

**FINANCING LEASE**

**between**

**VIRGINIA SAVES GREEN COMMUNITY PROGRAM, INC.  
as Lessor**

**and**

**ALBEMARLE COUNTY SCHOOL BOARD  
as Lessee**

**Dated as of September [28], 2017**

**[\$7,900,000]**

**Virginia Small Business Financing Authority  
Taxable Qualified Energy Conservation Bond (Direct Pay)  
(VirginiaSAVES Green Community Program – Albemarle County Public Schools Project),  
Series 2017**

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## FINANCING LEASE

**THIS FINANCING LEASE** (this "Financing Lease") is made as of September [28], 2017, between **VIRGINIA SAVES GREEN COMMUNITY PROGRAM, INC.**, a Virginia nonstock corporation (the "Corporation"), as Lessor, and the **ALBEMARLE COUNTY SCHOOL BOARD**, a body politic of the Commonwealth of Virginia (the "School Board"), as Lessee.

**A.** At the request of the Corporation, the Virginia Small Business Financing Authority ("VSBFA") intends to issue and sell to Banc of America Leasing & Capital LLC (the "Purchaser") its Taxable Qualified Energy Conservation Bond (Direct Pay) (Virginia SAVES Green Community Program – Albemarle County Public Schools Project), Series 2017 (the "Bond").

**B.** The proceeds of the sale of the Bond will be loaned by VSBFA to the Corporation and such loan will be evidenced by a promissory note from the Corporation to VSBFA (as more fully defined hereinafter, the "Corporation Note").

**C.** The Corporation will use a portion of the proceeds of the sale of the Bond loaned to it by VSBFA to acquire certain energy efficiency improvements (as more fully defined hereinafter, the "Equipment") and assist the School Board in financing the Project (as hereinafter defined).

**D.** The Corporation and the School Board wish to set forth herein certain terms, conditions and provisions related to the purchase of this Financing Lease, the application of the proceeds hereof, the payment of the sums owed under this Financing Lease, and the lease, use and maintenance of the Equipment by the Corporation to the School Board.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the Corporation and the School Board hereby covenant and agree as follows:

### ARTICLE I

#### DEFINITIONS

**Section 1.1 Definitions.** The capitalized terms contained in this Financing Lease shall have the meanings set forth below unless the context otherwise requires:

**"Acquisition Period"** means the Closing Date to [September [28], 2018], during which the Lease Proceeds Amount may be expended on Project Costs pursuant to the Escrow Agreement. The Acquisition Period may be extended by written agreement of the Holder and the School Board, and filed with the Escrow Agent, and such consent of the Holder shall not be unreasonably withheld.

**"Act"** means the Virginia Small Business Financing Act, Article 7, Chapter 22, Title 2.2, Code of Virginia of 1950, as amended.

**"Bond"** means the Taxable Qualified Energy Conservation Bond (Direct Pay) (Virginia SAVES Green Community Program – Albemarle County Public Schools Project), Series 2017, in the principal amount of \$[7,900,000], in the form of Exhibit A to the Bond Purchase Agreement, which is issued pursuant to the Act and the Bond Purchase Agreement and is allocable to this Financing Lease (as determined by VSBFA).

**"Bond Purchase Agreement"** means the Bond Purchase and Lease Acquisition Agreement dated as of September [28], 2017, among VSBFA, the Corporation, the School Board and the Purchaser, as modified, altered, amended and supplemented in accordance with its terms and the terms of this Financing Lease.

**"Closing Date"** means the date of delivery of and payment for the Bond, which is September [28], 2017.

**"Commonwealth"** means the Commonwealth of Virginia.

**"Corporation"** means Virginia SAVES Green Community Program, Inc., a Virginia nonstock corporation.

**"Corporation Authorization"** means the resolution adopted by the Corporation by unanimous written consent on September [ ], 2017.

**"Corporation Representative"** means any officer of the Corporation and any one or more of the persons at the time designated to act on behalf of the Corporation by written certificate furnished to VSBFA, the School Board and the Purchaser containing the specimen signature of such person and signed on behalf of the Corporation by an officer of the Corporation.

**"Costs of Issuance"** means expenses related to this Financing Lease and issuance costs in connection with the issuance of the Bond and the financing of the Project, as more specifically described under Section 3.2 of this Financing Lease.

**"Default Rate"** means 300 basis points (3.00%) above the then applicable interest rate on the Bond.

**"Deed of Sale"** means the Deed of Sale dated as of September [28], 2017 conveying the School Board's right, title and interest in the Equipment now existing or hereafter acquired to the Corporation, in order for the Corporation to lease the Equipment back to the School Board pursuant to this Financing Lease, substantially in the form attached as Exhibit A to the Bond Purchase Agreement.

**"Effective Date"** means the Closing Date.

**"Energy Savings Contract"** means that certain [*Name of Agreement*] dated [\_\_\_\_], 2017, between Ameresco, Inc., and the School Board dated as of [\_\_\_\_], 2017.

**"Equipment"** means the property described in Exhibit A attached hereto, and any and all replacement parts, additions, repairs, modifications, improvements, attachments and accessories thereto, and all substitutions, replacements or exchanges therefor. It is contemplated that the Equipment will be used for energy efficiency improvements in Albemarle County Public Schools within the territory of the County of Albemarle, Virginia.

**"Escrow Account"** means the fund established and held by the Escrow Agent pursuant to the Escrow Agreement.

**"Escrow Agent"** means U.S. Bank National Association and its successors and assigns.

**"Escrow Agreement"** means the Escrow Agreement dated as of September [28], 2017, in form and substance acceptable to the Purchaser and acceptable and executed by VSBFA, the Corporation, the School Board and the Escrow Agent, as modified, altered, amended or supplemented in accordance with the terms thereof, and pursuant to which the Escrow Account is established and administered.

**"Event of Default"** shall have the meaning set forth in Section 10.1.

**"Financing Documents"** means, collectively, (i) the Bond Purchase Agreement; (ii) the Escrow Agreement; (iii) this Financing Lease; (iv) the Paying Agent Agreement; (v) the Tax Agreement; (vi) the Bond; and (vii) the Corporation Note.

**"Financing Lease"** means this Financing Lease dated as of September [28], 2017 between the Corporation, as lessor, and the School Board, as lessee, as modified, altered, amended or supplemented in accordance with the terms thereof.

**"Fiscal Year"** means the twelve-month period beginning July 1 of one year and ending on June 30 of the following year, or if the School Board has established another twelve-month period as its annual accounting period such other twelve-month period.

**"Government Obligations"** means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

**"Holder"** means initially the Purchaser or any future registered owner of the Bond as permitted hereunder.

**"Lease Proceeds Amount"** means \$[7,900,000], the amount from the Corporation deposited into the Escrow Account and received by the School Board for the acquisition of the Equipment from the Vendor in order to sell and lease the Equipment under this Financing Lease, as well as the payment of the Project Costs and the Costs of Issuance.

**"Material Adverse Change"** means (a) any change in the School Board's creditworthiness that could have a material adverse effect on (i) the financial condition or operations of the School Board or (ii) the School Board's ability to perform its obligations under this Financing Lease.

**"Paying Agent"** means U.S. Bank National Association and its successors and assigns.

**"Paying Agent Agreement"** means the Paying Agent Agreement dated September [28], 2017, among VSBFA, the Corporation, the School Board and the Paying Agent, as modified, altered, amended or supplemented in accordance with the terms thereof and in substantially the form of Exhibit G to the Bond Purchase Agreement.

