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RESOLUTION NO. 03-41

A RESOLUTION OF THE MAYOR AND VILLAGE COUNCIL OF THE VILLAGE OF PALMETTO BAY, FLORIDA, RELATING TO CONTRACTS; RATIFYING AN EQUIPMENT LEASE-PURCHASE AGREEMENT FOR OFFICE FURNITURE, AND RELATED INSTRUMENTS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Village of Palmetto Bay adopted Resolution no. 03-34 determining that an essential need exists for the procurement of office furniture and equipment ("Equipment") and authorized the Village Manager to enter into a Lease/Purchase Agreement, which is attached to this Resolution, described as the Municipal Lease and Option Agreement ("Agreement"); and,

WHEREAS, the Village of Palmetto Bay has taken the necessary steps, utilizing the State contract, to procure the Equipment at a competitive price; and

WHEREAS, the Village of Palmetto Bay has entered into the Agreement substantially in the form presented.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND VILLAGE COUNCIL OF THE VILLAGE OF PALMETTO BAY, FLORIDA, AS FOLLOWS:

Section 1. The terms of the contract substantial in the form of the Agreement which is attached and incorporated in this resolution, are in the best interests of the village for the acquisition of the Equipment.

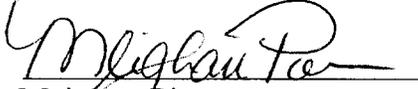
Section 2. Execution of the Agreement is ratified. The Village Manager is authorized to execute and deliver the Agreement with any changes, insertions and omissions as may be approved by the Council. The Council's approval shall be conclusively evidenced by such execution that Agreement and delivery of the Equipment. The Village Clerk shall affix the official seal of the Village of Palmetto Bay and attest to same.

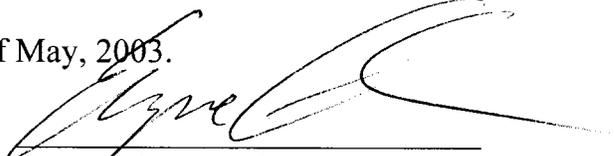
Section 3. The Village Manager is authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents, and to do or cause to be done any and all acts and things necessary or proper for carrying out this resolution and the Agreement.

1 Section 4. This resolution has not been repealed or amended and remains in full
2 force and effect. This resolution shall take effect immediately upon approval.

3
4 PASSED and ADOPTED this 5th day of May, 2003.

5 Attest:

6 
7 Meighan Pier
8 Village Clerk

9 
10 Eugene P. Flinn, Jr.
11 Mayor

12 APPROVED AS TO FORM:

13 
14 Earl G. Gallop,
15 Village Attorney

16 FINAL VOTE AT ADOPTION:

| | |
|---------------------------------|------------|
| 17 Council Member Ed Feller | <u>AYE</u> |
| 18 Council Member Paul Neidhart | <u>AYE</u> |
| 19 Council Member John Breder | <u>AYE</u> |
| 20 Vice-Mayor Linda Robinson | <u>AYE</u> |
| 21 Mayor Eugene P. Flinn, Jr. | <u>AYE</u> |

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LEHIGH MUNICIPAL LEASING, INC.
MUNICIPAL LEASE AND OPTION AGREEMENT

LEASE NUMBER: 734-042403-001-399B

LESSOR: LEHIGH MUNICIPAL LEASING, INC.
363 ROUTE 100
ALLENTOWN, PENNSYLVANIA 18106

LESSEE: VILLAGE OF PALMETTO BAY
900 PERRINE AVENUE
PALMETTO BAY, FLORIDA 33157

COMMENCEMENT DATE: UPON LEASE COMMENCEMENT _____, 2003

TERMINATION DATE: _____, 2006

TERM, PAYMENT AMOUNT AND FREQUENCY: THIRTY-SIX (36) MONTHS, \$1,158.94 MONTHLY IN ARREARS, FIRST PAYMENT DUE THIRTY (30) DAYS AFTER LEASE COMMENCEMENT, MONTHLY THEREAFTER.

