

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Sheriff Lawf

BOARD AGENDA # *B-16

Urgent Routine

AGENDA DATE March 18, 2008

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Authorize and Adopt a Resolution for the Lease Purchase of the Modular Classroom for the Ray Simon Regional Criminal Justice Training Center as Approved in the Sheriff's 2007-2008 Mid-Year Budget

STAFF RECOMMENDATIONS:

1. Adopt a resolution authorizing the Lease to Purchase of the Modular Classroom for the Ray Simon Regional Criminal Justice Training Center as approved in the 2007-2008 Mid-Year Budget.

FISCAL IMPACT:

Additional classroom space is needed at the Ray Simon Regional Criminal Justice Training Center and the Chief Executive Officer's recommendation in the 2007-2008 Mid-Year Budget Report included approval to fund the lease-purchase of a modular classroom similar to other classroom facilities at the site. The total amount of the lease is \$105,128.05 for the five-year lease for the purchase of a 36' x 60' Office Occupancy Building (Modular Classroom) built in 2006. The Sheriff's Department will own the modular classroom after the 5-year period and be responsible for the maintenance, upkeep and repair. These costs will be funded by revenue from Delta College for students enrolled in the Peace Officer Standards and Training (POST) Basic Academy.

BOARD ACTION AS FOLLOWS:

No. 2008-182

On motion of Supervisor Monteith, Seconded by Supervisor DeMartini and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, Monteith, DeMartini, and Chairman Mayfield

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

ATTEST: Christine Ferraro
CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval to Authorize and Adopt a Resolution for the Lease Purchase of the Modular Classroom for the Ray Simon Regional Criminal Justice Training Center as Approved in the Sheriff's 2007-2008 Mid-Year Budget

DISCUSSION:

On February 26, 2008, this Board approved the Mid-Year Financial Report for Fiscal Year 2007-2008. The Mid-Year Report approved the increase in appropriations for the Sheriff's Department to lease a modular facility for additional classroom space at the Ray Simon Regional Criminal Justice Training Center. The Sheriff's Department provides certified law enforcement training to the agencies in the eight-county region, which is essential in order to address critical staffing shortages throughout the region.

This action is necessary to authorize the signing of the lease-purchase documents needed to acquire the modular classroom facility and have it installed at the Center.

POLICY ISSUE:

Adoption of this resolution is consistent with the Board's priorities of promoting a safe community, and the efficient delivery of public services.

STAFFING IMPACT:

There are no staffing impacts associated with this request.

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA

Date: March 18, 2008

No. 2008-182

On motion of Supervisor Monteith Seconded by Supervisor Demartini

and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, Monteith, DeMartini, and Chairman Mayfield

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

THE FOLLOWING RESOLUTION WAS ADOPTED:

Item # B-16

**IN RE: LEASE WITH OPTION TO PURCHASE AGREEMENT DATED AS OF MARCH 6, 2008,
BETWEEN KANSAS STATE BANK OF MANHATTAN (LESSOR)
AND STANISLAUS COUNTY SHERIFF'S DEPARTMENT (LESSEE)**

WHEREAS, the Board of Supervisors of the County of Stanislaus, State of California, has determined that a true and very real need exists for the acquisition of one 2006 36' x 60' Office Occupancy Building (Exhibit A), which is under a Lease With Option to Purchase Agreement dated March 6, 2008, between Stanislaus County Sheriff's Department (Lessee) and Kansas State Bank of Manhattan (Lessor); and

WHEREAS, the Board of Supervisors of the County of Stanislaus, State of California, has determined that the Purchase Agreement, substantially in the form presented to this meeting, is in the best interests of the Lessee for the acquisition of such equipment; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Stanislaus, State of California, hereby approves the entering into of the Agreement by the Lessee and hereby designates and authorizes the Stanislaus County Sheriff and the Stanislaus County Purchasing Agent to execute and deliver the Agreement on the Lessee's behalf with such changes thereto as such person(s) deem(s) appropriate, and any related documents, including any Escrow Agreement, necessary to the consummation of the transaction contemplated by the Agreement.

BE IT FURTHER RESOLVED that the Board of Supervisors of the County of Stanislaus, State of California, adopts the resolution and the signature below of the designated individual from the Board of Supervisors of the County of Stanislaus, State of California, is evidence of the adoption by the Board of Supervisors of the County of Stanislaus, State of California, of this Resolution.

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk
Stanislaus County Board of Supervisors,
State of California

Christine Ferraro

BAYSTONE FINANCIAL GROUP

Together, we keep communities running.

Sent via Email: dwirtz@stanislaussheriff.com

March 6, 2008

Dan Wirtz
Stanislaus County (Sheriff's Department)

Re: Financing for One (1) 2006 36' x 60' Office Occupancy Building, Stanislaus County (Sheriff's Department)

Dear Mr. Wirtz:

Please find the enclosed documentation for your review and completion. An instruction sheet has been included as a guide to assist you with the process. Once you have completed and returned the required documentation to Baystone Financial Group, the transaction can be funded. The documentation has been filled out according to the terms and amount shown on the formal proposal. If you have questions or comments, please feel free to call us.

Kansas State Bank is listed as Lessor in this Lease with Option to Purchase Agreement. Baystone Financial Group is the exclusive originator, marketing agent and selling agent for Kansas State Bank of Manhattan. Baystone Financial Group is an affiliate of the bank under Federal Banking Laws.

