

Master Lease Agreement
Mears Motor Leasing and City of Clearwater
10/1/2008 through 9/30/2013

This Master Lease Agreement ("Agreement") is made this 18th day September, 2008 between the Bancorp bank d/b/a Mears Motor Leasing, a corporation having its principal place of business at 3905 El Rey Road, Orlando, FL, ("Lessor"), and the City of Clearwater, FL a municipal corporation established under the laws of the State of Florida, ("Lessee").

1. Equipment Group

The estimated cost of the vehicles and equipment to be funded by Lessee under this Agreement is as follows:

Fiscal Year	Amount
08-09	\$4,000,000
09-10	\$5,300,000
10-11	\$5,400,000
11-12	\$4,800,000
12-13	\$6,000,000

~~The Lessee agrees to have a maximum principal outstanding amount with the Lessor of fifteen million dollars (\$15,000,000.00) at any given time.~~ 

The Lessee agrees not to exceed a principal outstanding amount with Lessor of fifteen million dollars (\$15,000,000.00) at any given time

2. Lease, Possession and Use

Lessor hereby leases the equipment and vehicles to Lessee upon terms and conditions set forth herein.

Lessee shall have quiet use and enjoyment of and peaceably have and hold equipment and vehicles during the related lease term.

3. Term

This agreement shall be in effect from October 1, 2008 until September 30, 2013.

This agreement may be renewed with the mutual consent of both parties for additional periods of time.

4. Rental Payment

Lessee agrees to pay the quarterly rental payments due as specified in the amortization schedule of each draw. The due dates for payments will be January 1st, April 1st, July 1st and October 1st of each year.

The interest rate for each draw will be determined on the day the Lessee requests a draw from the Lessor. The Lessor will use the appropriate 3-year or 5-year CMT indexed rate from the table submitted in the Lessor's bid response.

5. Option to Prepay

Lessee shall have the option to prepay its obligations under this Agreement without any prepayment penalty.

6. Risk of Loss

To the extent permitted by applicable laws of the State of Florida as between Lessor and Lessee, Lessee assumes all risks and liabilities from any cause whatsoever, whether or not covered by insurance, for loss or damage to any Equipment or Vehicles and for injury to or death of any person or damage to any property. Lessee hereby assumes since Lessor's sole responsibility in connection with this transaction is to provide an amount equal to the principal portion of the lease Payments to pay costs of the acquisition and lease of the Equipment and Vehicles, the parties intend that Lessor incur no liability, cost or expense with respect to Lessee's possession, use operation of the Equipment or Vehicles. Accordingly, Lessee agrees to the extent permitted by law to indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, proceedings, expenses, damage or liabilities, including attorney's fees and court costs, arising in connection with Lessee's negligence in the selection, purchase, delivery, installation, possession, use, operation, rejection or return and recovery of claims under the City's self insurance program. Further, as a governmental entity, the City of Clearwater is subject to SS768.28, Fla. Stat. Nothing in this paragraph or this Agreement shall be interpreted to alter or modify the provisions of that statute nor the doctrine of sovereign immunity as applies to the City of Clearwater.

7. Destruction of Equipment

Lessee shall provide a complete written report to Lessor within thirty (30) days of any loss, theft, damage or destruction of any Equipment or Vehicles and of any significant accident involving any Equipment or Vehicles. Lessor may inspect the Equipment or Vehicles at any time and from time to time during regular business hours, with reasonable notice. If all or part of the Equipment or Vehicles is stolen, lost, destroyed or damaged beyond repair Lessee shall, within thirty (30) days after such event, at Lessee's selection and expense, either repair the damaged Equipment or Vehicles or pay the remaining principal balance due on the damaged Equipment or

Vehicles plus interest from the last payment. Lessee shall notify Lessor of which course of action it will take within 15 (fifteen) days after the loss occurrence. If the Lessee fails to notify Lessor, Lessor may declare the prepayment price of the damaged equipment or vehicle to be immediately due and payable.

8. Taxes

The City makes no declaration as to the tax status of the lease purchases and whether or not the lease purchases are bank qualified. However, if requested, the City will cooperate with the process and provide all information that is readily available.