**"Program"** means the VirginiaSAVES Green Community Program established by the Governor of Virginia's Executive Order 36 and sponsored by the Virginia Department of Mines, Minerals and Energy and administered by CleanSource Capital LLC and its successors and assigns pursuant to the Administrative Services Agreement between CleanSource Capital LLC and VSBFA dated August 31, 2015, as modified, altered, amended or supplemented in accordance with the terms thereof.

**"Program Fee"** means the fee for the Program in an amount equal to two percent of the principal amount of the Bond.

**"Project"** means the acquisition, development, construction, installation and equipping by the School Board of the Equipment, as more fully described in Exhibit A of this Financing Lease and the Energy Savings Contract, as well as the use of the Program for the funding of the same, and expenses related thereto, including but not limited to, the Program Fee, and the payment of the Costs of Issuance.

**"Project Budget"** means the budget for the Project as set forth in the Energy Savings Contract.

**"Project Costs"** means the costs of the Project, which includes (i) the costs set forth in this Financing Lease, (ii) the Program Fee, (iii) the Issuance Costs and (iii) other costs associated with the issuance of the Bond which are contributed by the School Board as set forth under the Closing Memorandum.

**"Purchaser"** means Banc of America Leasing & Capital, LLC, or one of its affiliates or any successor, as the initial Holder of the Bond.

**"Rental Payments"** means the rental payments due to the Corporation from the School Board as set forth in Section 6.1 and Schedule 1.1 of this Financing Lease.

**"School Board"** means the Albemarle County School Board, a body corporate of the Commonwealth.

**"School Board Authorization"** means the resolution adopted on September 14, 2017 by a majority of the members of the governing body of the School Board approving, among other

things, the transactions contemplated by and authorizing the execution and delivery of the Financing Documents.

**"School Board Representative"** means (i) the Superintendent or Interim Superintendent, as the case may be, of the School Board, (ii) the chair or vice chair of the School Board, and (iii) any other official or employee of the School Board authorized by resolution of the governing body of the School Board to perform the act or sign the document in question.

**"Tax Agreement"** means the Federal Tax Certificate and Compliance Agreement dated the Closing Date, among VSBFA, the Corporation and the School Board, as modified, altered, amended and supplemented.

**"Vendor"** means Ameresco, Inc.

**Section 1.2 Rules of Construction.** The following rules shall apply to the construction of this Financing Lease unless the context requires otherwise:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) Words importing the redemption or calling for redemption of this Financing Lease shall not be deemed to refer to or connote the payment of this Financing Lease at its stated maturity.

(c) All references in this Financing Lease to particular Articles, Sections or Exhibits are references to Articles, Sections or Exhibits of this Financing Lease unless otherwise indicated.

(d) The headings and table of contents as used in this Financing Lease are solely for convenience of reference and shall not constitute a part of this Financing Lease nor shall they affect its meaning, construction or effect.

## ARTICLE II

### REPRESENTATIONS

**Section 2.1 Representations by the Corporation.** The Corporation represents to the School Board as follows:

(a) The Corporation is a nonstock corporation duly organized, validly existing and in good standing under the laws of the Commonwealth.

(b) The Corporation has full right, power and authority to (i) borrow the proceeds from the sale of the Bond from VSBFA, (ii) direct the Escrow Agent to use a portion of such proceeds of the Bond to enter into this Financing Lease as contemplated under the Escrow Agreement and this Financing Lease, (iii) execute, enforce and deliver the Financing Documents, and (iv) carry out and consummate all other transactions contemplated by Financing Documents.

(c) The Corporation has duly authorized, executed and delivered the Financing Documents to which it is a party, and when executed such Financing Documents will constitute legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms.

**Section 2.2 Representations by the School Board.** The School Board makes the following representations as the basis for its undertakings under this Financing Lease:

(a) The School Board has full right, power and authority to (i) adopt the School Board Authorization and execute and deliver the Financing Documents and all related documents, as applicable, (ii) execute, sell and deliver this Financing Lease to the Corporation, (iii) undertake the Project, (iv) sell the Equipment to the Corporation pursuant to the Deed of Sale and this Financing Lease; (v) lease the Equipment from the Corporation pursuant to this Financing Lease and (vi) carry out and consummate all of the transactions contemplated by the School Board Authorization and the Financing Documents (including selling the Equipment to the Corporation and then leasing the Equipment from the Corporation pursuant to this Financing Lease and the Deed of Sale).

(b) This Financing Lease was duly authorized for execution by the School Board Authorization.

(c) The School Board has obtained all governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the Effective Date for the School Board's (i) adoption of the School Board Authorization, (ii) execution and delivery of the Financing Documents, (iii) performance of its obligations under the Financing Documents, (iv) the undertaking of the Project and (v) the acquisition, installation and use of the Equipment. The School Board knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals not necessary to be obtained by such date cannot be obtained as required in the future.

(d) When executed and delivered in accordance with the School Board Authorization, the Financing Documents to which the School Board is a party, will have been executed and delivered by duly authorized officials of the School Board and will constitute legal, valid and binding obligations of the School Board enforceable against the School Board in accordance with their respective terms.

(e) The execution and delivery of the Financing Documents and the performance by the School Board of its obligations thereunder are within the powers of the School Board and will not conflict with, or constitute a breach or result in a violation of, (i) to the best of the School Board's knowledge, any federal or Commonwealth constitutional or statutory provision, (ii) any agreement or other instrument to which the School Board is a party or by which it is bound or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the School Board or its property.

(f) Except as may otherwise be approved by the Corporation or permitted by the terms of Financing Documents, the Equipment at all times is and will be owned by the School Board and will not be operated or controlled by any other entity or person.

(g) Except as set forth in Exhibit B, there are not pending nor, to the best of the School Board's knowledge, threatened against the School Board, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, (i) affecting the creation, organization or existence of the School Board or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery and/or performance of the School Board Authorization and/or the Financing Documents, (iii) in any way contesting or affecting the validity or enforceability of the School Board Authorization, the Financing Documents or any agreement or instrument relating to any of the foregoing or (iv) related to the Project or the undertaking thereof by the School Board.

(h) Nothing that would constitute an Event of Default hereunder has occurred and is continuing, and no event or condition exists that with the passage of time or the giving of notice, or both, would constitute an Event of Default hereunder.

(i) The execution and delivery of the Financing Documents and the performance by the School Board of its obligations thereunder are within the powers of the School Board and will not conflict with, or constitute a breach or result in a violation of, to the best of the School Board's knowledge, (i) any federal, or Virginia constitutional or statutory provision, including the School Board's organizational documents, if any, (ii) any agreement or other instrument to which School Board is a party or by which it is bound or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the School Board or its property.

(j) The School Board to the best of the School Board's knowledge (i) is not in violation of any existing law, rule or regulation applicable to it in any way that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Financing Documents and (ii) is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the School Board is a party or by which it is bound or to which any of its assets is subject that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Financing Documents. The School Board's execution and delivery of the Financing Documents and its compliance with the terms and conditions thereof will not conflict with or result in a breach of or constitute a default under any of the foregoing.