For your convenience, we have listed the documentation that we require before March 25, 2008:

- ✓ *The Lease WITH ALL EXHIBITS EXECUTED CORRECTLY*
- ✓ *8038 IRS Form*
- ✓ *Insurance Certificate listing Kansas State Bank &/or Its Assigns as Loss Payee & Additional Insured*
- ✓ *Copy of Invoice for Exact Amount to Finance (indicating trade & down payment)*
- ✓ *Front & Back Copy of MSO/Title listing Kansas State Bank &/or Its Assigns as first lienholder*
- ✓ *First Payment in the amount of \$1,956.75 made payable to Kansas State Bank of Manhattan*

Please note that a documentation fee of \$350.00 will be due from the Lessee if this transaction is not funded. Additional fees may be charged by Lessor if Lessor incurs additional costs in documentation processing, legal negotiation, analysis and credit processing. This fee will NOT be charged if the transaction is funded by Kansas State Bank/Baystone Financial Group.

If you have any questions regarding the above documentation, please feel free to contact me.

Sincerely,

Dawn Wiggins
Administrative Assistant

'Specialists in Lease Finance'

Manhattan

Chicago > Phoenix

1680 Charles Place, Manhattan, Kansas 66502; 800.752.3562; 785.587.4050; Fax 785.537.4806

E-mail: baystone@baystone.net; Website: www.baystone.net

OPTIONAL

*As an additional payment option for Lessee, we are now providing the option of ACH (Automatic Clearing House). By completing this form, Lessee is authorizing Lessor to withdraw said payment amount on said date.

Debit Authorization

I hereby authorize Kansas State Bank Lease Department to initiate debit entries to the account indicated below at the financial institution named below and to debit the same to such account for:

Lease Number	Payment Amount \$1,956.75	Frequency of Payments Annual <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly <input type="checkbox"/>	
Beginning _____ Month Year	Day of Month (please choose one) 1 st <input type="checkbox"/> 5 th <input type="checkbox"/> 15 th <input type="checkbox"/> 20 th <input type="checkbox"/>		

I acknowledge that the origination of ACH transactions to this account must comply with the provisions of U.S. law.

Financial Institution Name		Branch	
Address	City	State	Zip
Routing Number		Account Number	

Type of Account Checking Savings

This authority is to remain in full force and effect until Kansas State Bank has received written notification from any authorized signer of the account of its termination in such time and manner as to afford Kansas State Bank a reasonable opportunity to act on it.

Lessee Name on Contract Stanislaus County (Sheriff's Department)	
Signature and Title	Printed Signature and Title
Tax ID Number	Date

PLEASE ATTACH COPY OF A VOIDED CHECK TO THIS FORM!

<p align="center">USA Patriot Act</p> <p>USA Patriot Act requires identity verification for all new accounts. This means that we may require information from you to allow us to make a proper identification.</p>

Documentation Instructions

The instructions listed below should be followed when completing the enclosed documentation. Documentation completed improperly will delay funding. If you have any questions regarding the instructions or the documentation, please call us.

I. LEASE WITH OPTION TO PURCHASE AGREEMENT

EXCEPT AS NOTED, ALL SIGNATURES MUST BE BY THE PERSON OR PERSONS AUTHORIZED IN EXHIBIT D

1. **The Agreement**
 - Sign and type name and title
 - **MUST BE SIGNED BY THE COUNTY**
 2. **Exhibit A - DESCRIPTION OF EQUIPMENT**
 - Type in complete equipment description
 - Type the location where the equipment will be located after delivery/installation.
 3. **Exhibit B - PAYMENT SCHEDULE**
 - Sign and type name and title
 4. **Exhibit C - CERTIFICATE OF ACCEPTANCE**
 - Type in the source of funds
 - Sign and type name and title
 5. **Exhibit D - LESSEE RESOLUTION**
 - Type in the date of the meeting in which the purchase was approved.
 - Print or type the name and title of the individual(s) who is authorized to execute the Agreement
 - **The secretary, chairman or other authorized board member of the Lessee must sign the resolution where indicated.**
 - **A third individual must attest the Resolution where indicated.**
 6. **BANK QUALIFIED CERTIFICATE**
 - Sign and type name and title
-

II. 8038 - IRS Form

- *In Box 2, type employer identification number*
 - *Sign and type name and title*
-

III. CERTIFICATE OF INSURANCE

- *Attach a written certificate (binder) of proof of insurance with Kansas State Bank and/or Its Assigns as "loss payees" and "additional insured"*
 - **SEE ATTACHED INSURANCE REQUIREMENTS**
-

IV. ADDITIONAL DOCUMENTATION THAT MUST BE SENT TO KSB:

- *Vendor invoice*
 - *Copy of title/MSO listing KSB &/or Its Assigns as 1st lienholder (if applicable)*
 - *First payment check (if applicable)*
-

**All documentation should be returned to:
Baystone Financial Group, 1680 Charles Place, Manhattan, KS 66502**

Manhattan
Chicago * Phoenix

EXHIBIT A

DESCRIPTION OF EQUIPMENT

RE: Lease With Option to Purchase Agreement dated as of March 6, 2008, between Kansas State Bank of Manhattan (Lessor) and Stanislaus County (Sheriff's Department) (Lessee)

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

One (1) 2006 36' x 60' Office Occupancy Building

Physical Address of Equipment after Delivery: _____

EXHIBIT D

LESSEE RESOLUTION

RE: Lease With Option to Purchase Agreement dated as of March 6, 2008, between Kansas State Bank of Manhattan (Lessor) and Stanislaus County (Sheriff's Department) (Lessee)

At a duly called meeting of the Governing Body of the Lessee (as defined in the Agreement) held on _____ the following resolution was introduced and adopted:

BE IT RESOLVED by the Governing Body of Lessee as follows:

1. **Determination of Need.** The Governing Body of Lessee has determined that a true and very real need exists for the acquisition of the Equipment described on Exhibit A of the Lease With Option to Purchase Agreement dated as of March 6, 2008, between Stanislaus County (Sheriff's Department) (Lessee) and Kansas State Bank of Manhattan (Lessor).
2. **Approval and Authorization.** The Governing Body of Lessee has determined that the Agreement, substantially in the form presented to this meeting, is in the best interests of the Lessee for the acquisition of such Equipment, and the Governing Body hereby approves the entering into of the Agreement by the Lessee and hereby designates and authorizes the following person(s) to execute and deliver the Agreement on Lessee's behalf with such changes thereto as such person(s) deem(s) appropriate, and any related documents, including any Escrow Agreement, necessary to the consummation of the transaction contemplated by the Agreement.

