that the Equipment is of a size, design, and capacity selected by the Lessee; that Lessee is satisfied that the Equipment is suitable for its purpose; that Lessor is neither a manufacturer nor a vendor of the Equipment; and that LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN,

OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ANY ACTUAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE EQUIPMENT AND THE MAINTENANCE THEREOF.

(b) Lessor hereby assigns to Lessee during the Lease Term of each Lease, so long as no Event of Default (as hereinafter defined) has occurred and is continuing with respect thereto, all manufacturers' warranties, if any, express or implied, with respect to the applicable Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense, and shall cooperate fully with Lessee with respect to the resolution of any claims against such warranties.

7. Representations and Warranties.

(a) Lessee represents and warrants as of the date hereof, as of the date of acceptance under each Equipment Schedule, and at all times during each respective Lease Term that: (i) Lessee is a "state or political subdivision thereof" within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such; (ii) the execution, delivery, and performance by the Lessee of this Master Lease, all Equipment Schedules and all other documents executed in connection herewith by Lessee (all such documents shall be collectively referred to herein as the "Lease Documents"), have been duly authorized by all necessary action on the part of the Lessee; (iii) the Lease Documents constitute a legal, valid, and binding obligation of the Lessee enforceable in accordance with their respective terms; (iv) the execution and performance of the Lease Documents will not (1) materially violate any judgment, order, law, or regulation applicable to Lessee or (2) result in the creation of any lien, charge, security interest, or other encumbrance upon the Equipment (other than as contemplated by this Master Lease), or any assets of the Lessee that would result in a material breach of, or constitute a material default under any indenture, mortgage, deed of trust, bank loan, credit agreement, or other instrument to which Lessee is a party or by which it or its assets may be bound; (v) there are no actions, suits, or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting Lessee in any court or before any governmental commission, board, or authority, which, if adversely determined, will have a material, adverse effect on the ability of Lessee to perform its obligations under the Lease Documents; (vi) the County has duly authorized and approved, by all necessary official action of the County, the adoption or execution and delivery by the County of, and the performance by the County of the obligations on its part, in connection with the execution and delivery of the Lease Documents; (vii) without the prior consent of the Lessor, no portion of the Equipment will be used directly or indirectly in any trade or business carried on by any person other than Lessee; and (viii) without the prior consent of the Lessor, no portion of the Equipment will be used by an organization described in Section 501(c)(3) of the Code.

(b) In connection with each Equipment Schedule and as a condition precedent to the funding thereof by Lessor, Lessee shall deliver to Lessor: (1) an opinion of Lessee's counsel in form and substance reasonably acceptable to Lessor as to the validity of the statements made in subsections (i) through (vi), above; (2) a certificate of a duly authorized officer of Lessee respecting the validity of the statements made in subsections (vii) and (viii), above; (3) a certificate of Lessee in form and substance acceptable to Lessor describing the facts upon which it may be determined that the applicable Lease does not constitute an "arbitrage bond" as that term is defined in Section 148 of the Code; (4) an opinion of nationally recognized bond counsel in form and substance reasonably acceptable to Lessor as to the excludability from gross income of the interest component of the Lease Payments under the laws of the United States

and the State and other related matters; (5) compliance with Paragraph 9 below; and (6) such other documents and certificates as shall be reasonably requested by the Lessor.

8. Title. Upon Lessee's acceptance of the Equipment under an Equipment Schedule, title to the Equipment will vest in Lessee; provided, however, that (i) in the event of termination pursuant to Section 5 hereof; or (ii) upon the occurrence of an Event of Default hereunder, as long as such Event of Default is continuing, title to the Equipment will vest in Lessor or its assignee unless Lessee exercises its option to purchase pursuant to Section 17.

9. Security Interest. In order to secure all of its obligations under each Lease and the other Lease Documents, Lessee hereby (i) grants to Lessor a first priority security interest in any and all right, title, and interest of Lessee in: (a) Lessee's Contract with the Vendor of the Equipment subject to such Lease; (b) the funds deposited by Lessor in any Escrow Account related to such Lease; (c) the Equipment subject to such Lease, and all additions, attachments, and accessions thereto and substitutions thereof; and (d) any proceeds (including the proceeds of any insurance policy) of the foregoing; (ii) agrees that each Lease, and as appropriate, the Escrow Agreement and any other documents reasonably requested by Lessor may be filed, by Lessor at its expense as a financing statement evidencing such security interests; and, (iii) agrees to execute and deliver all financing statements, certificates of title, and other instruments necessary or appropriate to evidence such security interest.

10. Use; Repairs. Lessee will use the Equipment in a careful manner consistent with the use generally contemplated by the manufacturer of the Equipment and will comply with all laws, ordinances, insurance policies, and regulations relating to, and will pay all valid costs, claims, damages, fees, and charges arising out of, its possession, use, or maintenance. Lessee, at its expense, will keep the Equipment in good repair, ordinary wear and tear excepted, and will furnish all parts, mechanisms, and devices required therefor.

11. Alterations. Lessee will not make any alterations or additions to the Equipment that will result in a material reduction in its value without Lessor's prior written consent or unless such alteration or addition may be readily removed without damage to the Equipment.

12. Location; Inspection.

(a) The Equipment will not be removed from, or if the Equipment consists of rolling stock, its permanent base will not be changed from, the Equipment Location identified in the applicable Equipment Schedule, without Lessor's prior written consent, which consent will not be unreasonably withheld.

(b) Upon not less than three (3) business days prior notice, Lessor will be entitled to enter upon the Equipment Location or elsewhere during normal business hours to inspect the Equipment or observe its use and operation. Any such inspection shall be in compliance with the Lessee's security procedures. Lessee shall not be responsible for any injury to any person or property during any such inspection unless directly caused by Lessee's gross negligence or willful conduct.

