

Master Lease Number: 1335071

# Master State & Local Government Lease Agreement

This Master State & Local Government Lease Agreement #1335071 (the "Master Lease") contains the terms of your agreement with us. Please read it carefully and ask us any questions you may have. The words **you, your** and **lessee** mean you, our customer. The words **we, us, our** and the **lessor**, mean Lenovo Financial Services

**1. LEASE; DELIVERY AND ACCEPTANCE.** You agree to lease the equipment ("Equipment"), and finance any software and/or services described in any schedule (collectively the "Products") that incorporates this Master Lease by reference. A schedule to this Master Lease ("Schedule") shall incorporate this Master Lease by reference by listing the Master Lease Number set forth above on the Schedule. Each Schedule that incorporates this Master Lease shall be governed by the terms and conditions of this Master Lease, as well as the terms and conditions set forth in such individual Schedule. Each Schedule shall constitute an agreement separate and distinct from this Master Lease and any other Schedule. In the event of a conflict between the provisions of this Master Lease and a Schedule, the provisions of the Schedule shall govern but only with respect to that Schedule. The termination of this Master Lease will not affect any Schedules executed before the effective date of such termination. If you have entered into any purchase agreement or purchase order ("Purchase Contract") with any Vendor (as set forth on the applicable Schedule), you assign to us your rights under such Purchase Contract, but none of your obligations (other than the obligation to pay for the Equipment if it is accepted by you as stated below and you timely deliver to us such documents and assurances as we request). If you have not entered into a Purchase Contract, you authorize us to enter into a Purchase Contract on your behalf. You will arrange for the delivery of the Products to you. When you receive the Equipment, you agree to inspect it to determine if it is in good working order. Each Schedule, upon the delivery to us of a signed Delivery and Acceptance Certificate, will be deemed irrevocably accepted by you and will continue for the number of months specified in the Schedule, unless earlier terminated in accordance with Section 16 of this Master Lease. The first Lease Payment (as specified in the applicable Schedule) is due on or after the date the Equipment is delivered to you. The remaining Lease Payments (as specified in the applicable Schedule) will be due on the day of each subsequent month (or such other time period specified in each Schedule) designated by us. You will make all payments required under such Schedule to us at such address as we may specify in writing. If any Lease Payment or other amount payable under any Schedule is not paid within 10 days of its due date, you will pay us a late charge equal to the greater of (i) 5% of each late payment, or (ii) \$5.00 for each late payment (or such lesser amount as is the maximum amount allowable under applicable law.)

**2. NO WARRANTIES.** We are leasing the Equipment to you "AS-IS". **YOU ACKNOWLEDGE THAT WE DO NOT MANUFACTURE THE EQUIPMENT, WE DO NOT REPRESENT THE MANUFACTURER OR THE SUPPLIER, AND YOU HAVE SELECTED THE EQUIPMENT VENDOR BASED UPON YOUR OWN JUDGMENT. WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE. YOU AGREE THAT REGARDLESS OF CAUSE, WE ARE NOT RESPONSIBLE FOR AND YOU WILL NOT MAKE ANY CLAIM AGAINST US FOR ANY DAMAGES, WHETHER CONSEQUENTIAL, DIRECT, SPECIAL, OR INDIRECT. YOU AGREE THAT NEITHER SUPPLIER NOR ANY SALESPERSON, EMPLOYEE OR AGENT OF SUPPLIER IS OUR AGENT OR HAS ANY AUTHORITY TO SPEAK FOR US OR TO BIND US IN ANY WAY.** We transfer to you for the term of each Schedule any warranties made by the manufacturer or Supplier with respect to the Equipment leased pursuant to such Schedule.

