



Key Government Finance, Inc.
1000 South McCaslin Boulevard
Superior, CO 80027-9456

Wednesday, June 17, 2015

Brad Wilcox
Calhoun County
315 West Green Street
Marshall, Michigan 49068

Re: Key Government Finance, Inc.
Property Schedule No. 2

Dear Mr. Wilcox:

Enclosed, please find two (2) sets of financing documents for your review and execution. (If these documents were emailed to you, please print out two (2) sets.) Execute both sets and return all of the originals to my attention. **The original sets of the executed documents are required prior to funding your transaction. To expedite the return of these documents, please overnight them to me:**

KEY GOVERNMENT FINANCE, INC. ATTN: KIM BUSH
1000 S. MCCASLIN BLVD, SUPERIOR, CO 80027

Only the person with Signing Authority, listed on the Lessee's Certificate, should execute the documents. For verification of original documents, please execute in blue ink. Upon closing, Key Government Finance will return a fully executed original set for your files.

Please Note: All fully executed documents must be returned no later than July 30, 2015; otherwise, the transaction is subject to re-pricing.

Executed documents required for funding are:

1. Addendum to Master Tax-Exempt Installment Purchase Agreement
2. Property Schedule No. 2
3. Property Description and Payment Schedule (Exhibit 1)
4. Purchaser's Counsel's Opinion (Exhibit 2)
5. Purchaser's Certificate (Exhibit 3)
6. Payment of Proceeds Instructions (Exhibit 4)
7. Acceptance Certificate (Exhibit 5)
8. Bank Qualification Certificate (Exhibit 6)
9. Certificate of Insurance – ***Required prior to funding.***
10. Notification of Tax Treatment with Tax Exemption Certificate or Letter – ***Required for annual state tax audits.***
11. Invoicing Instructions – ***Required in order to ensure that invoices are directed to the proper area in your organization.***
12. Escrow Agreement
13. IRS Form 8038-G or 8038-GC

Please contact me at (720) 304-1419 with any questions.

Sincerely,

Kim Bush
Account Manager

DOCUMENTATION CHECKLIST

- Addendum to Master Tax-Exempt Installment Purchase Agreement***
- Property Schedule 2***
- Property Description and Payment Schedule** -Exhibit 1
- Purchaser's Counsel's Opinion** - Exhibit 2. Exhibit 2 is the standard legal opinion used by Key Government Finance, Inc. This opinion will need to be processed by your attorney on their letterhead. Your attorney will want to review the Installment/Purchase Agreement.
- Purchaser's Certificate** - Exhibit 3. Please fill in the date of the meeting of the governing body, referenced in section 1. We would also like a copy of those minutes or board resolutions for our files.
- Payment of Proceeds Instructions** - Exhibit 4. This is the Vendor payment information.
- Acceptance Certificate** - Exhibit 5. *The date of Acceptance will need to be filled in* with the date the equipment is installed and accepted.
- Bank Qualification Certificate** -Exhibit 6. *One of the two boxes MUST be checked.*
- Request for Certificate of Insurance** – Please fill out the form and fax it to your insurance company. The Insurance Certificate is required prior to funding.
- Notification of Tax Treatment** - Please provide your State of Sales/Use Tax Exemption Certificate
- Invoicing Instructions** – The information you provide enables us to invoice you correctly.
- Escrow Agreement**
Please keep copies of Exhibit A (Form of Requisition of Costs of Property) and Schedule 1 (Disbursement Schedule). When you are ready to disburse funds from Escrow, you will need to sign and fill in both Exhibit A and Schedule 1. Along with those 2 forms, we will need copies of invoices. Exhibit 5 (Acceptance Certificate) will need to be filled out when the project is complete and it is your final payment request.
- IRS Form 8038-G or 8038-GC**
The original form will be required for funding, which we will submit to the IRS on your behalf. Or, you may submit the original completed form to the IRS directly. KGF will require a copy of the completed form and proof of filing prior to funding

*The items above marked with an asterisk require a signature in the presence of a witness/attestor. The attesting of the signature does not require a notary, but the signature of a person present at the time the document is signed.

Addendum to Master Tax-Exempt Installment Purchase Agreement

Michigan Counties and Municipalities

THIS ADDENDUM, which is entered into as of June 30, 2015 between Key Government Finance, Inc. ("Seller") and Calhoun County ("Purchaser"), is intended to modify and supplement Property Schedule No. 2 (the "Property Schedule") to the Master Tax-Exempt Installment Purchase Agreement between Seller and Purchaser dated June 30, 2015 (the "Master Agreement"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Master Agreement.

In addition to the representations, warranties and covenants of Purchaser set forth in Article III of the Master Agreement, Purchaser represents, covenants and warrants for the benefit of Seller, any Agent and any Registered Owners, as of the Commencement Date of the Property Schedule, as follows:

- (a) The Term of the Property Schedule does not exceed the useful life of the Property thereunder.
- (b) Purchaser is not in violation of, and the execution and delivery of the Property Schedule will not cause Purchaser to violate, any debt limitations applicable to Purchaser or the Property Schedule. Without limiting the foregoing, (i) if Purchaser is a county, Purchaser is not in violation of, and the execution and delivery of the Property Schedule will not cause Purchaser to violate, the provisions of Mich. Comp. Laws Section 46.11b(1) and (2) *[attach computation of test]*; and (ii) if Purchaser is a city, township or village, Purchaser is not in violation of, and the execution and delivery of the Property Schedule will not cause Purchaser to violate, the provisions of Mich. Comp. Laws Section 123.721 *[attach computation of test]*.