13. Liens and Taxes. Lessee shall keep the Equipment free and clear of all levies, liens, and encumbrances except those created under the applicable Lease. The parties contemplate that the Equipment will be used for a governmental purpose of Lessee and that the Equipment will be exempt from all taxes presently assessed and levied. In the event that the use, possession, or acquisition of the Equipment is found to be subject to taxation, Lessee shall pay when due during the Lease Term, to the extent of available appropriated funds, all charges and taxes (local, state, and federal), that now or hereafter may be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the

Equipment, excluding (except as provided in Section 4), however, all federal and state taxes on or measured by Lessor's or its assignee's income and any federal, state or local income, succession, transfer, franchise, profit, excess profit, capital stock, gross receipts, corporate, or other similar tax payable by Lessor, its successors or assigns, unless such tax is made as substitute for any tax, assessment or charge which is the obligation of Lessee under this Section. If Lessee fails to pay said charges and taxes when due, and after delivery of written notice to Lessee, Lessor shall have the right, but shall not be obligated, to pay said charges and taxes. If Lessor pays any charges or taxes for which Lessee is liable under this agreement, Lessee shall reimburse Lessor therefor, subject only to the availability of appropriated funds.

14. Risk of Loss; Damage, Destruction, and Condemnation; Use of Net Proceeds.

(a) Lessee assumes all risk of loss of, or damage to, the Equipment from any cause whatsoever, and no such loss of, or damage to, the Equipment, defect therein, or unfitness or obsolescence thereof shall relieve Lessee of its obligation to make Lease Payments or to perform any other obligation hereunder. Notwithstanding the foregoing, Lessor shall be responsible for any loss of, or damage to, the Equipment that is proximately caused by Lessor's actions during any inspection.

(b) If, prior to the termination of the Term of a Lease, (i) the applicable Equipment or any portion thereof is destroyed (in whole or in part), or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Equipment or any part thereof or the estate of Lessee or Lessor in the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, Lessee shall, at its option and subject to appropriation, repair, restore, or replace the affected Equipment with equipment of equivalent value, or purchase the affected Equipment on the Due Date (as set forth in the applicable Equipment Schedule) next succeeding the date of such loss at the Concluding Payment amount (the "Concluding Payment") applicable to such Due Date, plus the Lease Payment due on such date, plus any past due amounts then payable by Lessee hereunder with respect to such items of Equipment. Upon any such payment, the Lease Term with respect to such items of Equipment shall terminate, and Lessee will acquire full and unencumbered title to such items of Equipment. Within sixty (60) days of the happening of any events described in clauses (i) and (ii) of the first sentence of this subsection (b), Lessee shall give notice to the Lessor and any assignee with respect to such Equipment of such event and how it proposes to comply with the provisions of the first sentence of this paragraph.

(c) If appropriated funds are not available to permit Lessee to repair, restore, replace, or purchase such Equipment in accordance with subsection (b) of this paragraph, Lessee shall, to the extent allowed by applicable law, cause the Net Proceeds, as defined in Section 15 hereof, of any insurance claim or condemnation award to be applied to the payment of Lessee's obligations under the Lease. Any portion of the Net Proceeds in excess of the amount required to pay in full Lessee's obligations as set forth in this subsection shall be for the account of Lessee. Lessee agrees that if the Net Proceeds are insufficient to pay in full Lessee's obligations hereunder, Lessee shall, to the extent of appropriated funds, make such payments to the extent of any deficiency.

15. Insurance. At its own expense, subject to appropriated funds, Lessee shall self-insure, or at its option, commercially insure, the Equipment against loss or damage due to fire and risks normally included in extended coverage, malicious mischief, and vandalism for not less than the Full Insurable Value of the Equipment. As used herein, "Full Insurable Value" means the full replacement value of the Equipment or the then applicable Concluding Payment amount designated in the Equipment Schedules, whichever is less. All insurance for loss or damage shall provide, to the extent allowed by applicable law, that losses, if any, shall be payable to Lessor and Lessee, as their interests may appear, and in the event that the Equipment suffering a loss or damage is not repaired, restored, replaced, or purchased pursuant to

Section 14(c) hereof, Lessee shall use its best efforts to have all checks relating to any such loss delivered promptly to Lessor to the extent allowed by applicable law. The Net Proceeds of the insurance required hereby shall be applied as provided in Section 14 hereof. As used herein, "Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim or condemnation award after deduction of expenses (including reasonable attorneys' fees) incurred in the collection of such claim or award. Further, at its own expense, Lessee shall self-insure or, at its option, maintain public liability insurance that protects Lessee and Lessor from liability in all events in form and amount reasonably satisfactory to Lessor. At the request of Lessor, but in no event more than once per calendar year, Lessee shall provide written evidence of all such insurance. If requested by Lessor, Lessee shall cause the Vendor to obtain, at Vendor's sole cost and expense, payment and performance bonds satisfactory to Lessee and Lessor which shall name Lessor as a dual obligee. "Lessor acknowledges that Lessee has provided Lessor with evidence of Lessee's property and liability self-insurance and such self-insurance meets all requirements of this section."

16. Indemnification. To the extent permitted by law and subject to the availability of appropriated funds, Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, proceedings, expenses, damages, or liabilities, including reasonable attorneys' fees and court costs, arising in connection with the Equipment, including, but not limited to, its selection, purchase, delivery, possession, use, operation, rejection, or return, and the recovery of claims under insurance policies thereon, unless any such action is based upon the negligence, illegal act, breach of duty, or intentional tort committed by the Lessor.

17. Purchase Option.

(a) Except as provided in subsection (b) of this paragraph, upon not less than fifteen (15) days' prior written notice from Lessee to Lessor, Lessee will have the right to purchase Equipment leased under a Lease on any date during the applicable Lease Term by paying to Lessor on such date the accrued interest then due together with the Concluding Payment amount set forth in the respective Equipment Schedule for such date.

(b) In the event that Lessee receives a Notice of Default (hereinafter defined) with respect to a Lease, Lessee may at any time during the Cure Period (hereinafter defined) inform Lessor of its intention to purchase all Equipment leased under such Lease on the next payment date during the applicable Lease Term, at which time Lessee shall pay to Lessor on such date the accrued interest then due together with the Concluding Payment amount set forth in the respective Equipment Schedule for such date.

(c) Lessor covenants that the applicable Concluding Payment amounts do not include anticipatory profit of Lessor. Upon satisfaction by Lessee of such purchase conditions set forth in subparagraphs (a) or (b), Lessor will immediately transfer any and all of its right, title, and interest in the purchased Equipment to Lessee as is, without warranty, express or implied, except that Lessor will warrant to Lessee that the Equipment is free and clear of any liens or encumbrances created by or arising through or under Lessor.