**3. EQUIPMENT LOCATION; USE AND REPAIR; RETURN.** You may move the Products within the continental United States provided you give us written notification of the move within 30 days of the move, and you agree that you will be liable for any increase in any personal property taxes as a result of that relocation. For laptop computers, PDAs, and other mobile devices, the location listed on the Schedule is its base location ("Base Location") but these mobile devices may be temporarily located at other locations and you will notify us and be responsible for any tax increases should the Base Location change. At your own cost and expense, you will keep the Equipment eligible for any manufacturer's certification, in compliance with all applicable laws, and in good condition, except for ordinary wear and tear. You will not make any alterations, additions or replacements to the Equipment without our prior written consent. All alterations, additions or replacements will become part of the Equipment and our property at no cost or expense to us. We may inspect the Equipment at any reasonable time after advance notice to you. Unless you purchase the Equipment in accordance with the terms of the applicable Schedule, at the end of or upon termination of each Schedule you will immediately return the Equipment subject to each expired or terminated Schedule to us, in good condition and repair, subject to ordinary wear and tear, to any place in the United States that we tell you. You will pay all remaining unpaid lease payments, late charges, insurance charges, and our estimated property taxes on the Products (based upon the prior year's actual property tax), shipping and other expenses, and you will insure the Products for its full replacement value during shipping. Unless we request return to us, you must retain physical possession of the Products through the end of the initial or any renewal lease term of any Schedule.

You may, at the time of providing your end of lease notice to us, elect to substitute and return a similar piece of equipment at end of a Schedule in the event the specific piece of Equipment that has reached end of lease is not immediately available for return. In order to elect a like for like return, you must identify the Equipment being retained by serial number and the Equipment being returned shall be the same model, configured similarly, as the Equipment being retained. If the substituted Equipment was also leased by us, the Equipment retained past its original end of lease date must then be returned to us at or before the end of lease date for the substituted Equipment that was previously returned. If the substituted Equipment is not under a lease with us, then you shall at the time of return, provide us with a bill of sale for the substituted Equipment providing us with free and clear title to the substituted Equipment.

**4. DATA SECURITY:** Some or all of the items of Equipment returned to us at any time may contain sensitive information or data belonging to your organization, or your customer/clients/patients, that is stored, recorded, or in any way contained within or on the Equipment. You specifically agree that before the Products are shipped to or retrieved by us or our agents, or removed by a supplier, you will, at your sole cost and expense, permanently destroy, delete and remove all such information and data that is stored, recorded or in any way contained within or on the Products, to the extent that further recovery of any of such data and information is not possible. You have the sole responsibility to so destroy, delete, and remove all data and information stored in or on the Equipment. We have absolutely no liability for any data or information that you fail to so destroy, delete, and remove. All hard drives and other data retention components must function as originally installed after data removal.

**5. TAXES AND FEES.** You are responsible for all sales and use (unless you provide us with an acceptable Sales/Use Tax exemption form), personal property or other taxes relating to the use or ownership of the Products, now or hereafter imposed, or assessed by any state, federal, or local government or agency. You agree to pay when due, or reimburse us for, all taxes, fines or penalties imposed upon the Equipment and, if we elect, you agree to pay us estimated property taxes either with each lease payment or annually as invoiced by us. We will file all sales, use and personal property tax returns (unless we notify you otherwise in writing). We do not have to contest any taxes, fines or penalties; however, you may do so provided (a) you do so in your own name and at your own expense, (b) the contest will not result in any sort of lien being placed on the Products or otherwise jeopardize our rights in any of the Products, (c) you pay us for any taxes we remitted to the taxing authorities even though you be contesting the taxes and indemnify and hold us harmless for any expenses, including legal expenses, we incur as a result of such contest. If we file such personal property tax reports, you will pay property taxes as invoiced by us.

**6. LOSS OR DAMAGE.** As between you and us, you are responsible for any loss, theft, destruction of, or damage to, the Equipment (collectively, "Loss") from any cause at all, whether or not insured, until delivered to us at the end of the applicable Schedule. You are required to make all Lease Payments even if there is a Loss. You must notify us in writing immediately of any Loss. Then, at our option, you will either (a) repair the Equipment so that it is in good condition and working order, eligible for any manufacturer's certification, or (b) pay us the amounts specified in Section 10(b) of this Master Lease.

**7. INSURANCE.** You will provide and maintain at your expenses property insurance against the loss, theft or destruction of, or damage to, the Equipment for its full replacement value, naming us as loss payee; and (2) public liability and third party property insurance naming us as an additional insured. If you so request and if we give our prior written consent, in lieu of maintaining the insurance described in the preceding sentence, you may self-insure against such risks, provided that our interests are protected to the same extent as if the insurance required in clauses (1) and (2) above had been obtained by third party insurance carriers and provided further that such self insurance program is consistent with prudent business with respect to insuring such risk. You will give us certificates or other evidence of such insurance on the commencement date of this lease and at such times as we request. All insurance obtained from a third party insurer will be in a form, amount and with companies acceptable to us, and will provide that we be given 30 days advance notice of any cancellation or material change of such insurance.