(k) The School Board is not in default in the payment of the principal or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. No event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to this Financing Lease, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

(l) The financial statements, applications and other information that the School Board furnished to the Corporation in connection with this Financing Lease fairly and accurately portray the School Board's financial condition, as of their dates, and there has been no Material Adverse Change with respect to the School Board since the date of the financial statements provided to the Corporation in connection with this Financing Lease.

(m) To the best of the School Board's knowledge, no lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which the School Board has been a party at any time has been terminated by the School Board as a result of insufficient funds being appropriated in any fiscal year. To the best of the School Board's knowledge, no event has occurred which would constitute an event of default under any debt, revenue bond or debt, capital lease or installment purchase obligation which School Board has issued during the past ten (10) years.

(n) All of the representations, warranties and covenants of the School Board contained in the Tax Agreement are hereby reaffirmed and incorporated herein by this reference.

### ARTICLE III

#### ACQUISITION AND LEASE OF EQUIPMENT

**Section 3.1 Acquisition of this Financing Lease.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth or incorporated herein, the Corporation shall transfer the Lease Proceeds Amount to the School Board solely from the proceeds of the loan made to the Corporation from the proceeds of the Bond, the Lease Proceeds Amount shall be deposited into the Escrow Account for the acquisition of the Equipment and the payment of the Project Costs, and the School Board shall deliver to the Corporation this Financing Lease in return.

**Section 3.2 Issuance Expenses.** The Corporation shall pay, or cause to be paid, from the proceeds of the loan received made to the Corporation by VSBFA from the proceeds of the Bond all expenses incident to the performance of the Corporation's obligations under and the fulfillment of the conditions imposed by this Financing Lease in connection with the issuance, sale and delivery of the Bond and the Corporation Note and the purchase of this Financing Lease on the Closing Date, including, but not limited to: (i) the cost, if any, of preparing and delivering the Corporation Note, (ii) the fees and expenses of the financial advisor(s) and counsel to the Corporation, and (iii) all other costs and expenses incurred by the Corporation. The School Board shall pay all expenses of the School Board incident to the issuance, sale and delivery of the Bond and delivery of this Financing Lease, including, but not limited to the fees and disbursements of the financial advisor, counsel and bond counsel to the School Board from the Lease Proceeds Amount or other funds of the School Board.

**Section 3.3 Sale and Lease to the School Board.** (a) In order to effectuate the purposes of this Financing Lease, the School Board shall make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, all contracts, deeds and other agreements in the name of the School Board, and, in general, to do or cause to be done all such other things as may be requisite or proper for the undertaking and completion of the Project, the acquisition and installation of the Equipment, the sale of the Equipment to the Corporation pursuant to the Deed of Sale and this Financing Lease, the lease of the Equipment from the Corporation under this Financing Lease and the fulfillment of any other obligations of the School Board under this Financing Lease.

(b) In exchange for the Lease Proceeds Amount, as of and on the Closing Date, the School Board hereby agrees to sell the Equipment and the right to acquire the Equipment to the Corporation and to execute the Deed of Sale. The Corporation hereby agrees to lease the Equipment to the School Board and the School Board hereby agrees to rent the Equipment from the Corporation in exchange for the School Board's agreement to pay the Rental Payments set forth in Section 6.1, all on the terms and conditions set forth in this Financing Lease. As of and on the Closing Date, the School Board shall be entitled to possession of the Equipment and the School Board may retain possession of the Equipment as long as an Event of Default has not occurred.

(c) As provided in Section 3.10, hereof, during the term of this Financing Lease, title to the Equipment shall be deemed to be vested in the School Board, subject to the rights of the Corporation under this Financing Lease. Upon execution and delivery of this Financing Lease, any rights and interest to acquire the Equipment pursuant to the Energy Savings Contract that the Corporation possesses shall be assigned to the School Board, subject to the terms of this Financing Lease.

(d) As additional security for the payment and performance of all of the School Board's obligations under this Financing Lease and the Bond Purchase Agreement, upon the execution of this Financing Lease, the School Board grants to the Corporation a first priority security interest constituting a first lien on (a) the Equipment, (b) moneys and investments held from time to time in any related Escrow Account, (c) the rights of the School Board to acquire the Equipment under the Energy Savings Contract and (d) any and all proceeds of any of the foregoing, including insurance proceeds. The School Board authorizes the Corporation to file (and the School Board agrees to execute, if applicable) such notices of assignment, chattel mortgages, financing statements and other documents, in form satisfactory to the Corporation, which the Corporation deems necessary or appropriate to establish and maintain the Corporation's security interest in the Equipment, the Escrow Account, the rights of the School Board to acquire the Equipment under the Energy Savings Contract and the proceeds thereof, including, without limitation, such financing statements with respect to personal property and fixtures under Article 9 of the Uniform Commercial Code in effect in the Commonwealth and treating such Article 9 as applicable to entities such as the School Board. The School Board agrees that with respect to such property the Corporation shall have all the rights and remedies of a secured party under the Virginia Uniform Commercial Code.

(e) The School Board agrees to deliver all documents, instruments and financing statements including, but not limited to fixture filings necessary or appropriate to perfect or maintain the security interest granted hereby.

**Section 3.4 Lease Term.** The term of this Financing Lease shall commence on the Closing Date and shall continue until the earlier of (i) [August 15, 2029] (provided that all of the Rental Payments specified Section 6.1 and any costs incurred by the Corporation due to an Event of Default have been paid in full) or (ii) the date on which redemption, prepayment or refunding of the School Board's obligations hereunder is made pursuant to Section 6.2, including all amounts due under Section 6.1.

**Section 3.5 Transfer Upon Termination.** After all payments have been made pursuant to Section 6.1 or a purchase option has been made pursuant to Section 6.2, the School Board shall be deemed to have acquired all of the Corporation's right, title and interest in the Equipment. In such event, and upon request, the Corporation will execute and deliver to the School Board an appropriate instrument assigning, transferring and conveying to the School Board all of the Corporation's right, title and interest in the Equipment free from any lien, encumbrance or security interest created by the Corporation or its assigns, except such as may be created or permitted by the School Board or the Vendor, AS IS, and without other warranties, and shall enter into an appropriate instrument terminating this Financing Lease.

**Section 3.6 Disclaimer of Warranty.** (a) The Equipment is being acquired by the Corporation at the School Board's request. THE CORPORATION MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE VALUE, DESIGN, MERCHANTABILITY, CONDITION OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY OF THE EQUIPMENT FOR THE SCHOOL BOARD'S PURPOSES AND, AS TO THE CORPORATION, THE SCHOOL BOARD'S ACQUISITION OF THE EQUIPMENT SHALL BE ON AN "AS IS" BASIS. IN NO EVENT SHALL THE CORPORATION BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS FINANCING LEASE, ANY EQUIPMENT OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE SCHOOL BOARD'S USE OF ANY ITEM, PRODUCT OR SERVICE PROVIDED FOR IN THIS FINANCING LEASE.

(b) The Corporation hereby appoints the School Board its agent and attorney-in-fact during the term of this Financing Lease, so long as the School Board shall not be in default hereunder, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that the Corporation may have against the Vendor. The School Board's sole remedy for the breach of such warranty, indemnification or representation shall be against the Vendor of the Equipment, and not against the Corporation. Any such matter shall not have any effect whatsoever on the rights and obligations of the Corporation with respect to this Financing Lease, including the right to receive full and timely payments hereunder. The School Board expressly acknowledges that the Corporation makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties relating to the Equipment.