18. Assignment.

(a) Without Lessor's prior written consent, Lessee will neither: (i) assign, transfer, pledge, hypothecate, grant any security interest in, or otherwise dispose of this Master Lease, any Lease, any Equipment, or any interest in this Master Lease, any Lease or the Equipment; nor (ii) sublet or lend any of the Equipment.

(b) Lessor may assign, in whole, or in part, its rights, title, and interest in and to this Master Lease, any Lease, the Equipment, and any other documents executed with respect thereto, and/or grant or assign

a security interest therein. Any assignment in part may be only with respect to one or more Lease and not to any portion of a single Lease. Any such assignee shall have all of the rights, but none of the obligations of Lessor under this Master Lease or assigned Lease. Subject to the preceding sentence, the term Lessor as used herein shall include any such assignees. Subject to the foregoing, this Master Lease and each Lease shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto. After assignment of any portion of Lessor's interest in any Lease, Lessor will cause written notice of such assignment to be sent to Lessee which will be sufficient if it discloses the name of the assignee and the address to which further payments hereunder should be made. No further action will be required by Lessor or by Lessee to evidence the assignment of rights hereunder, but Lessee will acknowledge any such permitted assignment in writing if so requested. Lessee shall retain notice of such assignment and maintain a record that identifies the owner of Lessor's interest in such Lease. Upon Lessee's receipt of written notice of Lessor's assignment of any portion of its interest in any Lease, Lessee agrees to recognize such assignee as the owner of such portion of Lessor's interest in such Lease, and Lessee thereafter shall make such payments, including without limitation, such Lease Payments as are indicated in the notice of assignment, directly to such assignee; provided, however, that any such permitted assignment of a right to receive payment hereunder shall be accomplished in accordance with Lessee's instructions, if any, regarding invoicing or other processing of Lease Payments.

(c) Lessor or its assignee may not sell or distribute, in fractionalized interests or participations, its interest in its rights to receive payment of the aggregate amount of all Equipment Schedules for any given draw hereunder without the prior written consent of the Lessee. If Lessee gives its consent to such sale or distribution of such fractionalized interests or participations, Lessor or its assignee (i) shall limit the number of holders of such interests or participations to thirty- five (35) or fewer "sophisticated investors"; (ii) shall issue any such interest or participation in the amount of \$100,000 or more; (iii) shall maintain, on behalf of the Lessee, registration books or a book entry system with respect to the ownership and transfer of such participations or interests that complies with the requirements of Section 149(a) of the Code; (iv) shall not establish any such participations or interests in a manner that would cause interest payments on the Lease received by owners of such participations or interests to be includable in gross income for federal income tax purposes; and (v) shall provide the County Solicitor with a copy of all offering materials thirty (30) business days prior to the time any such interests or participations are offered for sale or distribution. Lessor (i) shall be solely responsible for the allocation of payments received from Lessee among any such participants as their interests may appear; and (ii) shall be solely responsible for the costs and other financial or other liabilities attendant to the establishment, maintenance, and operation of the aforesaid registration books or book entry system. Lessee shall be given notice of the establishment of any such registration books or book entry system and a full written explanation of how such books or system works, including the right to inspect the same during normal business hours, or, if Lessor is not conveniently located for such inspection, Lessee shall be furnished, upon request, with photocopies of such books and records and/or book entry system. The foregoing to the contrary notwithstanding, Lessee may, at its option and expense, appoint another agent to establish, maintain, and operate the registration books or book entry system contemplated hereunder.

(d) The Lessee has not prepared an Official Statement or other offering materials in connection with any Leases hereunder and does not intend to prepare such materials. It is the Lessee's intent that the restrictions contained in this Section 18 preclude the use by the Lessor of Certificates of Participation.

19. Events of Default. With respect to each Lease, an Event of Default (herein so called) shall occur upon the happening of an event hereinafter described, but in the case of events described in paragraphs (b) and (c) below, only if the Lessor shall have given the Lessee prior written notice of the default (the "Notice of Default") and thirty (30) days (the "Cure Period") to cure the default specified in such notice, or cause such default to be cured, unless the Lessor and Lessee shall agree to an extension of such time prior to its expiration:

- (a) Lessee fails to make any Lease Payment as it becomes due in accordance with the terms of the Lease (except as such failure results from nonappropriation by the Lessee of funds for such purposes);
- (b) Lessee fails to perform or observe any other material covenant, condition, or agreement to be performed or observed by it hereunder or under the respective Equipment Schedules; or,
- (c) The discovery by Lessor that any statement, representation, or warranty made by Lessee in the Lease or in any writing delivered by Lessee pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect at the time such statement, representation, or warranty was made.

20. Remedies. Upon the occurrence of an Event of Default with respect to any Lease and as long as such Event of Default is continuing, Lessor, at its option, may declare such Lease and any other Leases then held by Lessor to be in default by written notice to such effect to the Lessee, and thereafter Lessor may exercise any one or more of the following remedies:

- (a) By written notice to Lessee, declare an amount equal to all amounts then due or to become due during the then current fiscal year of Lessee under such Lease to be immediately due and payable, whereupon the same shall become immediately due and payable;
- (b) By written notice to Lessee, request Lessee to (and Lessee agrees that it will), promptly return the Equipment subject to such Lease to Lessor, and Lessor may enter upon the premises where the Equipment is located and take immediate possession of and remove all or any portion of the same;
- (c) Sell or lease the related Equipment or sublease it for the account of Lessee holding Lessee liable, only for the fiscal year for which appropriated funds are available and only to the extent of those appropriated funds, for all Lease Payments and other payments due on or before the effective date of such selling, leasing, or subleasing, and for the difference between the purchase price, rental, and other amounts paid by the purchaser, lessee, or sublessee pursuant to such sale, lease, or sublease and the amount payable by Lessee hereunder; and,
- (d) Exercise any other right, remedy, or privilege that may be available to it under applicable laws of the State of Maryland or any other applicable law, or proceed by appropriate legal action to enforce the terms of such Lease or to recover damages for the breach of the Lease, or to rescind the Lease as to the Equipment.