The parties agree that the Property Schedule constitutes an installment contract pursuant to Mich. Comp. Laws Section 46.11b (if the Purchaser is a county) or Mich. Comp. Laws Section 123.721 (if the Purchaser is a municipality).

IN WITNESS WHEREOF, Seller and Purchaser have caused this Addendum to be executed in their names by their duly authorized representatives as of the date first above written.

Seller: Key Government Finance, Inc.
By:
Name:
Title:

Purchaser: Calhoun County
By:
Name:
Title:

Attest By:
Name:
Title:

Property Schedule No. 2

Master Tax-Exempt Installment Purchase Agreement

This **Property Schedule No. 2** is entered into as of the Commencement Date set forth below, pursuant to that certain Master Tax-Exempt Installment Purchase Agreement (the "Master Agreement"), dated as of June 30, 2015, between Key Government Finance, Inc., and Calhoun County.

1. **Interpretation.** The terms and conditions of the Master Agreement are incorporated herein by reference as if fully set forth herein. Reference is made to the Master Agreement for all representations, covenants and warranties made by Purchaser in the execution of this Property Schedule, unless specifically set forth herein. In the event of a conflict between the provisions of the Master Agreement and the provisions of this Property Schedule, the provisions of this Property Schedule shall control. All capitalized terms not otherwise defined herein shall have the meanings provided in the Master Agreement.
2. **Commencement Date.** The Commencement Date for this Property Schedule is June 30, 2015.
3. **Property Description and Payment Schedule.** The Property subject to this Property Schedule is described in Exhibit 1 hereto. Purchaser shall not remove such property from the locations set forth therein without giving prior written notice to Seller. The Installment Payment Schedule for this Property Schedule is set forth in Exhibit 1.
4. **Opinion.** The Opinion of Purchaser's Counsel is attached as Exhibit 2.
5. **Purchaser's Certificate.** The Purchaser's Certificate is attached as Exhibit 3.
6. **Payment of Proceeds.** Seller shall disburse the proceeds of this Property Schedule in accordance with the instructions attached hereto as Exhibit 4.
7. **Acceptance Certificate.** The form of Acceptance Certificate is attached as Exhibit 5.
8. **Additional Purchase Option Provisions.** In addition to the Purchase Option provisions set forth in the Master Agreement, Installment Payments payable under this Property Schedule shall be subject to prepayment as follows: See termination amount in Exhibit 1 (Payment Schedule), subject to per diem adjustment.
9. **Bank Qualification Certificate.** Attached as Exhibit 6.
10. **Expiration.** Seller, at its sole determination, may choose not to accept this Property Schedule if the fully executed, original Agreement (including this Property Schedule and all ancillary documents) are not received by Seller at its place of business by July 30, 2015.
11. **Effective Interest Rate.** 3.098%.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Property Schedule to be executed in their names by their duly authorized representatives as of the Commencement Date above.

Seller: Key Government Finance, Inc.
By:
Name:
Title:

Purchaser: Calhoun County
By:
Name:
Title:

Attest By:
Name:
Title:

EXHIBIT 1

Property Description and Payment Schedule

Re: **Property Schedule No. 2** to Master Tax-Exempt Installment Purchase Agreement between Key Government Finance, Inc., and Calhoun County.

The Property is as follows: The Property as more fully described in Exhibit A incorporated herein by reference and attached hereto.

EQUIPMENT LOCATION: 315 West Green Street, Marshall, Michigan 49068

USE: IP Phone System with Maintenance - This use is essential to the proper, efficient and economic functioning of Purchaser or to the services that Purchaser provides; and Purchaser has immediate need for and expects to make immediate use of substantially all of the Property, which need is not temporary or expected to diminish in the foreseeable future.

Installment Payment Schedule

If the Due Dates are not defined in this Installment Payment Schedule, they shall be defined as the 30th day of each annual period of this Installment Payment Schedule commencing with the Acceptance Date.

Total Principal Amount: \$789,443.61.

The financing table below is net of the special financing promotion payment from Cisco Systems, Inc, in the amount of \$66,484.18. This payment will be made by Cisco to Seller. Purchaser is responsible for any and all taxes associated with this initial payment.

Payment No.	Due Date	Cisco Payment	Rental Payment	Principal	Interest	Termination Amount
1	30-Jun-2015	\$66,484.18	\$0.00	\$66,484.18	\$0.00	\$744,648.22
2	30-Sep-2015	0.00	119,002.01	113,388.73	5,613.28	627,857.82
3	30-Jun-2016	0.00	119,002.01	104,692.79	14,309.22	520,024.25
4	30-Jun-2017	0.00	119,002.01	103,138.33	15,863.69	413,791.77
5	30-Jun-2018	0.00	119,002.01	106,379.02	12,622.99	304,221.38
6	30-Jun-2019	0.00	119,002.01	109,721.54	9,280.48	191,208.20
7	30-Jun-2020	0.00	97,216.77	91,383.84	5,832.93	97,082.85
8	30-Jun-2021	0.00	97,216.77	94,255.19	2,961.58	0.00

Purchaser: Calhoun County
By:
Name:
Title:

EXHIBIT A

Property Description

Equipment as described in Logicalis Quote Number CUCM_CCX_S-Q0526151256, dated May 26, 2015, referred to and incorporated herein by this reference.