EQUIPMENT DESCRIPTION: SEE ATTACHED SCHEDULE B, DESCRIPTION OF PROPERTY.

Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor, the Equipment described above or in any Schedule B now or hereafter attached hereto ("Equipment") in accordance with the following terms and conditions of this Municipal Lease and Option Agreement ("Lease"). The Equipment described in this Lease is not being acquired on any form of a trial or temporary basis.

1. TERM. This Lease will become effective upon the execution hereof by Lessor. The term of this Lease will commence on the date the Equipment is accepted pursuant to Section 3 hereunder and, unless earlier terminated as expressly provided for in this Lease, will continue until the termination date set forth above.
2. RENT. Lessee agrees to pay to Lessor or its assigns the Lease Payments, including the interest portion, equal to the amounts specified above and in Schedule A. The Lease Payments will be payable without notice or demand at the office of the Lessor (or such other place as Lessor or its assigns may from time to time designate in writing), and will commence on the first Lease Payment Date as set forth in Schedule A. and thereafter on the subsequent dates set forth in Schedule A. Any payments received later than ten (10) days from the due date will bear interest at the highest lawful rate from the due date. Except as specifically provided in Section 2 hereof, the Lease Payments will be absolute and unconditional in all events and will not be subject to any setoff, defense, counterclaim, or recoupment for any reason whatsoever including, without limitation, any failure of the Equipment to be delivered or installed, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances. Lessee reasonably believes that funds can be obtained sufficient to make all Lease Payments during the Lease Term and hereby covenants that it will do all things lawfully within its power to obtain, maintain and properly request and pursue funds from which the Lease Payments may be made, including making provisions for such payments to the extent necessary in each budget submitted for the purpose of obtaining funding, using its bona fide best efforts to have such portion of the budget approved and exhausting all available administrative reviews and appeals in the event such portion of the budget is not approved. IT IS LESSEE'S INTENT TO MAKE LEASE PAYMENTS FOR THE FULL LEASE TERM 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. UNLESS LESSEE NOTIFIES LESSOR AT LEAST SIXTY (60) DAYS PRIOR TO THE END OF THE THEN APPLICABLE FISCAL PERIOD, THIS AGREEMENT WILL AUTOMATICALLY BE RENEWED AND LESSEE SHALL INCLUDE THE OBLIGATION TO MAKE THE PAYMENT SETFORTH ABOVE FOR THE APPLICABLE RENEWAL TERM IN ITS BUDGET, FOR THE APPLICABLE FISCAL PERIOD. Lessor and Lessee understand and intend that the obligation of Lessee to pay Lease Payments hereunder shall constitute a current expense of Lessee 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 revenue, funds or monies of Lessee. Notwithstanding anything contained in this Lease to the contrary, in the event no funds or insufficient fund are appropriated and budgeted or are otherwise unavailable by any means whatsoever in any fiscal period for Lease Payments due under this Lease, Lessee will immediately notify the Lessor or its assigns of such occurrence and this Lease shall terminate on the last day of the fiscal period, PROVIDED LESSOR WAS NOTIFIED SIXTY (60) DAYS PRIOR TO THE END OF THE THEN APPLICABLE FISCAL PERIOD, for which appropriations were received without penalty or expense to Lessee of any kind whatsoever, except as to the portions of Lease Payments herein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available. In the event of such termination, Lessee agrees to peaceably surrender possession of the Equipment to Lessor or its assigns on the date of such termination, packed for shipment in accordance with manufacturer specifications and freight prepaid and insured to any location in the continental United States designated by Lessor. Lessor will have all legal and equitable rights and remedies to take possession of the Equipment. Notwithstanding the foregoing Lessee agrees (i) that it will not cancel this Lease under the provisions of this Section if any funds are appropriated to it, or by it, for the acquisition, retention or operation of the Equipment or other equipment performing functions similar to the Equipment for the fiscal period thereafter, and (ii) that it will not during the Lease Term, or for the longest period allowable by law, give priority in the application of funds to any other functionally similar equipment. NOTWITHSTANDING THE FOREGOING, THIS PARAGRAPH WILL NOT BE CONSTRUED SO AS TO PERMIT LESSEE TO TERMINATE THIS LEASE IN ORDER TO ACQUIRE OR LEASE ANY OTHER EQUIPMENT OR TO ALLOCATE FUNDS DIRECTLY OR INDIRECTLY TO PERFORM ESSENTIALLY THE SAME APPLICATION FOR WHICH THE EQUIPMENT WAS INTENDED.