In addition, Lessee will remain liable, to the extent permitted by law and to the extent of then currently available appropriated funds, for all covenants and indemnities under each Lease and for all reasonable legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under each Lease or now or hereafter existing at law or in equity. Lessor's remedies hereunder may be exercised separately with respect to items of Equipment. No delay or omission to exercise any right or power accruing upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

21. Lessor's Right to Perform for Lessee. Except as provided in Sections 5, 25 and 26, if Lessee fails to perform or comply with any of its material covenants contained herein, Lessor shall have the right, but shall not be obligated, to effect such performance or compliance of its material covenants, and the amount

of any reasonable out-of-pocket expenses or other reasonable expenses of Lessor incurred in connection with the performance of, or compliance with, such material covenant, together with interest thereon at the lesser of: (i) the highest lawful rate permitted by applicable state law on the date of payment by Lessor; or (ii) the same rate as the underlying Lease Payments shall be payable by Lessee to the extent of then currently available appropriated funds, upon demand. Lessee shall execute, endorse, and deliver to Lessor any conveyance, assignment, or other instrument in writing as may be reasonably required to vest in Lessor any right, title, or power that by the terms hereof is intended to be conveyed or conferred upon Lessor, including without limitation: (a) Uniform Commercial Code Financing Statements (including continuation statements); (b) to the extent allowed by applicable law, documents and checks or drafts relating to or received in payment for any loss or damage on the insurance required hereunder, but only to the extent that same relates to the Equipment; and, (c) at such time of default or nonappropriation, upon any bill of sale, document, instrument, invoice, freight bill, bill of lading, or similar document relating to the Equipment in order to vest title in Lessor and to transfer possession to Lessor within ten (10) days upon receipt of same.

22. Quiet Enjoyment of Equipment. Lessor hereby covenants to provide to Lessee during the term of each Lease quiet use and enjoyment of the applicable Equipment, and Lessee shall during the term of each Lease peaceably and quietly have and hold and enjoy the Equipment without suit, trouble, or hindrance from Lessor except upon the occurrence of an Event of Default.

23. Delivery of Related Documents. Lessee will execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transactions contemplated by this Master Lease. At the written request of the Lessor, Lessee will furnish current financial statements of Lessee within sixty (60) days after the date such statements become available to the public. During the Lease Term and upon annual request of the Lessor, Lessee will provide to Lessor the applicable budget, or relevant portions thereof at Lessee's election, with proof of appropriation for the ensuing fiscal year, and such other financial information relating to the ability of Lessee to continue each Lease as reasonably may be requested by Lessor.

24. Lessee's Tax Covenants. Lessee specifically covenants that it shall comply with the provisions of Sections 103 and 148 of the Code, and the applicable regulations of the Treasury Department in order to maintain the exclusion of the interest components of Lease Payments from gross income for purposes of federal income taxation, including without limitation compliance with any provisions of such law regarding the timing of the expenditure of the proceeds of each Lease, the use of such proceeds, the restriction of investment yields, the filing of information with the Internal Revenue Service, and the rebate of certain earnings resulting from the investment of the proceeds of each Lease. Lessee further covenants that it shall make such use of the proceeds of each Lease, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain exclusion from gross income for federal tax purposes of the interest portion of the Lease Payments. Both Lessor and Lessee shall provide such certification of facts and estimates regarding the amount and use of the proceeds of each Lease as may be necessary or appropriate from time to time to comply with, or to evidence Lessee's compliance with, the covenants set forth in this Section, and Lessor agrees that it will comply with all reasonable requests from nationally recognized bond counsel that may be necessary to ensure Lessee's compliance with the covenants set forth in this Section.

25. Termination for Cause. If Lessor: (a) fails to fulfill its obligation under this Master Lease to provide funds sufficient to pay the Equipment Cost as described in Section 3 hereof properly and on time, Lessee may terminate this Master Lease with respect to any future Equipment Schedules by written notice to Lessor or (b) otherwise violates any provision of the Lease, Lessee may terminate this Master Lease with respect to any or all pending or future Equipment Schedules by written notice to Lessor; provided, however, that clauses (a) and (b) shall not be deemed to permit termination of this Master Lease by

Lessee with respect to existing Leases. The notice shall specify the acts or omissions relied upon as cause for termination. In addition to all other remedies at law or in equity in the event of Lessor's default, and in the event Lessor has provided a performance security, such security shall be forfeited in its entirety to Lessee and for full liquidated damages. In the event a performance security has been waived by the Lessee, then Lessor shall pay Lessee the actual amount of damages caused by Lessor's breach. Lessor will remain liable after termination of this Master Lease and Lessee can affirmatively collect damages.

26. Termination for Convenience. The performance of this Master Lease may be terminated by Lessee in accordance with this clause, in whole or in part, whenever the Lessee shall determine that such termination is in the best interest of Lessee; provided, however, that this clause shall not be deemed to permit termination by Lessee with respect to existing Leases. Notwithstanding anything to the contrary in this Section, Lessee shall not have the right to terminate any Lease for convenience once Lessor or its assignee has made the funding under such Lease.

27. Contingent Fee Prohibition. Lessor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for Lessor, to solicit or secure this Master Lease, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee or agent, any fee or other consideration contingent on the making of this Master Lease.

28. Ethics and Fair Employment Practices. Lessor certifies that the officer of the corporation executing this Master Lease has read and understands Appendix C entitled Howard County Charter and Code References to Ethics, which contains the provisions of Section 901(a) of the Howard County Charter dealing with conflicts of interest and Section 22.204 of the Howard County Code dealing with conflicts of interest. Lessor further certifies that he/she has (1) not been a party to an agreement to bid a fixed or uniform price; (2) not offered nor will offer any gratuity to any County official or employee; and (3) not violated any of the fair employment provisions of Code Sec. 4.119 Ethics and Fair Employment Practices.

29. Retention of Records. If requested by Lessee, Lessor shall deliver to Lessee background material prepared or obtained by Lessor incident to the performance of this Master Lease. "Background Material" shall include, but not be limited to, work papers, notes, completed questionnaires, other printed materials, pamphlets, maps, drawings, and books acquired by Lessor during the term of this Master Lease and directly related to the services provided under this Master Lease. Any proprietary computer programs of Lessor are expressly excluded from the definition of "Background Material" as used in this Section. Lessor shall maintain records and documents relating to the performance of this Master Lease for three years following final payment hereunder or any applicable statute of limitations, whichever is longer, and shall make such records available for inspection and audit by the authorized representatives of Lessee.