9. Title

During the lease term, ownership and legal title of all Equipment and Vehicles and all replacements shall be in the name of the Lessee. Lessor does not own Equipment or Vehicles and by this agreement is merely financing the acquisition of the Equipment and Vehicles for Lessee. Lessor has not been in the chain of title of the Equipment and Vehicles, does not operate, control or have possession of the Equipment and Vehicles and has no control over the Lessee or Lessee's operations.

Lessee agrees to keep Equipment and Vehicles free and clear of all claims, liens and encumbrances except those resulting from the agreements or acts of Lessor and not resulting from the Lessee's failure to perform its obligations under this Agreement. Lessee agrees not to claim any income tax deduction for depreciation with respect to the Equipment and Vehicles or to file returns or reports with any taxing authority in which it claims or implies ownership of any item.

10. Security Interest

Lessor and Lessee agree that this Agreement does not result in the creation of any lien, charge, security interest or other encumbrance upon the Equipment and Vehicles or any other asset of Lessee.

11. Selection of Equipment and Vehicles

Each vendor and all Equipment and Vehicles have been selected by Lessee. Lessor shall have no responsibility in connection with the selection, ordering or delivery of the Equipment or Vehicles.

12. Acceptance of Equipment

Upon delivery of the equipment and Vehicles, Lessee's personnel shall inspect the Equipment and Vehicles. The Lessee shall bundle the invoices from the equipment/vehicle provider and shall submit them quarterly to the Lessor. Upon

receiving the equipment/vehicle invoices the Lessor shall reimburse the Lessee for the payment of the invoices within two business days.

13. Locations and Use of Equipment and Vehicles

The equipment and vehicles will be used primarily within the boundaries of Pinellas and Pasco Counties, Florida. However, at the discretion of lessee, the Equipment/Vehicles may be used outside the county for the purposes such as travel or mutual aid.

Lessee covenants and warrants that during the period that any equipment/vehicles is leased to lessee, the equipment/vehicle will at all times be used and operated in compliance with the laws, regulations, and orders of any city, county, state or other legislative administrative, or judicial body or officer having the power to regulate or supervise the use or operation of the Equipment/Vehicle. Lessee shall not install or use the Equipment/Vehicles in such manner or in such circumstances that any part of the Equipment/Vehicles is deemed to be an accession to other personal property or deemed to be real property or a fixture thereon.

14. Maintenance

Lessee shall, at its own expense, maintain the equipment/Vehicles in proper working order. The Lessee reserves the right to perform routine maintenance while the Equipment/Vehicles are in active service. Maintenance shall be accomplished by outside vendor or in house maintenance personnel.

15. Non-Appropriations

In the event no funds or insufficient funds are appropriated and budgeted in any fiscal year for lease charges under this Agreement, then the lessee shall immediately notify Lessor of such an occurrence and the Agreement shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to the Lessee of any kind whatsoever, except to lease charges or portions of lease charges herein agree upon for which funds shall have been appropriated and budgeted or are otherwise available. In the event of such termination, the City of Clearwater agrees to peaceably surrender possession of the Equipment and Vehicles to Lessor at a location within Pinellas County, Florida, mutually agreeable to both parties on the date of such termination. Lessor shall have all legal and equitable right and remedies to take possession of the Equipment and Vehicles.

Notwithstanding the forgoing, Lessee agrees (1) that it will not cancel the Agreement if any funds are appropriated to it, or by it for the acquisition, retention, or operation of the equipment and vehicles or other equipment performing functions similar to the leased vehicles for the fixed period in which such termination occurs on the next succeeding fiscal period thereafter, and (2) that lessee shall not, during the term of the

Agreement, give priority in the application of funds to any other functionally similar equipment or vehicles. This paragraph shall not be construed so as to permit Lessee to terminate the Agreement to acquire any other equipment /vehicles or to allocate directly or indirectly to perform essentially the same applicable for which the leased vehicles are intended.

16. Assignment

The Lessor will not assign, transfer, convey or otherwise dispose of the Agreement or any part thereof, or of its right, title or interest therein, or its power to execute the Agreement or any amendment or modification hereto, to any person, company or corporation, without prior written consent of the Lessee or his representative shall be considered an assignment.

17. Insurance

The lessee is covered under a program of self-insurance. The Lessee will provide to the Lessor a letter or other document from its insuring authority evidencing the existence of the continuing self-insurance program covering the Equipment/Vehicles under the Agreement.