In order to compensate Lessor for the loss of use of the Equipment during the period prior to delivery of the Equipment by Lessee to Lessor, Lessee shall pay the Rent on the Equipment, as provided in this agreement, until the Lessee has delivered the Equipment to Lessor as provided in

this section, including during the period of any delay caused by the lack of governmental authorization, permit return of the Equipment to Lessor. This provision shall survive termination of this Agreement.

3. DELIVERY AND ACCEPTANCE. Lessee, or if Lessee so requests, Lessor will cause the Equipment to be delivered to Lessee at the location specified on the Delivery and Acceptance Certificate. Lessee will pay all transportation and other costs, if any, incurred in connection with the delivery and installation of the Equipment. Lessee will accept the Equipment as soon as it has been delivered and is operational. Lessee will evidence its acceptance of the Equipment by executing and delivering to Lessor a Delivery and Acceptance Certificate in the form provided by Lessor.

4. DISCLAIMER OF WARRANTIES. Lessee acknowledges and agrees that the Equipment is of a size and design and capacity selected by Lessee, that Lessor is neither a manufacturer nor a vendor of such equipment, and the LESSOR HAS NOT MADE ANY INSPECTION OF THE EQUIPMENT, 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 OF 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 THE 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. Lessor hereby assigns to Lessee during the Lease Term, so long as no Event of Default has occurred hereunder and is continuing all manufacturer's warranties, if any, expressed or implied with respect to the Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense. Lessee's sole remedy for the breach of any such manufacturer's warranty shall be against the manufacturer of the Equipment, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes and has made, no representations or warranties whatsoever as the existence or the availability of such warranties of the manufacturer of the Equipment. THE VENDOR AND/OR MANUFACTURER, OR ANY OF THEIR EMPLOYEES ARE NOT AGENTS OF LESSOR AND NO EMPLOYEE OF THE VENDOR AND/OR MANUFACTURER IS AUTHORIZED TO ALTER THIS AGREEMENT IN ANY WAY.

5. CERTIFICATION AND AUTHORIZATION. Lessee represents, covenants and warrants that it is a state, or a political subdivision thereof, or that Lessee's obligation under this Lease constitutes an obligation issued on behalf of a state or a political subdivision thereof, such that any interest derived under this Lease will qualify for exemption from Federal income taxes under Section 103 of the Internal Revenue Code as amended ("the Code). Lessee further warrants that this Lease represents a valid deferred payment obligation for the amount herein set forth of a Lessee having legal capacity to enter into the same and is not in contravention of any Town, City, District, County, or State statute, rule, regulation, or other governmental provision. In the event that a question arises as to Lessee's qualification as a political subdivision, Lessee agrees to execute a power of attorney authorizing Lessor to make application to the Internal Revenue Service for a letter ruling with respect to the issue. Lessee agrees that (i) it will do or cause to be done all things necessary to preserve and keep the Lease in full force and effect, (ii) it has complied with all bidding requirements where necessary and by due notification presented this Lease for approval and adoption as a valid obligation on its part, and (iii) it has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal period. LESSEE REPRESENTS AND WARRANTS THAT THIS LEASE IS NOT A PRIVATE ACTIVITY BOND AS DEFINED IN SECTION 141 OF THE CODE, AS AMENDED AND 95% OR MORE OF THE PROCEEDS OF THIS LEASE WILL BE USED FOR GOVERNMENTAL ACTIVITIES.