30. Nondiscrimination in Employment. Lessor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or physical or mental handicap unrelated in nature and extent so as reasonably to preclude the performance of such employment; (b) to include a provision similar to that contained in subsection (a), above, in any underlying subcontract; and, (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

31. Compliance with Laws. Lessor hereby represents and warrants that:

(a) it is, to the extent required by applicable law, qualified to do business in the State of Maryland and will take such action as, from time to time, may be necessary to remain so qualified;

(b) it is not in arrears with respect to the payment of any moneys due and owing the State of Maryland, Howard County, or any department or unit thereof, including, but not limited to, the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Master Lease;

(c) it shall comply with all federal, state, and local laws applicable to its activities and obligations under this Master Lease; and

(d) it shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Master Lease.

32. Administration. This Master Lease shall be performed under the direction of Stanley J. Milesky, Director of Finance, or his designee (the "County Project Coordinator"). All matters relating to administration and performance of this Master Lease shall be referred to the County Project Coordinator for determination.

33. Governing Law. This Master Lease shall be construed, interpreted, and enforced in accordance with the laws of the State of Maryland.

34. Notices. All notices (excluding invoices and communications in the ordinary course of business) to be given under this Master Lease shall be in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth in the introduction to this Master Lease, or at such address as the party may provide in writing from time to time.

35. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Master Lease.

36. Entire Agreement; Modification; Severability. This Master Lease, together with the form of Equipment Schedule and Exhibits A through D thereto and all other Lease Documents, constitutes the entire agreement between the parties with respect to the lease of the Equipment, and the Lease Documents shall not be modified, amended, altered, or changed except with the written consent of Lessee and Lessor. If any terms contained in any earlier writing, agreement, or proposal conflict with the terms and conditions of this Master Lease, the terms and conditions of this Master Lease shall control. Any provision of this Master Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Master Lease.

37. Representations. Each party to this Master Lease represents and warrants to the other that it has full right, power, and authority to execute this Master Lease.

38. Non-Hiring of Employees. No employee of the Lessee or any unit thereof, whose duties as such employee include matters relating to or affecting the subject matter of this Master Lease, shall, while so employed, become or be an employee of the party or parties hereby contracting with Lessee.

IN WITNESS WHEREOF, the parties hereto have caused this Master Lease to be executed as of the day and year above first written.

ATTEST:

LESSOR:

GRANT CAPITAL MANAGEMENT, INC.

By: _____

Name: _____

Title: _____

WITNESS:

HOWARD COUNTY, MARYLAND

Lonnie R. Robbins
Chief Administrative Officer

BY: _____
Ken Ulman
County Executive

APPROVED For Legal Sufficiency this
____ day of _____, 2013.

APPROVED for Sufficiency of Funds this
____ day of _____, 2013.

Margaret Ann Nolan
County Solicitor

Stanley J. Milesky
Director of Finance

APPENDIX A

DRAFT OPINION OF COUNSEL

Date

Name and Address of Lessor

Name and address of Assignees

Ladies & Gentlemen:

I have examined an original of a Howard County 2013 Tax-Exempt Master Equipment Lease-Purchase Agreement dated as of _____ and Equipment Schedule No. ____ thereto, dated as of _____ (the "Lease"), between Howard County, Maryland (the "Lessee"), and _____(the "Lessor"), and certain other documents executed by Lessee in connection with the Lease, including any Escrow Agreement related thereto (the Lease, the Equipment Schedule and such other documents are collectively referred to herein as the "Lease Documents").

Based upon such examination and upon such other examination of law and fact as I have deemed necessary or appropriate for purposes of the opinions set forth below, and assuming due execution, as appropriate, of the Lease Documents by Lessor, I am of the opinion, that:

1. Lessee is a "state or political subdivision thereof" within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended;
2. The Lessee has full legal right, power and authority to authorize, enter into, execute and deliver the Lease Documents and to perform its duties, covenants, obligations and agreements thereunder;
3. Execution and delivery of the Lease Documents by the County Executive and Lessee's performance of the Lease Documents in accordance with their terms have been duly authorized by all necessary action on the part of the Lessee;
4. The Lease Documents are legal, valid, and binding obligations of Lessee enforceable against Lessee in accordance with their terms except as such enforceability may be limited by nonappropriation of funds or by applicable bankruptcy, insolvency, moratorium, reorganization, or similar laws from time to time in effect and equitable principles. In the event Lessor obtains a judgment against Lessee for money damages as a result of an event of default under the Lease, Lessee would be obligated to pay such judgment subject to any budget and appropriation the Howard County Charter and the Howard County Code;
5. The execution and performance of the Lease Documents does not, to the best of my knowledge, materially violate any judgment, order, law, or regulation applicable to the Lessee or result in any material breach of, or constitute a material default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon, the Equipment (other than as contemplated by the Lease), or any assets of the Lessee pursuant to any indenture, mortgage, deed of trust, bank loan, credit agreement, or other instrument to which Lessee is a party or by which it or its assets may be bound;
6. To the best of my knowledge, there are no actions or proceedings pending or threatened against or affecting the Lessee in any court or before any governmental commission, board, or authority, which, if

adversely determined, would have a material, adverse effect upon the ability of Lessee to perform its obligations under the Lease Documents;

7. The County has duly authorized and approved, by all necessary official action of the County, the adoption or execution and delivery by the County of, and the performance by the County of the obligations on its part in connection with the execution and delivery of the Lease Documents.

8. To the best of my knowledge, the Lessee has complied with all requirements applicable to any of the Lease Documents under the Howard County Charter, and Title 4, Subtitle 1 of the Howard County Code.

In accordance with the foregoing, this opinion is rendered solely for your benefit and _____, special tax counsel retained by the County to render an opinion with respect to the federal income tax consequences of this transaction, and may not be relied upon by any other person or for any other purpose without our prior written consent. Except as expressly provided herein, however, I express no opinion as to any Federal or State tax or securities law matters.