Authorized Individual(s): _____
(Printed or Typed Name and Title of individual(s) authorized to execute the Agreement)

3. **Adoption of Resolution.** The signatures below from the designated individuals from the Governing Body of the Lessee evidence the adoption by the Governing Body of this Resolution.

Signature: _____
(Signature of Secretary, Board Chairman or other member of the Governing Body)

Typed Name & Title _____
(Typed Name and Title of individual who signed directly above)

Attested By: _____
(Signature of one additional person who can witness the passage of this Resolution)

Typed Name & Title: _____
(Typed name of individual who signed directly above)

LEASE WITH OPTION TO PURCHASE AGREEMENT

Lessee

Stanislaus County (Sheriff's Department)
250 E. Hackett Rd.
Modesto, California 95358

Lessor

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

Dated as of March 6, 2008

This Lease With Option to Purchase Agreement dated as of the date listed above is between Lessor and Lessee listed directly above. Lessor desires to finance the purchase of the Equipment described in Exhibit "A" to Lessee and Lessee desires to finance the purchase of the Equipment from Lessor subject to the terms and conditions of this Agreement which are set forth below.

I. Definitions:

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

"Additional Schedule" refers to the proper execution of additional Schedules to Exhibit A, Exhibit B, Exhibit C and Exhibit D as well as other exhibits or documents that may be required by the Lessor all of which relate to a lease of additional Equipment.

"Agreement" means this Lease with Option to Purchase Agreement and all Exhibits attached hereto.

"Budget Year" means the Lessee's fiscal year.

"Commencement Date" is the date when Lessee's obligation to pay rent begins.

"Equipment" means all of the items of Equipment listed on Exhibit "A" and all replacements, restorations, modifications and improvements.

"Lessee" means the entity listed above as Lessee and which is leasing the Equipment from Lessor under the provisions of this Agreement.

"Lessor" means the entity originally listed above as Lessor or any of its assignees.

"Lease Term" means the Original Term and all Renewal Terms.

"Original Term" means the period from the Commencement Date until the end of the Budget Year of Lessee.

"Renewal Term" means the annual term which begins at the end of the Original Term and which is simultaneous with Lessee's Budget Year.

"Rental Payments" means the payments Lessee is required to make under this Agreement as set forth on Exhibit "B".

"State" means the state in which Lessee is located.

II. Lessee Warranties

Section 2.01. Lessee represents, warrants and covenants as follows for the benefit of Lessor or its assignees:

- (a) Lessee is an "issuer of tax exempt obligations" because Lessee is the State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended, (the "Code") or because Lessee is a constituted authority or district authorized to issue obligations on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b).
- (b) Lessee is authorized under the Constitution and laws of the State to enter into this Agreement, and has used such authority to properly execute and deliver this Agreement. Lessee has followed all proper procedures of its governing body in executing this Agreement. The Officer of Lessee executing this Agreement has the authority to execute and deliver this Agreement. This Agreement constitutes a legal, valid, binding and enforceable obligation of the Lessee in accordance with its terms.
- (c) Lessee has complied with all statutory laws and regulations that may be applicable to the execution of this Agreement.
- (d) Lessee shall use the Equipment only for essential, traditional government purposes.
- (e) Should the IRS disallow the tax-exempt status of the Interest Portion of the Rental Payments as a result of the failure of the Lessee to use the Equipment for governmental purposes, then Lessee shall be required to pay additional sums to the Lessor or its assignees so as to bring the after tax yield to the same level as the Lessor or its assignees would attain if the transaction continued to be tax-exempt.
- (f) Should the Lessee cease to be an issuer of tax exempt obligations or if the obligation of Lessee created under this Agreement ceases to be a tax exempt obligation for any reason, then Lessee shall be required to pay additional sums to the Lessor or its assignees so as to bring the after tax yield on this Agreement to the same level as the Lessor or its assignees would attain if the transaction continued to be tax-exempt.
- (g) Lessee has never non-appropriated funds under an Agreement similar to this Agreement.
- (h) Lessee will submit to the Secretary of the Treasury an information reporting statement as required by the Code.
- (i) Upon request by Lessor, Lessee will provide Lessor with current financial statements, reports, budgets or other relevant fiscal information.
- (j) Lessee shall retain the Equipment free of any hazardous substances as defined in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. seq. as amended and supplemented.
- (k) Lessee presently intends to continue this Agreement for the Original Term and all Renewal Terms as set forth on Exhibit "B" hereto. The official of Lessee responsible for budget preparation will include in the budget request for each Budget Year the Rental Payments to become due in such Budget year, and will use all reasonable and lawful means available to secure the appropriation of money for such Budget Year sufficient to pay the Rental Payments coming due therein. Lessee reasonably believes that moneys can and will lawfully be appropriated and made available for this purpose.

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

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

Section 3.01. Acquisition and Acceptance. Lessee shall be solely responsible for the ordering of the Equipment and for the delivery and installation of the Equipment. Execution of the Acceptance Certificate by an employee, official or agent of the Lessee having managerial, supervisory or procurement authority with respect to the Equipment shall constitute acceptance of the Equipment on behalf of the Lessee.