**Section 3.7 Obligations of the School Board Unconditional.** The School Board's obligation to make all payments pursuant to this Financing Lease and the School Board's obligations to observe and perform all other covenants, conditions and agreements under the Financing Documents are absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim the School Board otherwise might have against the Corporation, and the School Board shall not suspend or discontinue any such payments or fail to observe and perform any of its other covenants, conditions and agreements under the Financing Documents.

**Section 3.8 [Reserved].**

**Section 3.9 No Assignment.** Except as permitted herein or contemplated by the Financing Documents, the School Board shall not assign this Financing Lease or any interest herein, or in the Equipment, without the prior written consent of the Corporation.

**Section 3.10 Title to Equipment.** This Financing Lease is intended for security. All right, title and interest in the Equipment will be deemed to be vested in the School Board immediately upon its acceptance of each item of Equipment, subject to the Corporation's rights and remedies in this Financing Lease upon the occurrence of an Event of Default. The School Board shall at all times protect and defend, at its own cost and expense, its interest in and to the Equipment from and against all claims, liens and legal processes of its creditors, and keep all Equipment free and clear of all such claims, liens and processes.

**Section 3.11 Net Lease.** This Financing Lease is intended to be a net lease to the Corporation. The School Board shall comply with and pay or cause to be paid from legally available funds the cost of all repairs, replacements and renewals, the cost of insurance, all utility and other charges and all taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment. If the School Board fails to pay or cause to be paid such costs, charges or taxes when due, the Corporation, after giving the School Board notice and a reasonable opportunity to cure, shall have the right, but shall not be obligated, to pay the same. If the Corporation pays any such costs, charges or taxes for which the School Board is responsible or liable under this Financing Lease, the Corporation shall be entitled to be reimbursed promptly therefor by the School Board in accordance with the provisions of Section 11.8 hereof.

**Section 3.12 Personal Property.** The Equipment is, and shall at all times be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to, or imbedded in, or permanently resting upon, real property or any building thereon or any fixtures, or attached in any manner to what is permanent by any means of cement, plaster, nails, bolts, screws or otherwise. The School Board shall not create, incur, assume or permit to exist any mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on any specific portion of the real estate where the Equipment is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of the Corporation; *provided*, that if the Corporation is furnished with a waiver of interest in the Equipment acceptable to the Corporation in its discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld.

## ARTICLE IV

### USE OF LEASE PROCEEDS

**Section 4.1 Deposit of Lease Proceeds Amount; Investment of Amounts in Escrow Account.** (a) On the Closing Date, the Corporation shall cause the Escrow Agent to deposit the Lease Proceeds Amount into the Escrow Account. The Lease Proceeds Amount and the earnings thereon shall be applied by the parties to the Project as set forth in the Escrow Agreement, this Financing Lease and the Tax Agreement.

(b) The School Board acknowledges and consents to the investment of the Lease Proceeds Amount and the earnings thereon allocable to pay the School Board's related Costs of Issuance and the Program Fee, if any, pursuant to the Escrow Agreement.

**Section 4.2 Agreement to Accomplish Project.** (a) The School Board agrees to cause the Equipment to be acquired, installed and financed in accordance with the Project Budget, this Financing Lease, the Escrow Agreement and the Tax Agreement, and the School Board shall use its best efforts to complete the acquisition and installation of the Equipment by the end of the Acquisition Period. All plans, specifications and designs shall be approved by all applicable regulatory agencies. The School Board agrees to maintain complete and accurate books and records of the Project Costs and to permit the Corporation through its duly authorized representatives to inspect such books and records at any reasonable time.

(b) When the acquisition and installation of the Equipment has been completed, the School Board shall promptly deliver to the Corporation and the Escrow Agent the completion certificate, in form as set forth in Exhibit C to the Bond Purchase Agreement. Such certificate shall be accompanied by a copy of the final requisition with respect to such Equipment submitted to the Escrow Agent pursuant to Section 4.3, including Schedule 1 to the Escrow Agreement.

(c) Upon the completion of the acquisition and installation of the Equipment and after the payment of Project Costs, the remaining balance in the Escrow Account will be applied to the prepayment of the principal component of the Rental Payments set forth in Schedule 1.1, in inverse order of maturity, thereof, and to the prepayment of the Bond as provided in Section 3.5(c) of the Bond Purchase Agreement.

**Section 4.3 Disbursement of Lease Proceeds Amount and Earnings.** The School Board agrees that amounts in the Escrow Account will be applied solely and exclusively to the payment to the Vendor for unpaid Vendor invoices, or, with evidence of payment of a Vendor's invoice, reimbursement of the School Board for the Project Costs, as well as to the appropriate entities for the Program Fee and the Costs of Issuance. The School Board further agrees to provide to the Escrow Agent and the Corporation copies of receipts, vouchers, statements, bills of sale or other evidence of payment of the Project Costs. Disbursements shall be made by the Escrow Agent to the School Board, in the case of reimbursement, or applicable Vendor or payee, in the event of unpaid Vendor invoices and Costs of Issuance invoices, not more frequently than once each calendar month (unless otherwise agreed by the Corporation, the

Escrow Agent and the School Board) upon receipt by the Escrow Agent and the Corporation of the following:

(a) Evidence of insurance required under Section 8.1, if not already on file with the Corporation;

(b) Evidence of the Surety Bond satisfying the conditions set forth in Section 8.2, if not already on file with the Corporation;

(c) A Disbursement Request (as defined in the Escrow Agreement) in the form attached as Exhibit A to the Escrow Agreement; and

(d) If any requisition includes an item for payment for labor or to contractors, builders or materialmen, a certificate signed by the School Board Representative in the form attached as Exhibit B to the Escrow Agreement, which states that:

(1) such work was actually performed or such materials, supplies or equipment were actually furnished or installed in connection with the acquisition and installation of the Equipment; and

(2) no notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable under the requisition to any of the persons, firms or corporations named in it has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the requisition.

Following the Corporation's review and approval of each such disbursement request and accompanying invoice(s) and certificate or certificates, which approval will not unreasonably be withheld, the Escrow Agent shall make payment in accordance with such disbursement request from the Escrow Account. The parties agree and understand that upon the purchase of the Bond, the Holder shall provide approvals for disbursements as the assignee of the Corporation. The School Board shall provide the Corporation with copies of all disbursement requests submitted to the Holder.

**The School Board agrees that any amounts disbursed to it or for its account from the Escrow Account will be (i) immediately applied to reimburse the School Board for Project Costs it has already incurred and paid or (ii) paid directly to the Vendor to the extent that the Vendor has not been previously paid.**

**Section 4.4 Permits.** The School Board shall at its sole cost and expense apply for and obtain or cause to be applied for and obtained all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, installation, operation or use of the Equipment. The School Board shall, upon request, promptly furnish to the Corporation and the Escrow Agent copies of all such permits, consents and approvals.

**Section 4.5 School Board Required to Pay Project Costs.** If the Lease Proceeds Amount and the earnings thereon are not sufficient to pay in full the Project Costs, the School Board will pay the remainder of such Project Costs at its own expense from lawfully available and appropriated funds and shall not be entitled to any reimbursement therefor from the Corporation or any abatement, diminution or postponement of its payments under this Financing Lease.