Sincerely,

APPENDIX B

2013 TAX-EXEMPT MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

CERTIFICATE OF HOWARD COUNTY

I HEREBY CERTIFY as of the __ day of ____, 2013, that I am the Director of Finance for Howard County, Maryland, acting on behalf of the County Executive and the various departments or agencies (the "Agencies") using the Equipment (the "Equipment"); that I hold the office set forth below, and that I hereby execute and deliver this Certificate for the benefit of all persons interested in the execution and delivery of that certain 2013 Tax-Exempt Master Equipment Lease-Purchase Agreement (the "Master Lease") dated as of _____, Equipment Schedule No. ____ (the "Equipment Schedule") dated as of _____, by and between Grant Capital Management, Inc., a Maryland corporation, and Howard County, Maryland (the "County"). Terms defined in the Master Lease and the Equipment Schedule are used in this Certificate with the same meanings as used therein. I do further certify as follows:

1. I am Director of Finance for Howard County, and in such capacity, I am familiar with the matters hereinafter stated
2. The signature appearing opposite my name is my true and genuine signature:

OFFICE	NAME	SIGNATURE
<u>Director of Finance</u>	<u>Stanley J. Milesky</u>	_____
<u>County Executive</u>	<u>Ken Ulman</u>	_____
_____	_____	_____

3. The Master Lease, the Equipment Schedule thereto, and all certificates and other documents (collectively, the "Financing Documents"), to which the County is a party, as executed and delivered or as approved, as appropriate, are in compliance with the County's approved Annual Budget Ordinance as proposed for the fiscal year FY 2013, which was previously validly adopted and is in full force and effect as of July 1, 2012, subject to such changes and revisions therein as may be approved by the representatives of the County executing the same. In making this certification, I have relied upon the representations of the appropriate official or officials of the Department of Finance (the "Department") and I am personally aware of no fact or other matter that would make my reliance upon the representations of the Department unreasonable.

4. To the best of my knowledge, (i) the representations and warranties of the County in the Financing Documents are true and correct on and as of the date hereof as though made on and as of the date hereof, and (ii) the County has complied with all terms on its part to be performed or satisfied by it under the Lease at or prior to the date hereof.

5. The County Executive and the Agencies under his supervision will take all actions reasonably necessary to appropriate or otherwise provide for all amounts required to be paid under the Lease during the County's fiscal period ending June 30, 2014, and to the best knowledge and belief of the Department,

the County Executive, and the Agencies, there is no reason to believe that the County will not make such appropriation or have sufficient unexhausted funds to make such payments as the same become due.

6. The Equipment will be used by the County only for the purpose of performing one or more of its governmental or proprietary functions consistent with the permissible scope of its authority. No portion of the Equipment will be leased to or operated by any person in connection with a nongovernmental trade or business, or used by a Section 501(c)(3) organization.

7. The Equipment is essential to the proper, efficient, and economic functioning of the County and to the services that the County provides. The County has an immediate need for and expects to make immediate use of substantially all the Equipment, which use is not temporary or expected to diminish in the foreseeable future.

8. The County will prepare or cause to be prepared and will file or cause to be filed a Form 8038-G in the manner and within the time provided by Section 149(e) of the Internal Revenue Code of 1986, as amended.

9. The Federal Taxpayer Identification Number of the County is 52-6000965.

IN WITNESS WHEREOF, I have executed this Certificate as of the day and year first above written.

WITNESS:

Stanley J. Milesky
Director of Finance

**APPENDIX C
HOWARD COUNTY CODE**

Section 22.204. Prohibited conduct and interests.

(a) *Participation Prohibitions:* County official and employees subject to this subtitle shall not:

- (1) Except in the exercise of an administrative or ministerial duty which does not affect the disposition or decision with respect to the matter, participate on behalf of the county in any matter which would, to their knowledge, have a direct financial impact as distinguished from the public generally, on them, their spouse, parent, child, sibling or upon any business interest with which they are affiliated;
- (2) Except as exempted by the county council pursuant to Section 901(b) of the Howard County Charter, hold or acquire an interest in a business entity that has or is negotiating a contract with the county or is regulated by the official or employee;
- (3) Except in the exercise of an administrative or ministerial duty which does not affect the disposition or decision with respect to the matter, participate in any matter involving a business entity with which they, their spouse, parent, child or sibling are negotiating or have an arrangement concerning prospective employment.

(b) *Employment Prohibitions:* Except as exempted by the county council pursuant to section 901(b) of the Howard County Charter or when the employment or interest does not create an actual or apparent conflict of interest, officials and employees shall not:

- (1) Be employed by:
 - (i) Any entity subject to their official authority;
 - (ii) Any entity subject to the authority of the Howard County agency, board or commission with which they are affiliated;
 - (iii) Any entity which is negotiating or has entered into a contract with the Howard County agency, board or commission with which they are affiliated.
- (2) Represent any party for a fee, commission or other compensation before any county body;
- (3) Within 1 year following termination of county service, act as a compensated representative of another in connection with any specific matter in which they participated substantially as a county official or employee.

The employment provisions listed above do not apply to:

- (1) An official or employee who is appointed to a regulatory or licensing authority pursuant to a requirement that persons subject to its jurisdiction be represented in appointments to it;
- (2) Subject to other provisions of law, a member of a board or commission who publicly disclosed a financial interest or employment to the appointing authority at the time of appointment;
- (3) Employees or officials whose duties are ministerial provided that the private employment or financial interest does not create a conflict of interest or the appearance of such a conflict.

(c) *Solicitation/Acceptance of Gifts or Compensation:* No employee or official shall solicit any gifts. No employee or official shall accept any gift or compensation, directly or indirectly from any person that he/she knows or has reason to know, has financial interests, distinguishable from the interest of the public that would be affected by the actions of the employee or official.

(d) *Use of Prestige of Office:* No county officials or employees subject to this subtitle shall intentionally use the prestige of their office for their own gain or that of another. The performance of usual and customary constituent services without additional compensation does not constitute the use of prestige of office for an official or employee's private gain or that of another.

(e) *Disclosure of Confidential Information:* Other than in the discharge of official duties, officials or employees may not disclose or use, for their own gain or that of another, confidential information acquired by reason of public position and which is not available to the public.

HOWARD COUNTY CHARTER

Section 901. Conflict of interest.