Section 3.02. Rental Payments. Lessee shall pay Rental Payments exclusively to Lessor or its assignees in lawful, legally available money of the United States of America. The Rental Payments shall be sent to the location specified by the Lessor or its assignees. The Rental Payments shall constitute a current expense of the Lessee and shall not constitute an indebtedness of the Lessee. The Rental Payments are due as set forth on Exhibit B. Lessor shall have the option to charge interest at the highest lawful rate on any Rental Payment received later than the due date for the number of days that the Rental Payment(s) were late, plus any additional accrual on the outstanding balance for the number of days that the Rental Payment(s) were late. Lessor shall also have the option, on monthly payments only, to charge a late fee of up to 10% of the monthly Rental Payment that is past due. The Rental Payments will be payable without notice or demand.

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

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

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

Section 3.06. Disclaimer of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT. LESSOR SHALL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE ARISING OUT OF THE INSTALLATION, OPERATION, POSSESSION, STORAGE OR USE OF THE EQUIPMENT BY LESSEE.

IV. Non-Appropriation

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

V. Insurance, Damage, Insufficiency of Proceeds

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

- (a) Lessee shall insure the Equipment against any loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Lessor in an amount at least equal to the then applicable Purchase Option Price of the Equipment. Alternatively, Lessee may insure the Equipment under a blanket insurance policy or policies.
- (b) The liability insurance shall insure Lessor from liability and property damage in any form and amount satisfactory to Lessor.
- (c) Lessee may self-insure against the casualty risks and liability risks described above. If Lessee chooses this option, Lessee must furnish Lessor with a certificate and/or other documents which evidences such coverage.
- (d) All insurance policies issued or affected by this Section shall be so written or endorsed such that the Lessor and its assignees are named additional insureds and loss payees and that all losses are payable to Lessee and Lessor or its assignees as their interests may appear. Each policy issued or affected by this Section shall contain a provision that the insurance company shall not cancel or materially modify the policy without first giving thirty (30) days advance notice to Lessor or its assignees. Lessee shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term.
- (e) Lessee hereby agrees that it will purchase and maintain flood insurance if the Equipment at any time during the Lease Term is located in a special flood hazard area if flood insurance is available. Such flood insurance shall be in an amount equal to the then applicable Purchase Option Price. If the Lessee fails to purchase flood insurance as required herein, then Lessor may purchase flood insurance and Lessee will be responsible for all expenses incurred.

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

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

Section 5.04. Lessee Negligence. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Equipment and for injury to or death of any person or damage to any property whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others (including, without limitation, liabilities for loss or damage related to the release or threatened release of hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act or similar or successor law or any State or local equivalent now existing or hereinafter enacted which in any manner arise out of or are incident to any possession, use, operation, condition or storage of any Equipment by Lessee) which is proximately caused by the negligent conduct of Lessee, its officers, employees and agents. Lessee hereby assumes responsibility for and agrees to reimburse Lessor for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor that in any way relate to or arise out of a claim, suit or proceeding, based in whole or in part upon the negligent conduct of Lessee, its officers, employees and agents, to the maximum extent permitted by law.

VI. Title and Security Interest

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

Section 6.02. Security Interest. To secure the payment of all Lessee's obligations under this Agreement, Lessee hereby grants to Lessor a security interest under the Uniform Commercial Code constituting a first lien on the Equipment described more fully on Exhibit "A". The security interest established by this section includes not only all additions, attachments, repairs and replacements to the Equipment but also all proceeds therefrom. Lessee authorizes Lessor to prepare and record any Financing Statement required under the Uniform Commercial Code to perfect the Security Interest created hereunder.

VII. Assignment

Section 7.01. Assignment by Lessor. All of Lessor's rights, title and/or interest in and to this Agreement may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees (including a Registered Owner for Lease Participation Certificates) by Lessor at any time without the consent of Lessee. No such assignment shall be effective as against Lessee until the assignor shall have filed with Lessee written notice of assignment identifying the assignee. Lessee shall pay all Rental Payments due hereunder relating to such Equipment to or at the direction of Lessor or the assignee named in the notice of assignment. Lessee shall keep a complete and accurate record of all such assignments.

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

VIII. Maintenance of Equipment

Section 8.01. Lessee shall keep the Equipment in good repair and working order. Lessor shall have no obligation to inspect, test, service, maintain, repair or make improvements or additions to the Equipment under any circumstances. Lessee will be liable for all damage to the Equipment, other than normal wear and tear, caused by Lessee, its employees or its agents. Lessee shall pay for and obtain all permits, licenses and taxes necessary for the installation, operation, possession, storage or use of the Equipment. If the Equipment includes any titled vehicle(s), then Lessee is responsible for obtaining such title(s) from the State and also for ensuring that Lessor is listed as First Lienholder on all of the title(s). If any fees are required to be paid by the California Debt & Investment Advisory Commission then such fees shall be paid directly from the Lessee to the California Debt & Investment Advisory Commission. Lessee shall not during the term of this Agreement create, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment except those created by this Agreement. Lessee agrees that Lessor or its Assignee may execute any additional documents including financing statements, affidavits, notices, and similar instruments, for and on behalf of Lessee which Lessor deems necessary or appropriate to protect Lessor's interest in the Equipment and in this Agreement. The Equipment is and shall at all times be and remain personal property. Lessee shall allow Lessor to examine and inspect the Equipment at all reasonable times.