**Section 4.6 Payments and Rights Assigned.** The School Board consents to the Corporation's assignment to the Purchaser of the Corporation's rights under this Financing Lease pursuant to the Bond Purchase Agreement. The School Board also acknowledges and consents to the reservation by the Corporation of the right and license to enjoy and enforce the Corporation's retained rights under this Financing Lease so long as no Event of Default with respect to the Bond shall have occurred and be continuing. The School Board agrees to pay to the Holder all amounts payable by the School Board under this Financing Lease, except for those amounts due under Sections 6.1(c), 6.1(d), 6.1(e) and 11.8 (with respect to Section 6.1(d), only the late payment penalty attributed to the Corporation and with respect to Section 6.1(e), only to those costs and expenses of the Corporation and not to those costs and expenses of the Purchaser or the Holder), which are payable directly to the Corporation. The Rental Payments set forth in Schedule 1.1 shall be deposited with the Paying Agent at least thirty (30) days prior to the payment date set forth in Schedule 1.1 with disbursement to the Holder in accordance with the terms of the Paying Agent Agreement.

## **ARTICLE V**

### **RESERVED**

## **ARTICLE VI**

### **PAYMENT AND PREPAYMENT**

**Section 6.1 Payment of Rental Payments and Related Amounts.** Until all amounts payable pursuant to this Financing Lease have been paid in full, the School Board shall pay the Corporation or the Paying Agent, subject in all events to the provisions of Section 3.8 and Article V of this Financing Lease, the following amounts as provided below:

(a) to the Paying Agent for the benefit of the Holder, all Rental Payments specified in Schedule 1.1, which shall be deposited with the Paying Agent at least thirty (30) days prior to the due date of any payments due by the Corporation under the Corporation Note;

(b) to the Paying Agent for the benefit of the Holder, upon receipt of written demand for payment, any shortfall between the amount held by the Paying Agent and any principal, premium, if any, and interest payment due on the Corporation Note or the Bond, including, but not limited to, the redemption price of the portion of the Bond subject to mandatory redemption as provided in Section 3.5(c) of the Bond Purchase Agreement and any incremental interest due as a result of the Bond accruing interest at the Default Rate;

(c) to VSBFA or the Corporation on its written demand, any amounts payable under the Tax Agreement, including without limitation, the costs of any rebate calculation agent;

(d) to the Corporation with respect to Section 6.1(c) and (e), or the Holder with respect to Section 6.1(a), (b) and (e) on its respective written demand, a late payment penalty in an amount equal to 5.0% of any payment under Section 6.1(a) not paid within 10 days after its due date under the Corporation Note; provided with respect to Section 6.1(e), the payment shall go to the Corporation or Holder depending on the entity incurring the cost or expense; and

(e) to the Corporation, the reasonable costs and expenses, including reasonable attorneys' fees, if any, incurred by the Corporation in connection with (i) an Event of Default or default by the School Board under this Financing Lease, (ii) any amendment to or discretionary action that the Corporation undertakes at the request of the School Board under this Financing Lease or any other document related to the Bond or (iii) to the extent permitted by law, any claim, lawsuit or other challenge to this Financing Lease or the Bond that arises, at least in part, out of the School Board's authorization of the transaction contemplated by this Financing Lease, and the School Board shall pay such amounts no later than thirty (30) days after the Corporation or the Holder sends to the School Board a written bill for them.

**Section 6.2 Optional Prepayment.** The School Board shall have the option to prepay the Rental Payments and purchase the Equipment on the day specified in the School Board's notice to VSBFA and the Corporation of its exercise of the purchase option upon payment in full to VSBFA and the Corporation of all amounts necessary to redeem the Bond in full in accordance with Section 3.5(a) of the Bond Purchase Agreement, including the 2% premium required under Section 3.5(a) of the Bond Purchase Agreement.

**Section 6.3 Transfer of Ownership.** After payment of the applicable Rental Payments and all other amounts owing hereunder to pay or redeem the Corporation Note and the Bond in full, including, but not limited to, costs the Corporation incurred as a result of prepayment or an Event of Default, the Corporation's security interests in and to such Equipment will be terminated and the School Board will own the Equipment, free and clear of the Corporation's security interest in the Equipment.

## ARTICLE VII

### OPERATION AND USE OF EQUIPMENT

#### **Section 7.1 Use and Maintenance.**

(a) The School Board shall not install, use, operate or maintain the Equipment (or cause the Equipment to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. The School Board shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, the School Board agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative, or judicial

body, including, without limitation, all anti-money laundering laws and regulations, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational or other changes to the Equipment, irrespective of the cost of making the same; *provided* that the School Board may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of the Corporation, adversely affect the interest (including the reversionary interest) of the Corporation in and to the Equipment or its interest or rights hereunder.

(b) At its own expense, the School Board from time to time may make any renewals, replacements, additions, modifications or improvements to the Equipment which it deems desirable, and which do not materially reduce the value of the Equipment or the structural or operational integrity of any part of the Equipment, provided that all such renewals, replacements, additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the Equipment.

(c) The School Board agrees that it will maintain, preserve, and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer. The Corporation shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, the School Board agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to the Corporation as provided for herein.

(d) The School Board shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of the Corporation.

**Section 7.2 Inspection of Equipment and the School Board's Books and Records.**

The Corporation Representative, VSBFA and the Holder shall have the right, at all reasonable times upon the furnishing of reasonable notice to the School Board under the circumstances, to enter upon the Project and to examine and inspect the Project. The School Board hereby covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be reasonably necessary to grant to the Corporation Representative, VSBFA and the Holder such right of entry. The Corporation Representative, VSBFA and the Holder shall also be permitted, at all reasonable times, and upon the furnishing of reasonable notice to the School Board to examine the books and records of the School Board with respect to the obligations of the School Board hereunder.

**Section 7.3 Ownership or Control of Equipment.** The School Board shall not locate the portion of the Equipment on real property other than those which the School Board owns, or unless otherwise consented to in writing by the Corporation.

**Section 7.4 Sale or Encumbrance.** No part of the Equipment shall be sold, exchanged, leased, subleased, mortgaged, encumbered or otherwise disposed of except (i) with the written consent of the Corporation or (ii) as provided in any one of the following subsections:

(a) The School Board may sell or otherwise dispose of the Equipment if it uses the proceeds of such disposition and any other necessary funds to replace such property with property serving the same or a similar function.

(b) The School Board may sell or otherwise dispose of the Equipment with a "book value" (as determined in accordance with generally accepted accounting principles) that, when combined with the aggregate "book value" of all of the other such property sold or otherwise disposed of under this subsection during the Fiscal Year in question, will not cause the aggregate "book value" of all of such property sold or otherwise disposed of under this subsection in such Fiscal Year to exceed \$50,000. The proceeds to be received from any such sale or disposition shall be applied first to cure any Event of Default and then to the payment of the principal of or interest on this Financing Lease.