18. Governing Law

The Agreement shall be governed by and construed in accordance with the substantive laws of the State of Florida; The Agreement shall be deemed to have been made in Pinellas County, Florida regardless of the order in which it is executed.

19. Litigation

Lessor and Lessee agree that any action or suit in connection with the Agreement shall be brought only in a court of record in Pinellas County, Florida, the parties consenting to the jurisdiction of each thereof, and service of process may be made on the other party by mailing a copy of notice under the Lease.

20. Severability

The terms and conditions of this Agreement shall be deemed to be severable. Consequently, if any clause, term, or condition hereof shall be held to be illegal or void, such determination shall not affect the validity or legality of the remaining terms and conditions, and notwithstanding any such determination, this Agreement shall continue in full force and effect unless the particular clause, term or condition held to be illegal or void renders then balance of the Agreement to be impossible of performance.

21. Construction

Language in all parts of this Agreement shall be construed as a whole according to its fair meaning. The parties agree that this Agreement is the product of joint authorship, and in the event of any ambiguity, the Agreement shall not be construed against any party.

22. Captions

The captions and hearings used in this Agreement are for the convenience and means of reference only and shall not be used to construe, interpret or limit the terms of the Agreement.

23. Notices

All written notices given under this Agreement or by law, must or may given by either party, must be in writing, and must be given by personally delivering or mailing the same by registered or certified mail/return receipt requested to the respective parties as follows:

James Hartman, Vice President
Mears Motor Leasing
3905 El Rey Road
Orlando, FL 32808
Phone: 407-298-2982
Fax: 407-578-4924

Margaret Simmons, Finance Director
City of Clearwater
PO Box 4748
Clearwater, FL 33758-4748
Phone 727-562-4538
Fax 727-562-4532

With a copy to:

Joanne Cornier, Government Specialist
Mears Motor Leasing
3905 El Rey Road
Orlando, FL 32808

With a copy to:

Clem Vericker, Debt Manager
City of Clearwater
PO Box 4748
Clearwater, FL 33758-4748

24. Amendment of the Agreement

This agreement may be amended during its term by mutual writer agreement of the parties.

25. Binding Effect

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

26. Default

In the event of default by lessee, Lessor's sole remedy shall be to sue for compensatory damages, which Lessee agrees to pay and which are hereby agreed to be any accrued and unpaid rental payments as of date of default provided that in the event that Lessee voluntarily returns the Equipment/Vehicles to Lessor, to a location specified by Lessor in Pinellas County, Florida, at Lessee's sole risk, cost and expense and in proper working order. Lessor shall not have any further remedies against Lessee.

27. Documents Comprising Agreement

This Agreement shall include this master lease Agreement as well as the following documents which are incorporated herein by reference:

- (a) City of Clearwater RFP 32-08, attached hereto as Exhibit A
- (b) Lessor's RFP Response, attached hereto as Exhibit B

If there is a conflict between the terms of this Agreement and the above referenced documents, then the conflict shall be resolved as follows: The terms of this Agreement shall prevail over the other documents and the terms of the remaining documents shall be given preference in their above listed order.

28. Documents Needed for a Draw

The Lessee will submit the following documents for a funding request:

- (a) Written request for the amount of the funding signed by the Finance Director or in their absence the Assistant Finance Director. This request will include a statement that all items have been received and paid for.
- (b) For vehicles: copy of dealer invoice
For all others: copy of vendor invoice

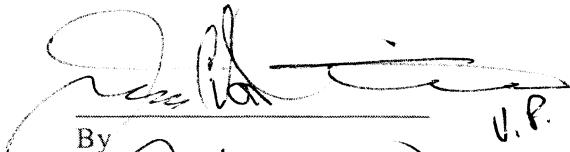
The Lessor will provide an amortization schedule for each draw request.

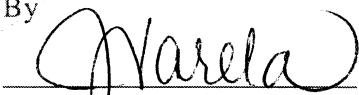
REMAINDER OF PAGE BLANK

IN WITNESS WHEREOF the parties have executed this Master Lease Agreement.

LESSOR:

The Bankcorp Bank d/b/a
Mears Motor Leasing



By _____ V.P.


Witness

LESSEE:

By: _____
Frank V. Hibbard
Mayor

Approved as to form:

Attest:

Pam Akin
City Attorney

Cynthia E. Goudeau
City Clerk