6. TITLE TO EQUIPMENT; SECURITY INTEREST. Upon acceptance of the Equipment by Lessee hereunder, title to the Equipment will vest in Lessee subject to Lessor's rights under this Lease, provided, however, that (i) in the event of termination of this Lease by Lessee pursuant to Section 2 hereof; (ii) upon the occurrence of an Event of Default hereunder, and as long as such Event of Default is continuing; or (iii) in the event that the purchase option has not been exercised prior to the Termination Date, title will immediately vest in Lessor or its assigns without any action by Lessee and Lessee shall immediately surrender possession of the Equipment to Lessor. In order to secure all of its obligations hereunder, Lessee hereby (i) grants to Lessor first and prior security interest in any and all additions, attachments accessions, and substitutions thereto, and on any proceeds therefrom, (ii) agrees that this Lease may be filed as a financing statement evidencing such security interest, and (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments in form satisfactory to Lessor necessary or appropriate to evidence such security interest. THIS LEASE SHALL BE CONSIDERED FOR ALL PURPOSES UNDER THE UNIFORM COMMERCIAL CODE AS A "FINANCE LEASE"; LESSEE HEREBY WAIVES ANY AND ALL RIGHTS AND REMEDIES GRANTED LESSEE BY SECTIONS 2A-508 THROUGH 2A-522 INCLUSIVE OF THE UNIFORM COMMERCIAL CODE (IF SUCH MAY HAVE BEEN ADOPTED); AND LESSEE AGREES THAT THE TERMS AND CONDITIONS OF THIS LEASE SHALL PREVAIL.

7. USE; REPAIRS. Lessee will use the Equipment in a careful manner for the use contemplated by the manufacturer for the Equipment and shall comply with all laws, ordinances, insurance policies and regulations relating to, and will pay all costs, claims damages, fees and charges arising out of its possession, use or maintenance. Lessee, at its expense, will keep the Equipment in good working order and repair and furnish all parts, mechanisms and devices required therefor.

8. ALTERATIONS. Lessee will not make any alteration, additions or improvements to the Equipment without Lessor's prior written consent unless such alterations, additions or improvements may be readily removed without damage to the Equipment.

9. LOCATIONS; INSPECTION. 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 without Lessor's prior written consent which will not be unreasonably withheld. Lessor will be entitled to enter upon the Equipment Location or elsewhere during reasonable business hours to inspect the Equipment or observe its use and operation.

10. LIENS AND TAXES. Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment, excluding however, all taxes on or measured by Lessor's income. If Lessee fails to pay said charges, and taxes when due, Lessor shall have the right, but shall not be obligated, to pay said charges and taxes. If Lessor pays any charges or taxes, Lessee shall reimburse Lessor therefor.

11. RISK OF LOSS; DAMAGE; DESTRUCTION. 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 nor defect therein nor unfitness or obsolescence thereof shall relieve Lessee of the obligation to

make Lease Payments or to perform an obligation under this Lease. In the event of damage to any item of Equipment, Lessee will immediately place the same in good repair. If the proceeds of any insurance recovery applied to the cost of such repair. If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee, at the option of Lessor, will either (a) replace the same with like equipment in good repair, or (b) on the next Lease Payment date, pay Lessor: (i) all amounts then owed by Lessee to Lessor under this Lease, including the Lease Payment due on such date, and (ii) an amount equal to the applicable Stipulated Buyout set forth in Schedule A. In the event that Lessee is obligated to make such payment with respect to less than all of the Equipment, Lessor will provide Lessee with the prorata amount of the Lease Payment and the Stipulated Buyout to be made by Lessee with respect to the Equipment which has suffered the event of loss.

12. PERSONAL PROPERTY. The equipment is and will remain personal property and will not be deemed to be affixed or attached to real estate or any building thereon. If requested by Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.