**Section 7.5 Lawful Charges.** The School Board shall pay or cause to be paid when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the "Governmental Charges") which are (i) assessed, levied or imposed against the Equipment or the School Board's interest in it, or (ii) incurred in the ownership, operation, maintenance and use of the Equipment. The School Board shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the Equipment (collectively, the "Mechanics' Charges"). The School Board, however, after giving the Corporation 10 days' notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics' Charges. If such a contest occurs, the School Board may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in the Corporation's reasonable opinion, such action may impair the lien granted by this Financing Lease, in which event, such Governmental Charges or Mechanics' Charges promptly shall be satisfied or secured by posting with the Escrow Agent or an appropriate court a bond in form and amount satisfactory to the Corporation. Upon request, the School Board shall furnish to the Corporation proof of payment of all Governmental Charges and Mechanics' Charges the School Board is required to pay under this Financing Lease.

**Section 7.6 Risk of Loss.** Whether or not covered by insurance or self-insurance, the School Board hereby assumes, to the extent permitted by law, all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment shall relieve the School Board of the obligation to make the Rental Payments or to perform any other obligation under this Financing Lease. Subject to Section 9.6, whether or not covered by insurance or self-insurance, the School Board hereby agrees to reimburse the Corporation, to the fullest extent permitted by applicable law, for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by the Corporation, regardless of the cause thereof, and all reasonable expenses incurred in connection therewith

(including, without limitation, counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into of this Financing Lease or any of the transactions contemplated hereby, (b) the ordering, acquisition, ownership use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Equipment, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of the School Board under or in connection with this Financing Lease or any material misrepresentation provided by the School Board under or in connection with this Financing Lease. The provisions of this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Financing Lease or the termination of the term of this Financing Lease for any reason.

## **ARTICLE VIII**

### **INSURANCE, DAMAGE AND DESTRUCTION**

**Section 8.1 Insurance.** (a) The School Board shall, during the term of this Financing Lease, maintain or cause to be maintained (i) casualty insurance naming the Corporation and its assigns as loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the Commonwealth, and any other risks reasonably required by the Corporation, in an amount at least equal to the greater of (a) the then applicable amount to exercise the purchase option under Section 6.2(a) of this Financing Lease or (b) the replacement cost of the Equipment; (ii) liability insurance naming the Corporation and its assigns as additional insured that protects the Corporation from liability with limits of at least \$1,000,000 per occurrence/\$3,000,000 in the aggregate for bodily injury and property damage coverage, and excess liability umbrella coverage of at least \$5,000,000, and in all events in form and amount satisfactory to the Corporation, in all events under clauses (i) and (ii) issued in form and amount satisfactory to the Corporation and by an insurance company that is authorized to do business in the Commonwealth and having a financial strength rating by A.M. Best Company of "A-" or better; and (iii) worker's compensation coverage as required by the laws of the Commonwealth. Notwithstanding the foregoing, the School Board may self-insure against the risks described in clauses (i) and/or (ii) through a government pooling arrangement, self-funded loss reserves, risk retention program or other self-insurance program, in each case with the Corporation's prior written consent (which the Corporation may grant, withhold or deny in its sole discretion) and provided that the School Board have delivered to the Corporation such information as the Corporation may request with respect to the adequacy of such self-insurance to cover the risks proposed to be self-insured and otherwise in form and substance acceptable to the Corporation. In the event the School Board is permitted, at the Corporation's sole discretion, to self-insure as provided in this Section 8.1, the School Board shall provide to the Corporation a self-insurance letter in substantially the form attached hereto as Exhibit C. The School Board shall furnish to the Corporation evidence of such insurance or self-insurance coverage throughout the term of this Financing Lease, and shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of the Corporation without first giving written notice thereof to the Corporation at least thirty (30) days in advance of such cancellation or modification.

(b) The Corporation shall have no responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance or (ii) the application of the proceeds of insurance.

(c) If the School Board does not maintain such insurance with an insurer licensed to do business in Virginia or placed under the requirements of the Virginia Surplus Lines Insurance Law, Chapter 48, Title 38.2, Code of Virginia of 1950, as amended, or any successor statute, the School Board shall provide evidence reasonably satisfactory to the Corporation that such insurance is enforceable under Virginia law.

(d) The School Board shall provide annually to the Corporation a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

**Section 8.2 Surety Bond; School Board to Pursue Remedies Against Contractors and Sub-Contractors and their Sureties.**

(a) The School Board shall secure from each Vendor directly employed in connection with the acquisition, construction, installation, improvement or equipping of the Equipment, a payment and performance bond ("Surety Bond") executed by a surety company authorized to do business in the Commonwealth, having a financial strength rating by A.M. Best Company of "A-" or better, and otherwise satisfactory to the Corporation and naming the Corporation as a co-obligee in a sum equal to the entire amount to become payable under each Vendor Agreement, including the Energy Savings Contract. Each bond shall be conditioned on the completion of the work in accordance with the plans and specifications for the Equipment and upon payment of all claims of subcontractors and suppliers. The School Board shall cause the surety company to add the Corporation as a co-obligee on each Surety Bond, and shall deliver a certified copy of each Surety Bond to the Corporation promptly upon receipt thereof by the School Board. Any proceeds from a Surety Bond shall be applied as follows:

(1) if the amount is sufficient to complete the acquisition of the Equipment, including any additional amounts deposited with an escrow agent by the School Board to the extent the amounts are not sufficient, and the School Board elects to proceed with completion of the acquisition of the Equipment, then upon filing the completion contract with the new vendor with the Corporation and delivery of surety bonds for the new contract, said amounts shall be deposited with an escrow agent and using similar procedures and terms as with the original Escrow Agreement, be disbursed for the completion of the acquisition of the Equipment, with any excess funds upon completion being applied as provided in Section 4.2(c) of this Financing Lease; or

(2) if the School Board does not elect to complete acquisition of the Equipment, the proceeds from Surety Bond shall be paid to the Corporation as prepayment of the principal components of the Rental Payments as provided in Section 4.2(c) of this Financing Lease.

(b) In the event of a material default of any Vendor under any Vendor Agreement in connection with the acquisition, construction, maintenance and/or servicing of the Equipment or in the event of a material breach of warranty with respect to any material

workmanship or performance guaranty with respect to the Equipment, the School Board will promptly proceed to exhaust its remedies against the Vendor in default. The School Board shall advise the Corporation of the steps it intends to take in connection with any such default. Any amounts received by the Corporation in respect of damages, refunds and adjustments or otherwise in connection with the foregoing shall be paid to the Corporation and applied as net proceed of a casualty loss under Section 8.4 of this Financing Lease.

**Section 8.3 Notice of Damage, Destruction or Condemnation.** In case of (i) any damage to or destruction of any material part of the Equipment, (ii) a taking of all or any part of the Equipment or any right in it under the exercise of the power of eminent domain, (iii) any loss of the Equipment because of failure of title or (iv) the commencement of any proceedings or negotiations which might result in such a taking or loss, the School Board shall notify the Corporation in writing within ten Business Days of the occurrence describing generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