EXHIBIT 2

Purchaser 's Counsel's Opinion

[To be provided on letterhead of Purchaser's counsel.]

[Address to Seller and Purchaser]

RE: **Property Schedule No. 2**, dated June 30, 2015, to Master Tax-Exempt Installment Purchase Agreement dated June 30, 2015, between Key Government Finance, Inc. and Calhoun County.

Ladies and Gentlemen:

We have acted as special counsel to Calhoun County ("Purchaser"), in connection with the Master Tax-Exempt Installment Purchase Agreement, dated as of June 30, 2015 (the "Master Agreement"), between Calhoun County, as Purchaser, and Key Government Finance, Inc. as Seller ("Seller"), and the execution of Property Schedule No. 2 (the "Property Schedule") pursuant to the Master Agreement. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

All capitalized terms not otherwise defined herein shall have the meanings provided in the Master Agreement and Property Schedule.

As to questions of fact material to our opinion, we have relied upon the representations of Purchaser in the Master Agreement and the Property Schedule and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. Purchaser is a public body corporate and politic, duly organized and existing under the laws of the State, and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) the police power.

2. Purchaser has all requisite power and authority to enter into the Master Agreement and the Property Schedule and to perform its obligations thereunder.

3. The execution, delivery and performance of the Master Agreement and the Property Schedule by Purchaser has been duly authorized by all necessary action on the part of Purchaser.

4. All proceedings of Purchaser and its governing body relating to the authorization and approval of the Master Agreement and the Property Schedule, the execution thereof and the transactions contemplated thereby have been conducted in accordance with all applicable open meeting laws and all other applicable state and federal laws.

5. Purchaser has acquired or has arranged for the acquisition of the Property subject to the Property Schedule, and has entered into the Master Agreement and the Property Schedule, in compliance with all applicable public bidding laws.

6. Purchaser has obtained all consents and approvals of other governmental authorities or agencies which may be required for the execution, delivery and performance by Purchaser of the Master Agreement and the Property Schedule.

7. The Master Agreement and the Property Schedule have been duly executed and delivered by Purchaser and constitute legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with the terms thereof, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other laws of equitable principles of general application, or of application to municipalities or political subdivisions such as the Purchaser, affecting remedies or creditors' rights generally, and to the exercise of judicial discretion in appropriate cases.

Master TEIP-Add On Schedule

KEYCORP CONFIDENTIAL - This is counterpart # _____ of _____ manually executed counterparts. Only counterpart # 1 constitutes chattel paper

8. As of the date hereof, based on such inquiry and investigation as we have deemed sufficient, no litigation is pending, (or, to our knowledge, threatened) against Purchaser in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Property Schedule or of other agreements similar to the Master Agreement; (b) questioning the authority of Purchaser to execute the Master Agreement or the Property Schedule, or the validity of the Master Agreement or the Property Schedule, or the payment of principal of or interest on, the Property Schedule; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Property Schedule; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Property Schedule.

9. The Purchaser is a political subdivision within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended, and the related regulations and rulings thereunder, and the portion of payments identified as the interest component of the Installment Payments (as set forth in the payment schedule attached to the Property Schedule) will not be includable in Federal gross income of the recipient under the statutes, regulations, court decisions and rulings existing on the date hereof and consequently will be exempt from Federal income taxes.

This opinion may be relied upon by Seller, its successors and assigns, and any other legal counsel who provides an opinion with respect to the Property Schedule.

Very truly yours,

By: _____

DO NOT SIGN THIS FORM – MUST BE ON LETTERHEAD OF PURCHASER’S COUNSEL

Dated: _____

EXHIBIT 3

Purchaser 's Certificate

Re: **Property Schedule No. 2**, dated June 30, 2015, to Master Tax-Exempt Installment Purchase Agreement dated June 30, 2015, between Key Government Finance, Inc. and Calhoun County.

The undersigned attestor, being the duly elected, qualified and acting keeper of records for the Calhoun County ("Purchaser ") does hereby certify, as of June 30, 2015, as follows:

1. Purchaser did, at a meeting of the governing body of the Purchaser held _____ by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Property Schedule (the "Property Schedule") and the Master Tax-Exempt Installment Purchase Agreement (the "Master Agreement") by the following named representative of Purchaser, to wit:

NAME OF EXECUTING OFFICIAL (Official(s) who signed the documents)	TITLE OF EXECUTING OFFICIAL	SIGNATURE OF EXECUTING OFFICIAL
And/ Or		

2. The above-named representative of the Purchaser held at the time of such authorization and holds at the present time the office set forth above.

3. The meeting(s) of the governing body of the Purchaser at which the Master Agreement and the Property Schedule were approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Master Agreement and the Property Schedule and authorizing the execution thereof has not been altered or rescinded. All meetings of the governing body of Purchaser relating to the authorization and delivery of Master Agreement and the Property Schedule have been: (a) held within the geographic boundaries of the Purchaser; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body; and (d) conducted in accordance with the charter of the Purchaser, if any, and the laws of the State.

4. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as such term is defined in the Master Agreement) exists at the date hereof with respect to this Property Schedule or any other Property Schedules under the Master Agreement.

5. The acquisition of all of the Property under the Property Schedule has been duly authorized by the governing body of Purchaser.