13. INSURANCE. Lessee, will, at its expense, maintain at all time during the Lease Term, fire and extended coverage, public liability and property damage insurance with respect to the Equipment in such amount, covering such risks, and with such insurers as shall be satisfactory to Lessor, or with Lessor's prior written consent may self-insure against any or all such risks. In no event will the insurance limits be less than the amount of the then applicable Stipulated Buyout with respect to such Equipment. Each insurance policy will name Lessee as an insured and Lessor or its assigns as an additional insured, and will contain a clause requiring the insurer to give Lessor at least thirty (30) days prior written notice of any alteration in the terms of such policy or the cancellation thereof. The proceeds of any such policies will be payable to Lessee and Lessor or its assigns as their interests may appear. Upon acceptance of the Equipment and upon each insurance renewal date, Lessee will deliver to Lessor a certificate evidencing such insurance. In the event that Lessee has been permitted to self-insure, Lessee will deliver to Lessor a certificate evidencing such insurance. Lessee will furnish Lessor with a letter or certificate to such effect. In the event of any loss, damage, injury or accident involving the Equipment, Lessee will promptly provide Lessor with written notice thereof and make available to Lessor all information and documentation relating thereto.

14. INDEMNIFICATION. Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, proceeding, expenses, damages or liabilities, including reasonable attorney's 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. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of the Lease Term for any reason.

15. ASSIGNMENT. Without Lessor's prior written consent, Lessee will not either (i) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Lease or the Equipment or any interest in this Lease or the Equipment or (ii) sublet or lend the Equipment or permit it to be used by anyone other than Lessee or Lessee's employees. Lessor may assign its rights, title and interest in and to this Lease and the Equipment, in whole or in part and Lessee's rights will be subordinated thereto. Any such assigns shall have all of the rights of Lessor under this Lease. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Lessee covenants and agrees not to assert against the assignee any claims or defenses by way of abatement, setoff, counterclaim, recoupment or the like which Lessee may have against Lessor. Upon assignment of Lessor's interests herein, 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 address to which future payments hereunder should be made. Lessee agrees to keep a book entry system showing the names and addresses of the designees so as to comply with section 149(a) of the Code. No further action will be required by Lessor or by Lessee to evidence the assignment, but Lessee will acknowledge such assignments in writing if so requested.

16. EVENT OF DEFAULT. The term "Event of Default," as used herein, means the occurrence of any one or more of the following events: (i) Lessee fails to make any lease payment (or any other payment) as it becomes due in accordance with the terms of the Lease, and any such failure continues for twenty (20) days after the due date thereof; (ii) Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured within twenty (20) days after written notice thereof by Lessor; (iii) the discovery by Lessor that any statement, representation, or warranty made by Lessee in the Lease or in writing ever delivered by Lessee pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect; (iv) proceeding under any bankruptcy, insolvency, reorganization or similar legislation shall be instituted against or by Lessee, or a receiver or similar office shall be appointed for Lessee or any of its property, and such proceeding or appointments shall not be vacated, or fully stayed, within twenty (20) days after the institution or occurrence thereof; or (v) an attachment, levy or execution is threatened or levied upon or against the Equipment.

17. REMEDIES. Upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies: (i) by written notice to Lessee, declare an amount equal to all amounts then due under the Lease, and all remaining Lease Payments due during the Fiscal Year in effect when the default occurs to be immediately due and payable, whereupon the same shall become immediately due and payable; (ii) by written notice to the Lessee, request Lessee to (and Lessee agrees that it will), at Lessee's expense, promptly return the Equipment to Lessor in the manner set forth in Section 2 hereof, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same; (iii) sell or lease the Equipment or sublease it for the account of Lessee, holding Lessee liable for all Lease Payments and other payments due to 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 subleases pursuant to such sale, lease or sublease and the amounts payable by Lessee hereunder; and (iv) exercise any other right remedy or privilege which may be available to it under applicable laws of the state of the Equipment Location or any other applicable law or proceed by appropriate court action to enforce the terms of the Lease or to recover damages for the breach of this Lease or to rescind this Lease as to any or all of the Equipment. In addition, Lessee will remain liable for all covenants and indemnities under this Lease and for all 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.