IX. Default

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

- (a) Failure by Lessee to pay any Rental Payment listed on Exhibit "B" for fifteen (15) days after such payment is due according to the Payment Date listed on Exhibit "B".
- (b) Failure to pay any other payment required to be paid under this Agreement at the time specified herein and a continuation of said failure for a period of fifteen (15) days after written notice by Lessor that such payment must be made. If Lessee continues to fail to pay any payment after such period, then Lessor may, but will not be obligated to, make such payments and charge Lessee for all costs incurred plus interest at the highest lawful rate.

- (c) Failure by Lessee to observe and perform any warranty, covenant, condition, promise or duty under this Agreement for a period of thirty (30) days after written notice specifying such failure is given to Lessee by Lessor, unless Lessor agrees in writing to an extension of time. Lessor will not unreasonably withhold its consent to an extension of time if corrective action is instituted by Lessee. Subsection (c) does not apply to Rental Payments and other payments discussed above.
- (d) Any statement, material omission, representation or warranty made by Lessee in or pursuant to this Agreement which proves to be false, incorrect or misleading on the date when made regardless of Lessee's intent and which materially adversely affects the rights or security of Lessor under this Agreement.
- (e) Any provision of this Agreement which ceases to be valid for whatever reason and the loss of such provision would materially adversely affect the rights or security of Lessor.
- (f) Lessee admits in writing its inability to pay its obligations. Lessee defaults on one or more of its other obligations. Lessee applies or consents to the appointment of a receiver or a custodian to manage its affairs. Lessee makes a general assignment for the benefit of creditors.

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

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

Section 9.03. No Remedy Exclusive. 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 this Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof.

Section 9.04. Return of Equipment and Storage.

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

X. Miscellaneous

Section 10.01. Notices. All notices shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at their respective places of business as first set forth herein or as the parties shall designate hereafter in writing.

Section 10.02. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessee and Lessor and their respective successors and assigns.

Section 10.03. Severability. In the event any provision of this 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.

Section 10.04. Amendments, Addenda, Changes or Modifications. This Agreement may be amended, added to, changed or modified by written agreement duly executed by Lessor and Lessee.

Section 10.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.06. Captions. The captions or headings in this Agreement do not define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 10.07. Master Lease. This Agreement can be utilized as a Master Lease Agreement. This means that the Lessor and the Lessee may agree to the lease of additional Equipment under this Agreement at some point in the future by executing one or more Additional Schedules to Exhibit A, Exhibit B, Exhibit C and Exhibit D as well as other exhibits or documents that may be required by Lessor. Additional Schedules will be consecutively numbered on each of the exhibits which make up the Additional Schedule and all the terms and conditions of the Agreement shall govern each Additional Schedule.

Section 10.08. Entire Writing. This Agreement constitutes the entire writing between Lessor and Lessee. No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Agreement or the Equipment leased hereunder. Any terms and conditions of any purchase order or other documents submitted by Lessee in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on Lessor and will not apply to this Agreement.

Lessor and Lessee have caused this Agreement to be executed in their names by their duly authorized representatives listed below.

STANISLAUS COUNTY (SHERIFF'S DEPARTMENT)

KANSAS STATE BANK OF MANHATTAN

Signature

Signature

Typed Name and Title

Typed Name and Title

EXHIBIT B

PAYMENT SCHEDULE

RE: Lease With Option to Purchase Agreement dated as of March 6, 2008, between Kansas State Bank of Manhattan (Lessor) and Stanislaus County (Sheriff's Department) (Lessee)

Date of First Payment:	At Closing
Original Balance:	\$105,128.05
Total Number of Payments:	Sixty (60)
Number of Payments Per Year:	Twelve (12)

Pmt No.	Due Date	Rental Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
1	At Closing	\$1,956.75	\$0.00	\$1,956.75	Not Available
2	28-Apr-08	\$1,956.75	\$394.68	\$1,562.07	\$104,545.54
3	28-May-08	\$1,956.75	\$388.70	\$1,568.05	\$102,884.13
4	28-Jun-08	\$1,956.75	\$382.70	\$1,574.05	\$101,218.03
5	28-Jul-08	\$1,956.75	\$376.68	\$1,580.07	\$99,547.22
6	28-Aug-08	\$1,956.75	\$370.64	\$1,586.11	\$97,871.69
7	28-Sep-08	\$1,956.75	\$364.57	\$1,592.18	\$96,191.43
8	28-Oct-08	\$1,956.75	\$358.48	\$1,598.27	\$94,506.42
9	28-Nov-08	\$1,956.75	\$352.36	\$1,604.39	\$92,816.65
10	28-Dec-08	\$1,956.75	\$346.23	\$1,610.52	\$91,122.11
11	28-Jan-09	\$1,956.75	\$340.07	\$1,616.68	\$89,422.78
12	28-Feb-09	\$1,956.75	\$333.88	\$1,622.87	\$87,718.65
13	28-Mar-09	\$1,956.75	\$327.67	\$1,629.08	\$86,009.71
14	28-Apr-09	\$1,956.75	\$321.44	\$1,635.31	\$84,295.94
15	28-May-09	\$1,956.75	\$315.19	\$1,641.56	\$82,577.33
16	28-Jun-09	\$1,956.75	\$308.91	\$1,647.84	\$80,853.86
17	28-Jul-09	\$1,956.75	\$302.60	\$1,654.15	\$79,125.52
18	28-Aug-09	\$1,956.75	\$296.27	\$1,660.48	\$77,392.30
19	28-Sep-09	\$1,956.75	\$289.92	\$1,666.83	\$75,654.18
20	28-Oct-09	\$1,956.75	\$283.55	\$1,673.20	\$73,911.15
21	28-Nov-09	\$1,956.75	\$277.14	\$1,679.61	\$72,163.20
22	28-Dec-09	\$1,956.75	\$270.72	\$1,686.03	\$70,410.31
23	28-Jan-10	\$1,956.75	\$264.27	\$1,692.48	\$68,652.47
24	28-Feb-10	\$1,956.75	\$257.80	\$1,698.95	\$66,889.66
25	28-Mar-10	\$1,956.75	\$251.30	\$1,705.45	\$65,121.87
26	28-Apr-10	\$1,956.75	\$244.77	\$1,711.98	\$63,349.09
27	28-May-10	\$1,956.75	\$238.22	\$1,718.53	\$61,571.30
28	28-Jun-10	\$1,956.75	\$231.65	\$1,725.10	\$59,788.49
29	28-Jul-10	\$1,956.75	\$225.05	\$1,731.70	\$58,000.64
30	28-Aug-10	\$1,956.75	\$218.42	\$1,738.33	\$56,207.74
31	28-Sep-10	\$1,956.75	\$211.77	\$1,744.98	\$54,409.78
32	28-Oct-10	\$1,956.75	\$205.10	\$1,751.65	\$52,606.74
33	28-Nov-10	\$1,956.75	\$198.40	\$1,758.35	\$50,798.60