**Section 8.4 Damage, Destruction Condemnation and Loss of Title.** If all or any part of the Equipment is destroyed or damaged by fire or other casualty, or if title to or the temporary use of all or any part of the Equipment shall be taken under the exercise of the power of eminent domain or lost because of failure of title, and the School Board shall not have exercised its option, if such option is available, to prepay the Rental Payments and purchase all of the Equipment pursuant to Section 6.2 of this Financing Lease, the School Board shall restore promptly the property damaged, destroyed, condemned or lost due to title to substantially the same condition as before such event, with such alterations and additions as the School Board may determine and which will not impair the capacity or character of the Equipment for the purposes for which it then is being used or is intended to be used and will be of at least equal value to the replaced Equipment. The School Board may apply so much as may be necessary of the net proceeds of insurance or condemnation received on account of any such damage or destruction to payment of the cost of such restoration, either on completion or as the work progresses. If such net proceeds are not sufficient to pay in full the cost of such restoration, the School Board shall pay so much of the cost as may be in excess of such net proceeds. The School Board shall grant to the Corporation a first priority security interest in any such replacement Equipment. The School Board shall represent, warrant and covenant to the Corporation that each item of replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through the Corporation, and shall provide to the Corporation any and all documents as the Corporation may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to the Corporation evidencing the Corporation's security interest in the replacement Equipment. The Corporation and the School Board hereby acknowledge and agree that any replacement Equipment acquired pursuant to this paragraph shall constitute "Equipment" for purposes of this Financing Lease. The School Board shall complete the documentation of replacement Equipment on or before the next Rental Payment date set forth in Schedule 1.1 after the occurrence of a casualty event, or be required to exercise its option to prepay the Rental Payments and purchase the Equipment in accordance with Section 6.2 of this Financing Lease. For purposes of this Section, the term "net proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

## ARTICLE IX

### SPECIAL COVENANTS

**Section 9.1 Maintenance of Existence.** The School Board shall maintain its existence as a body politic of the Commonwealth under Virginia law, and shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity without the Corporation's prior written consent, which consent will not be unreasonably withheld.

**Section 9.2 Financial Records and Statements.** The School Board shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs. The School Board shall have an annual audit of the financial condition of the School Board made by an independent certified public accountant, within 180 days after the end of each Fiscal Year. The School Board shall furnish to the Corporation, in an electronic format, a copy of such report immediately after it is accepted by the School Board. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the School Board's financial position as of the end of such Fiscal Year and the results of the School Board's operations and changes in the financial position thereof for the Fiscal Year. The School Board shall also provide the Corporation, upon the Corporation's request, the School Board's annual budget for any prior or current fiscal year or the following fiscal. The financial statements described in this Section 9.2 shall be accompanied by an unqualified opinion of the School Board's auditor. Credit information relating to the School Board may be disseminated among the Corporation, VSBFA, the Purchaser and any of its affiliates, and any of their respective successors and assigns.

**Section 9.3 Further Assurances.** The School Board shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights and collateral, if any, assigned or pledged by this Financing Lease, or as may be required to carry out the purposes of this Financing Lease. The School Board shall at all times, to the fullest extent permitted by law, defend, preserve and protect the Corporation's security interest in the Equipment and all rights of the Corporation under this Financing Lease against all claims and demands of all persons, including without limitation the payment of certain costs of the Corporation as described in Section 6.1(e).

**Section 9.4 Assignment by the School Board.** The School Board may not assign its rights and obligations under this Financing Lease without the prior written consent of the Corporation.

**Section 9.5 Indebtedness.** The School Board shall pay when due all amounts required by any indebtedness of the School Board and perform all of its obligations in connection with all indebtedness of the School Board, subject to the terms and conditions applicable to such indebtedness.

**Section 9.6 Liability.** (a) Subject to subsection (b) below, the Corporation shall not be liable for any loss, damage, death or injury of any kind or character to persons or property, arising from any use of the Equipment, or any part thereof, or caused by any defect in any building, structure or other property upon which the Equipment is located, or caused by or arising from any act or omission of the School Board, or any of their agents, employees, sublessees, licensees or invitees.

(b) Notwithstanding anything herein to the contrary, the Corporation shall be liable for its own negligence, willful misconduct or for any breach of any covenant, representation or warranty of the Corporation herein or in any other document or instrument executed and delivered in connection with this Financing Lease. Assignees of the Corporation's interest in this Financing Lease shall have no liability for the Corporation's negligence, willful misconduct or for any breach of any covenant, representation or warranty of the Corporation pursuant to this subsection (b).

**Section 9.7 Litigation; Material Change.** The School Board shall promptly notify the Corporation of the existence and status of any litigation that the School Board's attorney determines is not reasonably certain to have a favorable outcome and which individually or in the aggregate could have a material adverse effect on the financial condition or operations of the School Board or its ability to perform its payment and other obligations under this Financing Lease.

## ARTICLE X

### DEFAULTS AND REMEDIES

**Section 10.1 Events of Default.** Each of the following events is an "Event of Default":

(a) The failure to pay any principal component of a Rental Payment in full when due (whether at maturity, redemption date, acceleration or otherwise).

(b) The failure to pay any interest component of a Rental Payment when due.

(c) The failure to maintain insurance as required herein.

(d) The failure to make any other payment or deposit required by this Financing Lease, other than items (a) and (b) above, within 15 days after its due date.

(e) The School Board's failure to perform or observe any of the other covenants, agreements or conditions of this Financing Lease, and the continuation of such failure for a period of forty-five (45) days after written notice specifying such failure and requesting that it be cured is given to the School Board by the Corporation, or, in the case of any such failure which cannot with diligence be cured within such 45-day period, unless the Corporation shall agree in writing to an extension of such time prior to its expiration; *provided* that, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation will not unreasonably withhold its consent to an extension of such time if corrective action is instituted

by the School Board within the applicable period and diligently pursued until the default is corrected.

(f) Any warranty, representation or other statement by or on behalf of the School Board contained in this Financing Lease or in any instrument furnished in compliance with or in reference to this Financing Lease or in connection with the issuance and sale of this Financing Lease is false and misleading in any material respect.

(g) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the School Board under any federal or state bankruptcy or insolvency law now or hereinafter in effect and, if instituted against the School Board is not dismissed within 60 days after filing.

(h) An order or decree shall be entered, with the School Board's consent or acquiescence, appointing a receiver or receivers of the Equipment or any part of it, or if such order or decree, having been entered without the School Board's consent or acquiescence, shall not be vacated or discharged or stayed on appeal within 60 days after its entry.

(i) The occurrence of a default by the School Board under the Bond Purchase Agreement, but only after the expiration of any cure period, as applicable.

(j) Subject to any applicable cure or contest period for disputes, any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which the School Board is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by Holder or any affiliate of Holder, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$100,000.00.

**Section 10.2 Acceleration.** (a) Upon the occurrence and continuation of an Event of Default, with prior notice to the Corporation, the Holder, may, by notice in writing delivered to the School Board, declare the entire unpaid Rental Payments due and payable. Upon any such declaration, the School Board shall, in legally available funds, immediately pay to the Escrow Agent the entire unpaid Rental Payments, costs incurred by the Corporation, the late payment penalty under Section 6.1 of this Financing Lease, any incremental interest due to the Bond accruing interest at the Default Rate and other sums owed hereunder, if any (the "Acceleration Amount"). The Holder may in its discretion waive an Event of Default and its consequences and rescind any acceleration of the unpaid Rental Payments.

(b) Upon the occurrence and continuation of an Event of Default, the Holder may take possession of the Equipment, with or without terminating this Financing Lease, require the School Board at its expense to promptly return any or all of such Equipment to the possession of the Holder at such place within the Commonwealth of Virginia as the Holder shall specify, exclude the School Board from possession, sell the Equipment, lease or sublease all or any portion of the Equipment for the account of the School Board, or exercise remedies under Article 9 of the Uniform Commercial Code as enacted in the Commonwealth, including the sale of the Equipment, holding the School Board liable for all Rental Payments and all other payments due up to the effective date of such selling, leasing or subleasing and for the difference

between (i) the unexpended Lease Proceeds Amount available in the Escrow Account, purchase price, rent or other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease of the Equipment (after deducting all reasonable expenses of Holder in exercising its remedies hereunder, including without limitation all reasonable expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all reasonable brokerage, auctioneer's and attorney's fees) subtracted from (ii) the Acceleration Amount.