6. Purchaser has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Installment Payments scheduled to come due during the current budget year under the Property Schedule and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

7. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Purchaser in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Property Schedule or of other agreements similar to the Master Agreement; (b) questioning the authority of Purchaser to execute the Master Agreement or the Property Schedule, or the validity of the Master Agreement or the Property Schedule, or the payment of principal of or interest on, the Property Schedule; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Property Schedule; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Property Schedule.

Calhoun County
Attest By:
Title:
SOMEONE OTHER THAN THE EXECUTING OFFICIAL(S) SHOWN ABOVE MUST SIGN HERE.

EXHIBIT 4

Payment of Proceeds Instructions

Key Government Finance, Inc.
1000 South McCaslin Blvd.
Superior, CO 80027

Re: **Property Schedule No. 2**, dated June 30, 2015, to Master Tax-Exempt Installment Purchase Agreement dated June 30, 2015, between Key Government Finance, Inc. and Calhoun County.

Ladies and Gentlemen:

The undersigned, an Authorized Representative of the Purchaser hereby requests and authorizes Seller to disburse the net proceeds of the Property Schedule as follows:

Name of Payee: KeyBank National Association - Escrow

By check _____

By wire transfer X

Calhoun County

By: _____

Name: _____

Title: _____

EXHIBIT 5

Acceptance Certificate

Key Government Finance, Inc.
1000 South McCaslin Blvd.
Superior, CO 80027

Re: **Property Schedule No. 2**, dated June 30, 2015, to Master Tax-Exempt Installment Purchase Agreement dated June 30, 2015, between Key Government Finance, Inc. and Calhoun County.

Ladies and Gentlemen:

In accordance with the above-referenced Master Tax-Exempt Installment Purchase Agreement (the "Master Agreement"), the undersigned ("Purchaser") hereby certifies and represents to, and agrees with, Key Government Finance, Inc. ("Seller"), as follows:

- (1) The Property, as such terms are defined in the above-referenced Property Schedule, has been acquired, made, delivered, installed and accepted on the date indicated below.
- (2) Purchaser has conducted such inspection and/or testing of the Property as it deems necessary and appropriate and hereby acknowledges that it accepts the Property for all purposes.
- (3) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as such terms are defined in the Master Agreement) exists at the date hereof.

Date: _____

Calhoun County
as Purchaser

By: _____

Name: _____

Title: _____

EXHIBIT 6

Bank Qualification Certificate

Key Government Finance, Inc.
1000 South McCaslin Blvd.
Superior, CO 80027

Re: **Property Schedule No. 2**, dated June 30, 2015, to Master Tax-Exempt Installment Purchase Agreement dated June 30, 2015, between Key Government Finance, Inc. and Calhoun County.

Bank Qualified Tax-Exempt Obligation

(Check box for Bank Qualified designation)

Purchaser hereby designates this Property Schedule as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. Purchaser reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of the Lessee) during the calendar year in which the Commencement Date of this Property Schedule falls, in an amount not exceeding \$10,000,000.00.

Non-Bank Qualified Tax-Exempt Obligation

(Check box for Non-Bank Qualified designation)

Purchaser reasonably anticipates issuing more than \$10,000,000.00 in tax-exempt obligations in the calendar year of the Commencement Date as defined in the Property Schedule.

****Note: ONE of the boxes above MUST be checked.**

Purchaser: Calhoun County
By:
Name:
Title:

****Please fill out this form and fax it to your insurance company****

Request for Certificate of Insurance

TO:

Insurance Carrier: (Name) _____
(Address) _____
(Address) _____
(Contact Name) _____
(Contact Phone) _____
(Contact Fax) _____

FROM:

Customer/Purchaser: Calhoun County
315 West Green Street
Marshall, Michigan 49068
Contact Name: Brad Wilcox
Contact Phone: (269) 781-0798

Calhoun County is in the process of financing IP Phone System with Maintenance with Key Government Finance, Inc. (\$789,443.61)

Calhoun County requests that Key Government Finance, Inc. be listed as "Key Government Finance, Inc., their successors and assigns" and that it be named ADDITIONAL INSURED as to liability coverage and LOSS PAYEE as to property coverage. A copy of said certificate should be forwarded to Key Government Finance, Inc. as described below.

NOTE: Coverage is to include:

- (1) insurance against all risks of physical loss or damage to the Equipment;
- (2) commercial general liability insurance (including blanket contractual liability coverage and products liability coverage) for personal and bodily injury and property damage of not less than \$1,000,000; and
- (3) if applicable, automobile liability coverage of not less than \$3,000,000.

Key Government Finance, Inc. is to receive **30 days** prior written notice of cancellation or material change in coverage. **Qualifying language such as "endeavor to provide"; "but failure to do so shall impose no obligation or liability of any kind upon the insurer, its agents or representative" or the like will NOT be accepted and will delay funding.**

1. Please **EMAIL** this completed information to:
Key Government Finance, Inc.
Kim Bush, Account Manager
Phone Number: (720) 304-1419
Email to kim.l.bush@key.com
2. Please **MAIL** a Certificate of Insurance to:
Key Government Finance, Inc.
Attn: Collateral Services
11030 Circle Point Rd., 2nd Floor
Westminster, CO 80020
3. Please **CONTACT** the Account Manager:
 - ✓ When sending this Certificate.
 - ✓ If this cannot be completed today.
 - ✓ If you have any questions.