EXHIBIT B

PAYMENT SCHEDULE
(Continued)

RE: Lease With Option to Purchase Agreement dated as of March 6, 2008, between Kansas State Bank of Manhattan (Lessor) and Stanislaus County (Sheriff's Department) (Lessee)

Pmt No.	Due Date	Rental Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
34	28-Dec-10	\$1,956.75	\$191.67	\$1,765.08	\$48,985.36
35	28-Jan-11	\$1,956.75	\$184.92	\$1,771.83	\$47,166.99
36	28-Feb-11	\$1,956.75	\$178.14	\$1,778.61	\$45,343.49
37	28-Mar-11	\$1,956.75	\$171.34	\$1,785.41	\$43,514.84
38	28-Apr-11	\$1,956.75	\$164.51	\$1,792.24	\$41,681.02
39	28-May-11	\$1,956.75	\$157.65	\$1,799.10	\$39,842.02
40	28-Jun-11	\$1,956.75	\$150.77	\$1,805.98	\$37,997.82
41	28-Jul-11	\$1,956.75	\$143.86	\$1,812.89	\$36,148.41
42	28-Aug-11	\$1,956.75	\$136.93	\$1,819.82	\$34,293.78
43	28-Sep-11	\$1,956.75	\$129.96	\$1,826.79	\$32,433.91
44	28-Oct-11	\$1,956.75	\$122.98	\$1,833.77	\$30,568.79
45	28-Nov-11	\$1,956.75	\$115.96	\$1,840.79	\$28,698.40
46	28-Dec-11	\$1,956.75	\$108.92	\$1,847.83	\$26,822.72
47	28-Jan-12	\$1,956.75	\$101.85	\$1,854.90	\$24,941.74
48	28-Feb-12	\$1,956.75	\$94.75	\$1,862.00	\$23,055.45
49	28-Mar-12	\$1,956.75	\$87.63	\$1,869.12	\$21,163.83
50	28-Apr-12	\$1,956.75	\$80.48	\$1,876.27	\$19,266.87
51	28-May-12	\$1,956.75	\$73.30	\$1,883.45	\$17,364.55
52	28-Jun-12	\$1,956.75	\$66.10	\$1,890.65	\$15,456.85
53	28-Jul-12	\$1,956.75	\$58.87	\$1,897.88	\$13,543.77
54	28-Aug-12	\$1,956.75	\$51.61	\$1,905.14	\$11,625.28
55	28-Sep-12	\$1,956.75	\$44.32	\$1,912.43	\$9,701.37
56	28-Oct-12	\$1,956.75	\$37.00	\$1,919.75	\$7,772.03
57	28-Nov-12	\$1,956.75	\$29.66	\$1,927.09	\$5,837.24
58	28-Dec-12	\$1,956.75	\$22.29	\$1,934.46	\$3,896.98
59	28-Jan-13	\$1,956.75	\$14.89	\$1,941.86	\$1,951.24
60	28-Feb-13	\$1,956.75	\$7.44	\$1,949.31	\$0.00

Stanislaus County (Sheriff's Department)

 Signature

 Typed Name and Title

*Assumes all Rental Payments due to date are paid

EXHIBIT C

CERTIFICATE OF ACCEPTANCE

RE: Lease With Option to Purchase Agreement dated as of March 6, 2008, between Kansas State Bank of Manhattan (Lessor) and Stanislaus County (Sheriff's Department) (Lessee)

I, the undersigned, hereby certify that I am a duly qualified representative of Lessee and that I have been given the authority by the Governing Body of Lessee to sign this Certificate of Acceptance with respect to the above referenced Agreement. I hereby certify that:

1. The Equipment described on Exhibit A has been delivered and installed in accordance with Lessee's specifications.
2. Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
3. Lessee has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments required to be paid under the Agreement during the current Budget Year of Lessee, and such moneys will be applied in payment of all Rental Payments due and payable during such current Budget Year.
4. Lessee has obtained insurance coverage as required under the Agreement from an insurer qualified to do business in the State.
5. No event or condition that constitutes or would constitute an Event of Default exists as of the date hereof.
6. The governing body of Lessee has approved the authorization, execution and delivery of this Agreement on its behalf by the authorized representative of Lessee who signed the Agreement.
7. Please list the Source of Funds (Fund Item in Budget) for the Rental Payments that come due under Exhibit B of this Agreement.

If the above Source of Funds is solely a grant type fund, then the Lessee, by signing below, hereby authorizes the General Fund of the Lessee as a backup source of funds from which the Rental Payments can be made.