(c) Holder may terminate the Escrow Agreement and apply any proceeds remaining in the Escrow Account to the amounts due hereunder.

(d) Take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the School Board under this Financing Lease.

**Section 10.3 Other Remedies.** Upon the occurrence and continuation of an Event of Default, the Corporation may proceed to protect and enforce its rights by mandamus or other action, suit or proceeding at law or in equity for specific performance of any agreement contained in this Financing Lease. No remedy conferred by this Financing Lease is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Corporation under this Financing Lease or now or hereafter existing at law or in equity or by statute.

**Section 10.4 Delay and Waiver.** No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence in it, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default under this Financing Lease shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent to it.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.1 [Reserved].**

**Section 11.2 Successors and Assigns.** This Financing Lease shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Upon assignment of this Financing Lease pursuant to the Bond Purchase Agreement to the Purchaser, unless reserved in the Bond Purchase Agreement by the Corporation, any right and remedy provided to the Corporation herein shall be the right and remedy of the Holder, including rights to amendment and consent hereunder.

**Section 11.3 Amendments.** The Corporation and the School Board shall have the right to amend from time to time any of this Financing Lease's terms and conditions, provided

that all amendments shall be in writing and shall be signed by or on behalf of the Corporation and the School Board.

**Section 11.4 Limitation of the School Board's Liability.** In the absence of fraud or intentional misconduct, no present or future director, official, officer, employee or agent of the School Board shall be liable personally to the Corporation in respect of this Financing Lease or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Financing Lease.

**Section 11.5 Applicable Law.** This Financing Lease shall be governed by Virginia law, without regard to its conflicts of laws principals.

**Section 11.6 Severability.** If any clause, provision or section of this Financing Lease shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Financing Lease which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Financing Lease. If any agreement or obligation contained in this Financing Lease is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Corporation and the School Board, as the case may be, only to the extent permitted by law.

**Section 11.7 Notices.** Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under this Financing Lease shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the School Board, at the address specified for notices on the signature page; (c) if to the Corporation, at 1447 South Tryon Street, Suite 301, Charlotte, North Carolina 28203 Attention: President; or (c) if to the Escrow Agent, at Global Corporate Trust Services, 1021 East Cary Street, Suite 1850, Richmond, Virginia 23219, Attention: Patricia A. Welling. A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. The Corporation, the School Board and the Escrow Agent may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

**Section 11.8 Right to Cure Default.** If the School Board fails to make any payment or the School Board fails to perform any act required by it under this Financing Lease, for a period of thirty (30) days from the occurrence of said Event of Default, the Corporation, without prior notice to or demand upon the School Board and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Corporation and all costs, fees and expenses so incurred shall be payable by the School Board as an additional obligation under this Financing Lease, together with interest thereon at the rate of 15% per year until paid. The School Board's obligation under this Section shall survive the payment of this Financing Lease.

**Section 11.9 Term of Financing Lease.** This Financing Lease is effective as of the Effective Date. Except as otherwise specified, the School Board's obligations under this

Financing Lease shall expire upon payment in full of this Financing Lease and all other amounts payable by the School Board under this Financing Lease.

**Section 11.10 Counterparts.** This Financing Lease may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the School Board and VA SAVES are signing this Financing Lease as of the day and year first above written.

**VIRGINIA SAVES GREEN COMMUNITY  
PROGRAM, INC.**

[SEAL]

By: \_\_\_\_\_  
W. Gregory Montgomery, President

Address for Notices:  
Albemarle County School Board  
401 McIntire Road, 4<sup>th</sup> Floor  
Charlottesville, Virginia 22902  
Attention: Superintendent

**ALBEMARLE COUNTY SCHOOL BOARD**

By: \_\_\_\_\_  
[Name]  
[Title]

## **EXHIBIT A**

### **DESCRIPTION OF EQUIPMENT**

Energy savings equipment and improvements in [Schedule 1] to the [Energy Performance Contract] between Ameresco, Inc. and Albemarle County School Board dated as of [September \_\_], 2017, as well as any property acquired using the proceeds of this Financing Lease, including any property now existing or hereafter acquired including all replacement parts, additions, repairs, modifications, improvements, attachments and accessories thereto, and all substitutions, replacements or exchanges therefor.

**EXHIBIT B**

**PENDING OR THREATENED ACTIONS, SUITS, PROCEEDINGS OR  
INVESTIGATIONS**

[To be provided by School Board]

**EXHIBIT C**

**FORM OF SELF-INSURANCE LETTER FOR SCHOOL BOARD**

Banc of America Leasing & Capital, LLC  
11333 McCormick Road, Mail Code: MD5-032-07-05,  
Hunt Valley, Maryland 21031

Re: Financing Lease, dated as of September [28], 2017 (the "Agreement"),  
between Virginia SAVES Green Community Program, Inc., as Lessor, and  
the Albemarle County School Board (the "School Board"), as Lessee

In connection with the above-referenced Financing Lease, the School Board warrants and represents to Banc of America Leasing & Capital, LLC the following information. The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Agreement.

1. The School Board is self-insured for damage or destruction to the Equipment. The dollar amount limit for property damage to the Equipment under such self-insurance program is \$\_\_\_\_\_. [The School Board maintains an umbrella insurance policy for claims in excess of the School Board's self-insurance limits for property damage to the Equipment which policy has a dollar limit for property damage to the Equipment under such policy of \$\_\_\_\_\_.]

2. The School Board is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Equipment. The dollar limit for such liability claims under the School Board's self-insurance program is \$\_\_\_\_\_. [The School Board maintains an umbrella insurance policy for claims in excess of the School Board's self-insurance limits for liability which policy has a dollar limit for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Equipment in the amount of \$\_\_\_\_\_.]

[3] The School Board maintains a self-insurance fund. Monies in the self-insurance fund [are/are not] subject to annual appropriation. The total amount maintained in the self-insurance fund to cover the School Board's self-insurance liabilities is \$\_\_\_\_\_. [Amounts paid from the School Board's self-insurance fund are subject to a dollar per claim of \$\_\_\_\_\_.]

[3] The School Board does not maintain a self-insurance fund. The School Board obtains funds to pay claims for which it has self-insured from the following sources: \_\_\_\_\_ . Amounts payable for claims from such sources are limited as follows: \_\_\_\_\_

4. Attached hereto are copies of certificates of insurance with respect to policies maintained by the School Board.

**ALBEMARLE COUNTY SCHOOL BOARD**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE 1.1**

**RENTAL PAYMENT SCHEDULE<sup>1</sup>**

**Albemarle EPC, Series 2017**

<b><u>Period</u></b> <b><u>Ending</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
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**Total**

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<sup>1</sup> Pursuant to the terms of the Paying Agent Agreement, the Rental Payments are to be paid by the School Board to the Paying Agent at least thirty (30) days prior to the respective bond payment date reflected in the table above, which would be on or before each July 15.