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. What that means for you: When you open an account, we will ask for (i) if you are a legal entity, your name, address, and other information that will allow us to identify you; (ii) if you are an individual, your name, address and date of birth. We may also ask to see your driver's license or other identifying documents.

**LESSOR: Lenovo Financial Services**  
10201 Centurion Parkway N. #100  
Jacksonville, FL 32256

**LESSEE: Monterey, County Of**

Lessee Legal Name

Lessee "Doing Business As" Name

1590 Moffett Street

Street Address

Salinas, CA 93905

City, State, Zip

x Magalie Gilbert 8/5/19  
Authorized Signature Date Signed  
Magalie Gilbert  
Printed Name  
Authorized Signature  
Print Title

x \_\_\_\_\_  
Authorized Signature Date Signed  
x \_\_\_\_\_  
Print Signer's Name and Title  
x \_\_\_\_\_  
Federal Tax ID

**8. PURCHASE OPTION; AUTOMATIC RENEWAL.** If no Default has occurred and is continuing under this Master Lease or the relevant Schedule, you will have the option (other than \$1 purchase option leases) at the end of the initial or any renewal term of a Schedule to: (a) purchase all or a portion of the Products covered by such Schedule at the Purchase Option price shown on such Schedule, plus any applicable taxes; (b) return all of the Products or any portion of the Products not purchased or renewed by such Schedule by the Schedule termination date; or (c) elect a fixed term renewal of all or a portion of the Products at the fair market rental value of the Products. We will use our reasonable judgment to determine the Product's fair market rental value as configured, in place and installed ("Fair Market Rental Value"). You agree that the Fair Market Rental Value is the amount that may reasonably be expected for the installed Products in an exchange between a willing lessor and a willing Lessee, including costs to make the Products fully operational. If you do not agree with the determination of the fair market rental value, the fair market rental value (in use and in place) will be determined at your expense by an independent appraiser mutually acceptable to the Parties.

To exercise any of these options you must provide written notice to us at least 90 days but not more than 180 days before the end of the initial term of a Schedule that you will either return, purchase or renew the Schedule as set forth above. If you elect a partial return, purchase, or renewal of Products, you will identify the impacted Products by serial number in your end of lease notice. If you fail to provide this notice or if, having given such notice, you do not purchase, deliver the Products in accordance with the terms and conditions of this Lease and the applicable Schedule, or renew, the Schedule will automatically renew for successive month to month renewals until an end of the Schedule notice has been provided and acted upon. If you elect to exercise a return, purchase or renewal of some but not all Products, your notice must identify which Products are going to be returned, purchased or renewed. During any renewal term this notice period is reduced to 30 days prior to the end of the renewal term. We may cancel an automatic renewal term by sending you written notice 10 days prior to such renewal term.

If the Fair Market Value Purchase Option has been selected under any Schedule, we will use our reasonable judgment to determine the Product's fair market value as configured, in place and installed ("Fair Market Value"). You agree that the Fair Market Value is the amount that may reasonably be expected for the installed Products in an exchange between a willing buyer and a willing seller, including costs to make the Products fully operational. If you do not agree with our determination of the Product's Fair Market Value, the fair market value (in use and in place) will be determined at your expense by an independent appraiser mutually acceptable to both parties. Upon payment of the Purchase Option price, we will transfer our interest in the Products to you "AS-IS, WHERE IS" without any representation or warranty whatsoever and the applicable Schedule will terminate. To secure payment of all amounts due to us, to the extent permitted by law, you grant us a security interest in the Equipment (including any replacements, substitutions, additions, attachments and proceeds). You will keep the Equipment free of all liens and encumbrances. **You authorize us to file financing statement(s) to protect our interest in the Equipment.**

**9. DEFAULT.** Each of the following is a "Default" under this Master Lease and any Schedule: (a) you fail to pay any Lease Payment or any other payment within 30 days of its due date; (b) you do not perform any of your other obligations under this Master Lease or any Schedule or in any other agreement with us or with any of our affiliates and this failure continues for 30 days after we have notified you of it; (c) you become insolvent, you dissolve, you assign your assets for the benefit of your creditors, you sell, transfer or otherwise dispose of all or substantially all of your assets, or you enter (voluntarily or involuntarily) any bankruptcy or reorganization proceeding; or (d) any representation or warranty made by you under this Master Lease or in any instrument you have provided us proves to be incorrect in any material respect.