Notification of Tax Treatment

Key Government Finance, Inc. is required to collect and remit sales/use tax in the taxing jurisdiction where your equipment will be located. In the event we do not receive a valid sales tax exemption certificate prior to the date your financing commences, you will be charged sales/use tax.

Personal property tax returns will be filed as required by local law. In the event that any tax abatements or special exemptions are available on the equipment you will be leasing from us, please notify us as soon as possible and forward the related documentation to us. This will ensure that your financed equipment will be reported correctly.

Please indicate below if you feel that your purchase is subject to tax or whether a valid exemption exists.

_____ I agree that my purchase is subject to sales/use tax.

 X I am exempt from sales/use tax and I have attached a completed exemption certificate to Key Government Finance, Inc.

_____ I have previously provided a completed exemption certificate to Key Government Finance, Inc. which is valid for this transaction.

_____ I am exempt from state tax but subject to local tax. I have attached a completed exemption certificate.

_____ I have a valid abatement or property tax exemption (documentation attached).

If applicable to the tax rates in your state, are you outside the city limits or in an unincorporated area?

Additional comments:

Purchaser: Calhoun County
By:
Name:
Title:

PURCHASER INVOICE INSTRUCTIONS
(The information you provide enables us to invoice you correctly)

Calhoun County

BILL TO ADDRESS:

BILLING CONTACT:

First, M.I. and Last Name:

Title:

Phone Number:

Fax Number:

PURCHASE ORDER NUMBER:

Invoices require purchase order numbers: YES _____ NO _____

Purchase Order Number:

FEDERAL TAX ID NUMBER:

EQUIPMENT LOCATION (If different from Billing Address):

ADDITIONAL INFORMATION NEEDED ON INVOICE:

Escrow Disbursement Instructions for Tax-Exempt financing

In reference to your equipment financing, we will be depositing the financing proceeds directly into an escrow account. This account will provide you with the ability to disburse funds incrementally (either directly to vendors or to reimburse yourself) based on equipment invoices (any \$ size and frequency). You will control the disbursement of funds by completing the attached documents.

Escrow Disbursements – The following are the steps that you will need to take when making disbursements of proceeds from your escrow account:

1. Complete and sign **Exhibit A "FORM OF REQUISITION OF COSTS OF PROPERTY"**. This needs to be on your letterhead.
 2. Complete and sign – **Schedule 1 "DISBURSEMENT SCHEDULE"** complete with payment information.
 3. Attach – Invoice(s) from the Vendor(s).
 4. Mail a completed and signed copy of the **Exhibit A, Schedule 1 and the Vendor invoices** to my attention at the address listed below.
- **Note: If the disbursement from the escrow is for the reimbursement of funds already expended, you must attach proof of payment (front and back of cancelled checks).**

****PLEASE NOTE THAT WE MUST RECEIVE THE ORIGINAL DOCUMENTS****

Once you are ready to do the final disbursement out of the Escrow account:

- **Final Disbursement** – Include the signed and dated original of the **Exhibit 5 "ACCEPTANCE CERTIFICATE"** (this document was part of your original document package), along with the **Exhibit A "FORM OF REQUISITION OF COSTS OF PROPERTY"** and the rest of the attachments needed. Additionally, please include a letter stating that this is the final disbursement and that you wish to close the Escrow account.
- If there is any money remaining in the Escrow account, after the final disbursement to the Vendor(s), the balance will be applied to your next payment.

If you have any questions regarding this information, please give me a call.

Thank you.

Kim Bush
Key Government Finance
1000 S. McCaslin Blvd.
Superior CO 80027
(720) 304-1419
866-840-3016 Fax

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated as of June 30, 2015 and entered into among Key Government Finance, Inc. ("Seller"), Calhoun County ("Purchaser") and KeyBank National Association (the "Escrow Agent").

RECITALS:

A. Seller and Purchaser are parties to a Master Tax-Exempt Installment Purchase Agreement, dated as of June 30, 2015 and Schedule No. 2 thereunder, dated as of June 30, 2015 (the "Purchase Agreement") whereunder Purchaser is acquiring from Seller certain personal property more particularly described therein (the "Property").

B. Seller and Purchaser intend to cause or have caused certain funds to be deposited with Escrow Agent to pay for costs of the Property, and Escrow Agent has agreed to disburse said funds in accordance with the terms and conditions of this Escrow Agreement.

C. Each of the parties has authority to enter into this Escrow Agreement and has taken all actions necessary to authorize the execution of this Escrow Agreement by the officers whose signatures are affixed hereto.

NOW, THEREFORE, the parties agree as follows:

1. **Appointment of Escrow Agent.** Seller, Purchaser and Escrow Agent agree that Escrow Agent shall act as sole Escrow Agent under the Purchase Agreement and this Escrow Agreement, in accordance with the terms and conditions set forth in this Escrow Agreement. The Escrow Agent, in its capacity as escrow agent hereunder, shall not be deemed to be a party to the Purchase Agreement, and this Escrow Agreement shall be deemed to constitute the entire agreement regarding the Acquisition Fund (as hereinafter defined) among Seller, Purchaser and Escrow Agent.

2. **Acquisition Fund.** There is hereby established in the custody of Escrow Agent an escrow fund designated as the "Calhoun County Acquisition Fund" (the "Acquisition Fund") to be held and administered by Escrow Agent for Purchaser and Seller in accordance with this Escrow Agreement, subject to Seller's rights under this Section 2 and Section 3 hereof.