Stanislaus County (Sheriff's Department)

Signature

Typed Name and Title

BANK QUALIFIED CERTIFICATE

RE: Lease With Option to Purchase Agreement dated as of March 6, 2008, between Kansas State Bank of Manhattan (Lessor) and Stanislaus County (Sheriff's Department) (Lessee)

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

Now, therefor, Lessee hereby designates this Agreement as follows:

- 1. **Designation as Qualified Tax-Exempt Obligation.** Pursuant to Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986 as amended (the "Code"), the Lessee hereby specifically designates the Agreement as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. In compliance with Section 265(b)(3)(D) of the Code, the Lessee hereby represents that the Lessee will not designate more than \$10,000,000 of obligations issued by the Lessee in the calendar year during which the Agreement is executed and delivered as such "qualified tax-exempt obligations".

- 2. **Issuance Limitation.** In compliance with the requirements of Section 265(b)(3)(C) of the Code, the Lessee hereby represents that the Lessee (including all subordinate entities of the Lessee within the meaning of Section 265(b)(3)(E) of the Code) reasonably anticipates not to issue in the calendar year during which the Agreement is executed and delivered, obligations bearing interest exempt from federal income taxation under Section 103 of the Code (other than "private activity bonds" as defined in Section 141 of the Code) in an amount greater than \$10,000,000.

Stanislaus County (Sheriff's Department)

Signature

Typed Name and Title

INSURANCE REQUIREMENTS

Pursuant to Article V in the Lease With Option to Purchase Agreement, you have agreed to provide us evidence of insurance covering the property in the Agreement. A Certificate of Insurance naming all insured parties and coverages must be determined to us as soon as possible, but no later than the date on which delivery of equipment occurs. If you have not taken possession of the equipment, please write a memo to Kansas State Bank stating your carrier, insurance agent and telephone number to reach them upon delivery.

In the case of self-insurance, the amounts of liability and physical damage coverage are to be listed on some form of certificate supplied by you. In addition, information regarding the nature of your self-insurance program should also be forwarded to us as soon as possible.

INSURANCE REQUIREMENTS BY KANSAS STATE BANK OF MANHATTAN:

1. LIABILITY

- ✓ Minimum of \$1,000,000.00 combined single-limit on bodily injury and property damage.
- ✓ Kansas State Bank and/or Its Assigns MUST be listed as additional insured and loss payee.

2. PHYSICAL DAMAGE

- ✓ All risk coverage to guarantee proceeds sufficient to pay the applicable Purchase Option Price as set forth in Exhibit B of the Agreement. Kansas State Bank and/or Its Assigns MUST be listed as additional insured and loss payee.

3. ENDORSEMENT

- ✓ Lessor will receive at least thirty (30) days written notice from Insurer prior to alteration, cancellation or reduction of insurance coverage.

PLEASE FAX THE CERTIFICATE TO US AS SOON AS POSSIBLE AT (785) 537-4806, AND MAIL THE ORIGINAL TO:

Kansas State Bank and/or Its Assigns
1010 Westloop, P.O. Box 69
Manhattan, Kansas 66505-0069

YOUR ASSISTANCE IS GREATLY APPRECIATED TO COMPLETE THIS TRANSACTION, IF YOU HAVE ANY QUESTIONS, PLEASE GIVE US A CALL AT (800) 752-3562.

Stanislaus County (Sheriff's Department)

Insurance Company: _____

Agent's Name: _____

Telephone #: _____

Fax #: _____

Address, City, State & Zip: _____

CERTIFICATE NO.

ISSUE DATE (MM/DD/YYYY)

GL1-2097	AI	CERTIFICATE OF COVERAGE	03/10/2008
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<p>CSAC Excess Insurance Authority (CSAC EIA) C/O ALLIANT INSURANCE SERVICES, INC. PO BOX 6450 NEWPORT BEACH, CA 92658-6450 PHONE (949) 756-0271 / FAX (619) 699-0901 LICENSE #0C36861</p>	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BELOW.
	COVERAGE AFFORDED A - CSAC Excess Insurance Authority (CSAC EIA)
	COVERAGE AFFORDED B

<p>Member: COUNTY OF STANISLAUS ATTN: DAVID DOLENAR P.O. BOX 1723 MODESTO, CA 95353-1723</p>	COVERAGE AFFORDED C
	COVERAGE AFFORDED D
	COVERAGE AFFORDED E

Coverages
 THIS IS TO CERTIFY THAT THE MEMORANDUMS OF COVERAGE LISTED BELOW HAVE BEEN ISSUED TO THE MEMBER NAMED ABOVE FOR THE PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE COVERAGE AFFORDED BY THE MEMORANDUMS DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH MEMORANDUMS.

CO LTR	TYPE OF COVERAGE	MEMORANDUM NUMBER	COVERAGE EFFECTIVE DATE (MM/DD/YYYY)	COVERAGE EXPIRATION DATE (MM/DD/YYYY)	LIABILITY LIMITS
A	<input checked="" type="checkbox"/> Excess General Liability <input checked="" type="checkbox"/> Excess Auto Liability <input checked="" type="checkbox"/> Excess Errors & Omissions	EIA-07-EL-28	07/01/2007	07/01/2008	Difference between \$1,000,000 and the Self-Insured Retention of <u>\$250,000</u>
	OTHER				

Description of Operations/Locations/Vehicles/Special Items:
 AS RESPECTS SHERIFF'S DEPARTMENT IS LEASING A 36' BY 60' MOBILE OFFICE VALUED AT \$105,128.05 TO BE LOCATED AT 250 E. HACKETT ROAD IN MODESTO WITH AN OPTION TO BUY.

KANSAS CITY BANK OF MANHATTAN IS INCLUDED AS AN ADDITIONAL COVERED PARTY, BUT ONLY INsofar AS THE OPERATIONS UNDER THIS CONTRACT ARE CONCERNED.