(a) *Prohibitions.* No officer or employee of the County, whether elected or appointed, shall in any manner whatsoever be interested in or receive any benefit of the profits or emoluments of any contract, job, work, or service for the County. No such officer or employee shall accept any service or thing of more than nominal value, directly or indirectly, from any person, firm or corporation having dealings with the County, upon more favorable terms than those granted to the public generally, nor shall he or she receive, directly or indirectly, any part of any fee, commission or other compensation paid or payable by the County, or by any person in connection with any dealings with the County, or by any person in connection with any dealings with or proceedings before any branch, office, department, board, commission or other agency of the County. No such officer or employee shall directly or indirectly be the broker or agent who procures or receives any compensation in connection with the procurement of any type of bonds for County officers, employees or persons or firms doing business with the County. No such officer or employee shall solicit or accept any compensation or gratuity in the form of money or otherwise for any act or omission in the course of his or her public work; provided, however, that the head of any department or board of the County may permit an employee to receive a reward publicly offered and paid for, for the accomplishment of a particular task.

(b) *Rules of construction; exceptions by Council.* The provisions of this Section shall be broadly construed and strictly enforced for the purpose of preventing officers and employees from securing any pecuniary advantages, however indirect, from their public associations, other than their compensation provided by law.

In order, however, to guard against injustice, the Council may, by resolution, specifically authorize any County officer or employee to own stock in any corporation or to maintain a business in connection with any person, firm or corporation dealing with the County, if on full public disclosure of all pertinent facts to the County Council by such officer or employee, the Council shall determine that such stock ownership or connection does not violate the public interest.

The County Council may, by ordinance, delegate to the Howard County Ethics Commission the power to make such determinations and to authorize the ownership or connection. Any ordinance which delegates this power shall provide for procedures including a public hearing, and shall establish criteria for determining when the ownership or connection does not violate the public interest.

(c) *Penalties.* Any officer or employee of the County who willfully violates any of the provisions of this Section shall forfeit his or her office, or shall suffer such other penalty as provided by law. If any person shall offer, pay, refund or rebate any part of any fee, commission, or other form of compensation to any officer or employee of the County in connection with any County business or proceeding, he or she shall, on conviction, be punishable by imprisonment for not less than one or more than six months or a fine of not less than \$100.00 or more than \$1,000.00, or both. Any contract made in violation of this Section may be declared void by the Executive or by resolution of the Council. The penalties in this Section shall be in addition to all other penalties provided by law.

FORM OF EQUIPMENT SCHEDULE

EQUIPMENT SCHEDULE NO. 01

TO

2013 TAX-EXEMPT MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

THIS EQUIPMENT SCHEDULE NO. 01, dated as of _____ (the "Equipment Schedule"), is executed by and between GRANT CAPITAL MANAGEMENT, INC., a Maryland corporation ("Lessor"), and HOWARD COUNTY, MARYLAND ("Lessee"),

WITNESSETH:

WHEREAS, Lessor and Lessee have previously entered into that certain 2013 Tax-Exempt Master Equipment Lease-Purchase Agreement dated as of _____ (the "Master Lease") (unless otherwise defined herein all terms having a defined meaning in the Master Lease shall have the same meaning when used herein), which Master Lease provides for the execution and delivery of one or more Equipment Schedules for the purpose of identifying the Equipment to be leased and purchased pursuant to the Master Lease and specifying certain terms and conditions applicable to the lease and purchase of such Equipment; and,

WHEREAS, Lessor desires to lease with an option to purchase to Lessee, and Lessee desires to lease with an option to purchase from Lessor, the items of Equipment herein described on the terms and conditions of the Master Lease and as herein provided.

NOW, THEREFORE, in consideration of the premises, Lessor and Lessee hereby agree as follows:

1. EQUIPMENT. The items of Equipment described in Exhibit A shall be subject to the terms and conditions of the Master Lease and this Equipment Schedule (collectively, this "Lease").

2. LOCATION OF EQUIPMENT. The Equipment shall be kept at the Equipment Location (herein so called) set forth on Exhibit A.

3. LEASE TERM. The Lease Term (herein so called) with respect to the Equipment described herein shall commence on the date of hereof and shall continue for a term ending on _____.

4. LEASE PAYMENTS. (a) Lessee hereby agrees to make the Lease Payments (herein so called) to Lessor in such amounts and at such times as set forth on Exhibit B.

(b) Upon the exercise by Lessee of any option granted under the Master Lease to terminate this Lease prior to the expiration of the term thereof and hereof, Lessee agrees to pay to Lessor the applicable principal balances as shown on Exhibit B for the lease and purchase of the Equipment.

(c) Should Lessee elect its option to prepay this Lease prior to the expiration of the term hereof on any lease payment date, it shall provide Lessor at least fifteen (15) days' prior written notice of such election. Lessee's exercise of this purchase option shall be at the following percentage of the principal balance then outstanding after deduction of the Lease Payment made on the date of prepayment (the principal balance plus prepayment amount derived from the applicable percentage that follows is reflected in Exhibit B as the "Concluding Payment"):

Prepayment Date

Percentage

During Term of Lease

See Payment Schedule

(d) In the event of a termination or nonrenewal of the Lease Term pursuant to Section 5 or Section 20 of the Master Lease, moneys remaining in any Escrow Account established hereunder or recovered by Lessor through its exercise of remedies shall be applied first to the payment of all obligations of Lessee then due and owing hereunder, and then to the payment of the principal balance or Concluding Payment amount as set forth in Exhibit B applicable at the time of such termination or nonrenewal.

(e) The principal components of the Lease Payments bear interest at the total interest cost of ___% per annum but in no event shall such interest exceed ___%.

5. REPRESENTATIONS AND WARRANTIES. By execution and delivery of this Equipment Schedule, Lessee confirms that all representations and warranties contained in the Master Lease are true and correct as of the date hereof. Further, Lessee represents and warrants as of the date hereof that: (i) Lessee reasonably has sufficient appropriations or other funds legally available to pay all Lease Payments and other amounts due hereunder for the fiscal period ending on _____; and, (ii) the use of the Equipment by Lessee is essential to the Lessee's proper, efficient, and economic operation and will be used for the purposes set forth on Exhibits C and D.

6. LIMITATIONS ON WARRANTIES. Lessee represents, warrants, acknowledges, and agrees that the Equipment is of a size, design, and capability selected by Lessee; that Lessee is satisfied that the Equipment is suitable for its purpose; that Lessor is neither a manufacturer nor a vendor of the Equipment; and that LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE EQUIPMENT AND THE MAINTENANCE THEREOF.

7. EQUIPMENT COST. The cost of the improvements and Equipment described on Exhibit A shall not exceed \$30,000,000.00 of which the Equipment Cost (herein so called) of \$_____ is financed hereunder.