The moneys and investments held by Escrow Agent under this Escrow Agreement are irrevocably held for the benefit of Purchaser and Seller, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of Purchaser (other than Seller) or Seller. Purchaser hereby grants to Seller a security interest in the Acquisition Fund to secure payment of all sums due to Seller under the Purchase Agreement. For such purpose, Escrow Agent hereby agrees to act as agent for Seller in connection with the perfection of such security interest and agrees to note, or cause to be noted, on all books and records relating to such accounts, Seller's interest therein.

(a) **Deposit in Acquisition Fund.** There shall be deposited in the Acquisition Fund the sum of \$789,443.61. Escrow Agent shall maintain accounting records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the Acquisition Fund, and such income and interest shall become part of the Acquisition Fund and may be expended as provided herein.

(b) **Disbursements from Acquisition Fund.** Escrow Agent shall make payments from the Acquisition Fund to pay costs of the Property upon receipt of requisitions from Purchaser, signed by an authorized individual substantially in the form attached hereto as Exhibit A, which is incorporated by reference herein. In the event Escrow Agent is directed or requested by Purchaser to hold or deposit any retained funds or to accept a retainage bond (in lieu of funds) as may be required by law or the terms of the acquisition contract to which Purchaser is a party, Escrow Agent shall act in accordance with Purchaser's instructions, and such retained funds (or performance bond) and any interest thereon shall be paid as provided in instructions to Escrow Agent from Purchaser. In no event, shall Purchaser submit more than six (6) requisitions in any month. The final requisition shall include the final acceptance certificate required in the Purchase Agreement, which shall be executed by the Purchaser and delivered to the Escrow Agent. Where requisitions involve titled motor vehicles, the requisition shall also include:

- (i) Manufacturers Certificate of Origin.
- (ii) Motor vehicle paperwork appropriate to state of registration, noting Key Government Finance, Inc. as lien holder.
- (iii) Insurance certificate naming Key Government Finance, Inc., its successors and assigns as sole loss payee and additional insured for the specified equipment.

3. **Termination of Escrow.**

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(a) Acquisition of Property. Upon the final acceptance of the Property by Purchaser, as evidenced by execution by Purchaser of a final acceptance certification pursuant to the Purchase Agreement and delivered to Escrow Agent, and the payment of all costs related thereto (i) any retainage shall be disbursed as directed by Purchaser, and (ii) any amounts remaining in the Acquisition Fund (including the earnings from investments thereof) shall be transferred to Purchaser and be applied toward reimbursement of Purchaser for funds advanced for the Property. To the extent that additional moneys in excess of those needed to reimburse Purchaser for the acquisition of the Property exist in the Acquisition Fund, such amounts shall be paid to Seller and applied first to the next payment due on the Purchase Agreement and then applied to prepayment of the principal component of installment payments and Seller shall recalculate the installment payment schedule for the remaining term such that the remaining installment payments shall be level. Upon disbursement of all sums in the Acquisition Fund, this Escrow Agreement shall terminate, provided that the indemnifications by Purchaser shall survive the termination of this Escrow Agreement.

(b) Eighteen Months. This Escrow Agreement shall terminate eighteen (18) months from the date of this Escrow Agreement. It may, however, be extended by mutual consent of the Purchaser and Seller in writing to the Escrow Agent either in advance of the termination or retroactively. Any money remaining in the Acquisition Fund at the time of termination under this subsection (b) shall be transferred to Seller and shall be applied first to the next payment due under the Purchase Agreement, and then, if there are amounts remaining, applied to the prepayment of the Purchase Agreement being applied to principal and Seller shall recalculate the installment payment schedule for the remaining term such that the remaining installment payments shall be level. Purchaser shall be deemed to have accepted all Property paid for from the Acquisition Fund at the time of termination under this subsection (b). Upon disbursement of all sums in the Acquisition Fund, this Escrow Agreement shall terminate, provided that the indemnifications by Purchaser shall survive the termination of this Escrow Agreement.

(c) Event of Default; Nonappropriation. Upon receipt of written notice from Seller of an event of default by Purchaser under the Purchase Agreement or an event of nonappropriation, if provided for under the Purchase Agreement, Escrow Agent shall disburse the funds in the Acquisition Fund to Seller for application in accordance with the Purchase Agreement. Upon such payments from the Acquisition Fund, this Escrow Agreement shall terminate, provided that the indemnifications by Purchaser shall survive the termination of this Escrow Agreement.

4. Investment of Acquisition Fund. Monies held by Escrow Agent hereunder shall be invested and reinvested by Escrow Agent upon written instructions from Purchaser, signed by an authorized individual substantially in the form attached hereto as Exhibit B, which is incorporated by reference herein, in an investment which is a permitted investment for Purchaser under the laws of the state in which Purchaser is organized. Escrow Agent shall have no responsibility for advising Purchaser or Seller as to the permissibility of any investment of monies in the Acquisition Fund. If Escrow Agent does not receive a written direction from Purchaser as to the investment or reinvestment of monies in the Acquisition Fund, Escrow Agent may hold such monies uninvested until such direction is received. Escrow Agent shall have no responsibility for any losses suffered from any investment of monies on deposit in the Acquisition Fund authorized by Purchaser.

5. Amendment and Modification. This Escrow Agreement may not be amended, modified, altered, supplemented or waived except by a written instrument executed by Seller, Purchaser and Escrow Agent.