18. PURCHASE OPTION. After the Lessee has paid all of the Lease Payments provided for in the Lease and as listed on Schedule A, Lessee will have the option to purchase the equipment at the end of the Lease Term for (\$1.00) One Dollar. Provided there is no Event of Default, or any event which with notice to lapse of time or both could become an Event of Default, then existing, Lessee will have the right to purchase the Equipment before the end of the Lease Term on the Lease Payment dates set forth in Schedule A by paying to Lessor all the Lease Payments then due together with the applicable Stipulated Buyout amount then due as set forth on schedule A. Upon satisfaction by Lessee of such purchase condition, Lessor will transfer any and all of its right, title and interest in the Equipment to Lessee as is, without warranty, express or implied, except that the equipment is free and clear of any liens created by Lessor.

19. NOTICES. All notices to be given under this Lease shall be made in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth here in or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five days subsequent to mailing.

20. TAX MATTERS. Lessee and Lessor assume that Lessor or its assigns can, and intend that Lessor will be able to exclude interest payments on the Lease from its Federal gross income. Lessee covenants and agrees that it will (i) rebate an amount equal to excess earning on any Escrow Fund to the Federal government if required by, and in accordance with, Section 148(f) of the Code and to make the annual determinations and maintain the records applicable thereto; (ii) use a book entry system to record the identity of any assigns so as to meet the requirements of Section 149(a) of the Code; (iii) timely file a Form 8038-G or 8038-GC with the Internal Revenue Service in accordance with Section 149(e) of the Code; (iv) not permit the proceeds of the Lease to be directly or indirectly used for a private business use within the meaning of Section 141 of the Code; (v) ensure that monies deposited by Lessor into escrow are not invested in such a manner as to result in the Lease being treated as an "arbitrage bond" or "federally guaranteed bond" within the meaning of Section 148(a) or Section 149(b) of the Code, respectively; (vi) comply with all provisions and regulations applicable to excluding interest from Federal gross income pursuant to Section 103 of the Code; and (vii) cause to be executed and delivered to Lessor a No Arbitrage Certificate if requested. If Lessor either (i) receives notice, in any form, from the Internal Revenue Service or (ii) reasonably determined, based on an opinion of independent tax counsel selected by Lessor and approved by Lessee, which approval Lessee shall not unreasonably withhold, that Lessor may not exclude interest from Federal gross income, then Lessee shall pay to Lessor, within thirty (30) days, an amount equal to the sum of (x) penalties, fines, interest and additions to tax (including taxes imposed on the interest payments paid under the Lease through the date of such event), that are imposed on Lessor as a result of the loss of exclusion and that Lessor cannot deduct in computing its Federal income tax liability, plus (y) penalties, fines, interest and additions to tax that are imposed on Lessor as a result of the loss of the exclusion and that Lessor can deduct in computing Federal income tax liability. Additionally, Lessee agrees that upon the occurrence of such an event, it shall pay as additional interest to Lessor on each succeeding payment due date under the Lease such amounts as will maintain Lessor's after tax yield evidenced by this Lease.

21. SECTION HEADINGS. All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provisions of this Lease.

22. GOVERNING LAW. This Lease shall be construed in accordance with, and governed by the laws of, the state of the Equipment Location.

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 transaction contemplated by this Lease.

24. ENTIRE AGREEMENT; WAIVER. This Lease, together with the Delivery and Acceptance Certificate and other attachments hereto, and other documents or instruments executed by Lessee and Lessor in connection herewith, constitute the entire agreement between the parties with respect to the lease of the Equipment, and this Lease shall not be modified, amended, altered, or changed except with the written consent of Lessee and Lessor. Any Provision of this Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Lease. The waiver by Lessor of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the _____ day of _____ 2003.

LESSOR: LEHIGH MUNICIPAL LEASING, INC.

By: _____

Title: _____

LESSEE: VILLAGE OF PALMETTO BAY

By: _____

Title: _____