8. COVENANTS, DELIVERY, AND ACCEPTANCE. (a) Lessee agrees to use its best efforts to, and as of the date hereof, reasonably expects to acquire the Equipment on or before _____.

(b) Lessee will cause the Equipment to be delivered at the Equipment Location. Lessee will pay all transportation and other costs, if any, incurred in connection with the delivery of the Equipment. Lessee will accept the Equipment as soon as it has been delivered and is operational, or in the event that the manufacturer or vendor allows a pre-acceptance test period, as soon as the test period has expired.

9. FINAL ACCEPTANCE. Immediately following acceptance, Lessee will execute and deliver to Lessor an Acceptance Certificate and an Equipment Use Certificate as set forth in Exhibits C and D, respectively.

IN WITNESS WHEREOF, Lessee and Lessor have executed this Equipment Schedule as of the date and year first above written.

WITNESS:

HOWARD COUNTY, MARYLAND

Lonnie R. Robbins
Chief Administrative Officer

BY: _____
Ken Ulman
County Executive

APPROVED For Legal Sufficiency this
____ day of _____, 2013.

APPROVED for Sufficiency of Funds this
____ day of _____, 2013.

Margaret Ann Nolan
County Solicitor

Stanley J. Milesky
Director of Finance

EXHIBIT A
TO
EQUIPMENT SCHEDULE NO. 01
TO
2013 TAX-EXEMPT MASTER
EQUIPMENT LEASE-PURCHASE AGREEMENT

EXHIBIT B
TO

EQUIPMENT SCHEDULE NO.01

TO 2013 TAX-EXEMPT MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

PAYMENT SCHEDULE

Payment No.	Payment Date	Lease Payment	Interest Component	Principal Component	Concluding Payment
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[SIGNATURE PAGE FOLLOWS]

WITNESS:

HOWARD COUNTY, MARYLAND

Lonnie R. Robbins
Chief Administrative Officer

BY: _____
Ken Ulman
County Executive

APPROVED For Legal Sufficiency this
____ day of _____, 2013.

APPROVED for Sufficiency of Funds this
____ day of _____, 2013.

Margaret Ann Nolan
County Solicitor

Stanley J. Milesky
Director of Finance

EXHIBIT C
TO
EQUIPMENT SCHEDULE NO. 01
TO 2013 TAX-EXEMPT MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

ACCEPTANCE CERTIFICATE

In accordance with the terms of the Equipment Schedule, Lessee hereby certifies and represents to, and agrees with, Lessor as follows:

A. Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the work reflected on the attached invoice effective the date hereof.

B. The Equipment described in Exhibit A is essential to the proper, efficient, and economic operations of the Lessee. The Equipment will be used by Lessee for the purpose of performing one or more of Lessee's governmental functions consistent with the permissible scope of Lessee's authority.

HOWARD COUNTY, MARYLAND

By: _____

(Name)

(Title)

(Phone)

Date:

EXHIBIT D
TO
EQUIPMENT SCHEDULE NO. 01
2013 TAX-EXEMPT MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT

EQUIPMENT USE CERTIFICATE

1. Will all proceeds of this financing of your Agency's Equipment be used to make payment to the vendor(s) of that Equipment?
Yes _____ No _____

If your answer to Question 1 is "no", please complete parts (a) and (b); if your answer to Question 1 is "yes", please go to Question 2.

1.(a) What is the amount of proceeds of this financing that will not be used to make payment to the Equipment vendor(s)?

1.(b) What is the intended use of financing proceeds that will not be paid to the Equipment vendor(s)? _____
_____.

(Total amount must equal amount identified in response to Question 1(a)).

2. Will any item(s) of Equipment to be financed be used by any person or organization other than the County or the Agency? (For purposes of this question, property should be considered "used by any person or organization" if such person or organization owns, leases, occupies, manages, or in any other way uses or receives benefits from the Equipment).

Yes _____ No _____

If your answer to Question 2 is "yes", please complete parts (a) through (f); if your answer to Question 2 is "no", please go to Question 3.

2.(a) Please indicate the items(s) of Equipment and cost thereof that will be used by any person or organization other than the County or the Agency: _____
_____.

2.(b) Please describe the use: _____
_____.

2.(c) Will the person or organization use the item(s) of Equipment on an equal basis with the general public? (For purposes of this question, "general public" would include an Agency's clients, students, and other similar user classes that are granted use of the Equipment on a nondiscriminatory basis such as first-come-first-served, lottery, etc.)

Yes _____ No _____

2.(d) If "yes" to Question 2.(c), please describe:

(i) The user class: _____

(ii) The basis for user selection: _____

2.(e) Will there be any direct or indirect payments by any person or organization (other than the County or the Agency) back to the County, any of its agencies, or any other governmental unit with respect to the use of any item(s) of Equipment to be financed? (Direct or indirect payments may take the form of loan repayments, rental payments for the use of the Equipment, commissions, profit sharing, etc.).

Yes _____ No _____

2.(f) If yes to Question 2.(e), please describe the payments: _____
_____.

3. Will any proceeds of this financing be used to provide temporary financing in anticipation of the receipt of other moneys (for example, a federal grant) that are expected to be received for the lease or purchase of item(s) of Equipment to be financed by this financing?

Yes _____ No _____

3.(a) If yes to Question 3., please describe the other funds that are anticipated, including the expected amount and date of their receipt: _____

_____.

4. Will any of the proceeds of this Equipment financing be used to pay the principal of, or interest on, any prior issue of governmental obligations such as bonds, equipment leases, installment sales agreements, or the like?

Yes _____ No _____

4. (a) If yes to Question 4, please describe the prior issue(s) governmental obligations: _____

_____.

5. Will any of the proceeds of this Equipment financing be used to replace any proceeds of an earlier issue of governmental obligations, including an earlier equipment lease, that (i) was issued to finance the same item(s) of Equipment, and (ii) the proceeds of which were not expended on the item(s) of Equipment?

Yes _____ No _____

5.(a) If yes to Question 5, please describe the prior proceeds to be replaced, the item(s) of Equipment affected, and the cost thereof: _____

_____.

I HEREBY CERTIFY that I am responsible for approving or authorizing payments for the items to be financed by this Equipment Schedule.

[PLACE YOUR AGENCY NAME HERE]

By: _____

(Name)

(Title)

(Phone)

Date _____