6. Regarding the Escrow Agent.

(a) Duties of Escrow Agent. Escrow Agent undertakes to perform only such duties as are specifically set forth in this Escrow Agreement. Escrow Agent shall be under no implied obligation or subject to any implied liability hereunder. Escrow Agent shall incur no liability whatsoever except for its gross negligence or willful misconduct so long as it is acting in good faith. Escrow Agent shall not be required to take notice of any of the provisions of the Purchase Agreement or any document or instrument executed in connection therewith, except as expressly set forth in this Escrow Agreement. The permissive right of the Escrow Agent to do things enumerated in this Escrow Agreement shall not be construed as a duty.

(b) Escrow Agent Reliance. Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited with it, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to those specifically provided herein.

(c) **Counsel and Fees; Reliance upon Counsel.** If Escrow Agent believes it to be reasonably necessary to consult with counsel concerning any of its duties in connection herewith, or in case the Escrow Agent becomes involved in litigation on account of acting hereunder, then, in either case, its cost, expenses and reasonable attorneys fees shall be paid by Purchaser. Escrow Agent's right to receive its attorneys' fees and expenses shall survive the termination of this Escrow Agreement. If Escrow Agent consults with counsel, Escrow Agent may act, in good faith, in reliance upon the advice of counsel concerning its duties in connection herewith or in acting hereunder.

(d) **No Obligation to Take Legal Action.** Escrow Agent shall not be under any obligation to take any legal action in connection with this Escrow Agreement or for its enforcement, or to appear, prosecute or defend any action or legal proceeding which, in its opinion, would or might involve it in any costs, expense, loss or liability, or to otherwise expend or risk its own funds or incur any financial liability in the performance of this Escrow Agreement, unless and as often required by it, it shall be furnished with security and indemnity satisfactory against all such costs, expenses, losses or liabilities. If any controversy arises between the parties hereto or with any third person, the Escrow Agent shall not be required to resolve the same or to take any action to do so (other than to use its best efforts to give notice of such controversy to Seller and Purchaser) but may, at its discretion, institute such interpleader or other proceedings as it deems proper.

(e) **Quarterly Statement.** Escrow Agent shall issue a quarterly accounting statement showing receipts to and disbursements from the Acquisition Fund. Such statement shall be mailed to Seller and Purchaser.

(f) **Resignation and Termination.** Escrow Agent may, upon providing thirty days written notice, resign its position as Escrow Agent and terminate its liabilities and obligations hereunder. In the event Escrow Agent is not notified within thirty days of a successor Escrow Agent, Escrow Agent shall be entitled to transfer all funds to a court of competent jurisdiction with a request to have a successor appointed, at the expense of Purchaser. Upon filing such action and delivering such assets, Escrow Agent's obligations and responsibilities shall cease. Seller and Purchaser may jointly terminate Escrow Agent and appoint a successor Escrow Agent by providing 15 days written notice to Escrow Agent.

7. **Indemnification.** To the extent permitted by law, Purchaser hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against, Escrow Agent at any time (whether or not also indemnified against the same by Purchaser or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Acquisition Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof, and any payment, transfer or other application of moneys or securities by Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that Purchaser shall not be required to indemnify, protect, save or keep harmless Escrow Agent against Escrow Agent's own gross negligence or willful misconduct or gross negligence or willful misconduct of Escrow Agent's respective successors, assigns, agents and employees or the material breach by Escrow Agent of the terms of this Escrow Agreement. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

8. **Notices.** Any notices permitted or required under this Escrow Agreement shall be in writing and shall be deemed given upon the date of personal delivery or 48 hours after deposit in the United States mail, certified or registered, postage fully prepaid, return receipt requested, addressed to the addresses set forth on the signature page of this Escrow Agreement. The party to whom notices or copies of notices are to be sent shall have the right at any time and from time to time to change its address for notice or person to receive notice by giving notice in the manner specified in this paragraph.

9. **Escrow Agent's Fee.** Escrow Agent shall be paid no fee for setting up the escrow. In the event that Escrow Agent is made a party to litigation with respect to the Acquisition Fund, or brings an action in interpleader, or Escrow Agent is required to render any service not provided for in this Escrow Agreement, or there is any assignment of interests in this escrow or any modification hereof, Escrow Agent shall be entitled to reasonable compensation for such extraordinary services and reimbursement by Purchaser for all fees, costs, liability and expenses, including attorney fees. Purchaser also agrees to pay any investment fees or other charges of Escrow Agent, such as wire transfer charges and disbursement charges and agrees such fees and charges may be deducted by and paid to the Escrow Agent from funds in or to be deposited in the Acquisition Fund or from investment earnings to be deposited in the Acquisition Fund.

10. **Counterparts.** This Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Escrow Agreement

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is to be executed by the parties hereto in sufficient numbers so that an Escrow Agreement bearing each party's original signature can be held by the Escrow Agent.

11. **Waiver.** Any waiver by any party of any breach of any term or condition of this Escrow Agreement shall not operate as a waiver of any other breach of such term or condition or any other term or condition, nor shall any failure to enforce such provision hereof operate as a waiver of such provision or of any other provision hereof, nor constitute nor be deemed a waiver or release of any other party for anything arising out of, connected with, or based on this Escrow Agreement.

12. **Exhibits.** All exhibits, schedules and lists attached to this Escrow Agreement or delivered pursuant to this Escrow Agreement shall be deemed a part of this Escrow Agreement and incorporated herein, where applicable, as if fully set forth herein.