<p>Certificate Holder KANSAS CITY BANK OF MANHATTAN 1010 WESTLOOP PO BOX 69 MANHATTAN, KS 66505-0069</p>	<p>Cancellation SHOULD ANY OF THE ABOVE DESCRIBED MEMORANDUMS BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.</p> <p>AUTHORIZED REPRESENTATIVE</p> <p style="text-align: center;"><i>Michael P. [Signature]</i></p> <p style="text-align: center;">CSAC EXCESS INSURANCE AUTHORITY (CSAC EIA)</p>
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ENDORSEMENT NO. U-1

**CSAC EXCESS INSURANCE AUTHORITY (CSAC EIA)
EXCESS LIABILITY**

ADDITIONAL COVERED PARTY AMENDATORY ENDORSEMENT

It is agreed that the "Covered Party, Covered Persons or Entities" section of the Memorandum is amended to include the person or organization named on the Certificate of Coverage, but only with respect to liability arising out of premises owned by or rented to the Member, or operations performed by or on behalf of the Member or such person or organization so designated.

Coverage provided under this endorsement is limited to the lesser of the limits stated on the Certificate of Coverage or the minimum limits required by contract.

ADDITIONAL COVERED PARTY:

NAME OF PERSON OR ORGANIZATION SCHEDULED PER ATTACHED CERTIFICATE OF COVERAGE

AS RESPECTS:

PER ATTACHED CERTIFICATE OF COVERAGE

It is further agreed that nothing herein shall act to increase the Authority's limit of liability.

This endorsement is part of the Memorandum and takes effect on the effective date of the Memorandum unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date: _____

Memorandum No.: PER ATTACHED CERTIFICATE OF COVERAGE

Issue Date: June 29, 2007



Authorized Representative
CSAC Excess Insurance Authority (CSAC EIA)



Kansas State Bank

1010 Westloop, P.O. Box 69
Manhattan, KS 66505-0069

INVOICE

DATE: March 6, 2008

To:
Stanislaus County (Sheriff's Department)
250 E. Hackett Rd.
Modesto, California 95358

Re:
Financing for One (1) 2006 36' x 60' Office Occupancy
Building

DESCRIPTION	AMOUNT
First rental payment due at closing of contract to finance.	\$1,956.75
SUBTOTAL	\$1,956.75
SALES TAX	
SHIPPING & HANDLING	
TOTAL DUE	\$1,956.75

Make all checks payable to: Kansas State Bank of Manhattan

If you have any questions concerning this invoice, call: Dawn Wiggins @ 800-752-3562



Kansas State Bank

1010 Westloop, P.O. Box 69
Manhattan, KS 66505-0069

INVOICE

DATE: March 6, 2008

To:
Stanislaus County (Sheriff's Department)
250 E. Hackett Rd.
Modesto, California 95358

Re:
Financing for One (1) 2006 36' x 60' Office Occupancy
Building

DESCRIPTION	AMOUNT
Second rental payment due April 28, 2008.	\$1,956.75
SUBTOTAL	\$1,956.75
SALES TAX	
SHIPPING & HANDLING	
TOTAL DUE	\$1,956.75

Make all checks payable to: Kansas State Bank of Manhattan

If you have any questions concerning this invoice, call: Dawn Wiggins @ 800-752-3562

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1. Issuer's name Stanislaus County (Sheriff's Department)		2. Issuer's employer identification number	
3. Number and street (or PO Box if mail is not delivered to street address) 250 E. Hackett Rd.		Room/Suite	4. Report number 3
5. City, town, or post office, state, and ZIP code Modesto, California 95358		6. Date of issue	
7. Name of issue Lease with Option to Purchase Agreement		8. CUSIP number	
9. Name and title of officer or legal representative whom the IRS may call for more information		10. Telephone no. of officer or legal representative	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11. <input type="checkbox"/> Education	11
12. <input type="checkbox"/> Health and hospital	12
13. <input type="checkbox"/> Transportation	13
14. <input type="checkbox"/> Public safety	14
15. <input type="checkbox"/> Environment (including sewage bonds)	15
16. <input type="checkbox"/> Housing	16
17. <input type="checkbox"/> Utilities	17
18. <input type="checkbox"/> Other, Describe >	18
19. If obligations are TANs or RANs, check box > <input type="checkbox"/> If obligations are BANs, check box > <input type="checkbox"/>	
20. If obligations are in the form of a lease or installment sale, check box > <input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

(a) Final Maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted avg. maturity	(e) Yield
21.		\$	years	

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22. Proceeds used for accrued interest	22
23. Issue price of entire issue (enter amount from line 21, column (b))	23
24. Proceeds used for bond issuance costs (including underwriters' discount)	24
25. Proceeds used for credit enhancement	25
26. Proceeds allocated to reasonably required reserve or replacement fund	26
27. Proceeds used to currently refund prior issues.	27
28. Proceeds used to advance refund prior issues	28
29. Total (add lines 24 through 28)	29
30. Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31. Enter the remaining weighted average maturity of the bonds to be currently refunded > _____ years

32. Enter the remaining weighted average maturity of the bonds to be advance refunded > _____ years

33. Enter the last date on which the refunded bonds will be called > _____

34. Enter the date(s) the refunded bonds were issued > _____

Part VI Miscellaneous

35. Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) 35

36 a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) 36a

b Enter the final maturity date of the guaranteed investment contract > _____

37. Pooled financings: (a) Proceeds of this issue that are to be used to make loans to other governmental units 37a

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box > and enter the name of the issuer > _____ and the date of the issue > _____

38. If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . >

39. If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box >

40. If the issuer has identified a hedge, check box >

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete.

 Signature of issuer's authorized representative

 Date

 Type or print name and title