13. **Applicable Law.** This Escrow Agreement shall be governed by the laws of the state in which Purchaser is located.

14. **Successors and Assigns.** This Escrow Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns. Any corporation or association into which the Escrow Agent may merge, or to which Escrow Agent may sell or transfer its banking business, shall automatically be and become successor Escrow Agent hereunder and vested with all powers as was its predecessor without the execution or filing of any instruments or further act, deed or conveyance on the part of the parties hereto.

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

16. **WAIVER OF JURY TRIALS. UNLESS PROHIBITED BY LAW, PURCHASER, SELLER AND ESCROW AGENT HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS ESCROW AGREEMENT OR THE ACTIONS OF SELLER, PURCHASER OR ESCROW AGENT IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.**

IN WITNESS WHEREOF, Seller, Purchaser and Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives, all as of the date first above written.

Key Government Finance, Inc.

Calhoun County

By: _____
Authorized Officer

By: _____
Authorized Office

Title:

Title:

Address: 1000 S McCaslin Blvd
Superior, Colorado 80027

Address: 315 West Green Street
Marshall, Michigan 49068

KeyBank National Association

By: _____
Authorized Office

Address: 1000 S. McCaslin Blvd.
Superior, Colorado 80027

[Please type on your letterhead]

EXHIBIT A
FORM OF REQUISITION
COSTS OF PROPERTY
Schedule # 2

C/O Key Government Finance, Inc.
1000 South McCaslin Blvd.
Superior, CO 80027
Attn: Kim Bush
(720) 304-1419

On Behalf of:
KeyBank National Association
127 Public Square
Cleveland OH 44114

Amount Requested: \$ _____

Total Disbursements to Date: \$ _____

Requisition No.: _____

1. The undersigned, an officer or official of Purchaser, hereby requests and authorizes KeyBank National Association, as Escrow Agent under the Escrow Agreement dated as of June 30, 2015, among Calhoun County (the "Purchaser"), Key Government Finance, Inc. (the "Seller") and Escrow Agent, to pay to or upon the order of the Purchaser the amount specified above for the payment or reimbursement of costs of Property described in Schedule 1 attached.

2. The Purchaser hereby certifies that:

(a) each obligation mentioned in Schedule 1 has been properly incurred, is a proper charge against the Acquisition Fund and has not been the basis of any previous disbursement;

(b) no part of the disbursement requested hereby will be used to pay for materials not yet incorporated into the Property or for services not yet performed in connection therewith;

(c) insurance requirements of the Purchase Agreement have been complied with and such coverage is in force;

(d) as of the date of this Requisition no event of default or event of nonappropriation, if any, as such terms are defined in the Purchase Agreement between Seller and Purchaser has occurred and is continuing and no event which with notice or lapse of time, or both, has occurred and is continuing which would constitute such event of default or event of nonappropriation; and

(e) the Property acquired with this disbursement is functionally complete and operationally independent and is hereby accepted. If this is the final requisition, the final acceptance certification required in the Purchase Agreement is attached hereto.

3. All capitalized terms herein shall have the meanings assigned to them in the Escrow Agreement.

4. The list of equipment, set forth in the equipment/property description to the Purchase Agreement, shall be deemed amended upon payment of this requisition to include the property set forth in Schedule 1 hereto and any property paid with funds of this requisition.

Calhoun County

By: _____

Name: _____

Title: _____

Date: _____

Approved by Seller, or in the event Seller's right, title and interest in the Purchase Agreement has been assigned, by the current assignee of Seller's right, title and interest in the Purchase Agreement:

Key Government Finance, Inc.

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

[Purchaser to attach final acceptance certification if final disbursement request.]

SCHEDULE 1
DISBURSEMENT SCHEDULE

To Requisition No. _____ for the Acquisition Fund:

1. Amount: \$ _____

Payee: _____

By check _____ By wire transfer _____

If by check, Payee's address: _____

If by wire transfer, instructions as follows:

Pay to:

Bank Name:
Bank Address:
Bank City, State, Zip:
Bank Phone:
For Account of:
Account No.:
ABA No.:

2. Amount: \$ _____

Payee: _____

By check _____ By wire transfer _____

If by check, Payee's address: _____

If by wire transfer, instructions as follows:

Pay to:

Bank Name:
Bank Address:
Bank City, State, Zip:
Bank Phone:
For Account of:
Account No.:
ABA No.:

Calhoun County

By: _____

Name: _____

Title: _____

Date: _____

[Please type on your letterhead]
EXHIBIT B

INVESTMENT DIRECTION

Key Government Finance, Inc.
1000 South McCaslin Blvd.
Superior, CO 80027
Attn: Kim Bush
(720) 304-1419

KeyBank National Association
1000 S. McCaslin Blvd.
Superior, CO 80027
Attn: Escrow Agent

The undersigned, an officer or official of Purchaser, hereby requests and authorizes KeyBank National Association, as Escrow Agent under the Escrow Agreement dated as of June 30, 2015, among Calhoun County (the "Purchaser"), Key Government Finance, Inc. (the "Lessor") and Escrow Agent, to invest monies held in the Acquisition Fund in the following manner:

Money Market Deposit Account held at KeyBank National Association

All capitalized terms herein shall have the meanings assigned to them in the Escrow Agreement.

Calhoun County

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