**10. REMEDIES.** If a Default occurs, we may do one or more of the following: (a) we may cancel or terminate this Master Lease and/or any or all Schedules and any or all other agreements that we have entered into with you or withdraw any offer of credit; (b) subject to Section 16, we may require you to immediately pay us, as compensation for loss of our bargain and not as a penalty, a sum equal to (i) the present value of all unpaid Lease Payments for the remainder of the term plus, the present value of our anticipated residual value in the Products each discounted at 4% per year, plus c) we may require you to deliver the Equipment to us as set forth in Section 3; (d) we or our agent may peacefully repossess the Equipment without court order and you will not make any claims against us for damages or trespass or any other reason; and (e) we may exercise any other right or remedy available at law or in equity. **In the event of a dispute arising out of this Master Lease or any Schedules, the prevailing party shall be entitled to its reasonable collection costs and attorney fees and costs incurred in enforcing or defending this Master Lease or any Schedules.** If we take possession of the Equipment, we may sell or otherwise dispose of it with or without notice, at a public or private sale, and apply the net proceeds (after we have deducted all costs related to the sale or disposition of the Equipment) to the amounts that you owe us. You will remain responsible for any amounts that are due after we have applied such net proceeds. You agree that if notice of sale is required by law to be given, 10 days notice shall constitute reasonable notice.

**11. FINANCE LEASE STATUS.** You agree that if Article 2A-Leases of the Uniform Commercial Code applies to a Schedule, such Schedules will be considered a "finance lease" as that term is defined in Article 2A. By signing each Schedule, you agree that either (a) you have reviewed, approved, and received a copy of the purchase contract or (b) that we have informed you of the identity of the Supplier, that you may have rights under the purchase contract, and that you may contact the supplier for a description of those rights. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, YOU WAIVE ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY ARTICLE 2A.**

**12. ASSIGNMENT. YOU MAY NOT ASSIGN, SELL, TRANSFER OR SUBLEASE THE EQUIPMENT OR YOUR INTEREST IN THIS MASTER LEASE OR ANY SCHEDULE WITHOUT OUR PRIOR WRITTEN CONSENT, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD WITH US ACTING IN A COMMERCIALLY REASONABLE MANNER.** We may, without notifying you, sell, assign, or transfer this Master Lease or any Schedule and our rights to the Equipment. You agree that the new owner will have the same rights and benefits that we have now under this Master Lease and any Schedule but not our obligations, which obligations we will remain responsible for. The rights of the new owner will not be subject to any claims, defenses or set-off that you may have against us or the supplier.

**13. INDEMNIFICATION. To the extent not prohibited by applicable law,** You are responsible for and agree to indemnify and hold us harmless from any (a) losses, damages, penalties claims, suits and actions (collectively "Claims"), whether based on a theory of strict liability or otherwise caused by or related to the manufacture, installation, ownership, use, lease, possession or delivery of the Products or any defects in the Products and (b) all reasonable costs and attorneys' fees incurred by us relating to any Claim. You agree to reimburse us for and if we request, to defend us against, any Claims, except Claims caused by our willful misconduct. You agree that your obligations under this section and the Taxes and Fees section of this Master Lease shall survive the termination of this Master Lease for Claims arising during the term of this Master Lease or any Schedule.

**14. MISCELLANEOUS.** You agree that the terms and conditions contained in this Master Lease and any Schedule make up the entire agreement between you and us regarding the lease of the Equipment. This Master Lease is not binding on us until we sign it. Any change in any of the terms and conditions of this Master Lease or any Schedule must be in writing and signed by us, either manually or by electronic transmission. **You agree, however, that we are authorized, without notice to you, to supply missing information or correct obvious errors in this Master Lease.** If we delay or fail to enforce any of our rights under this Master Lease or any Schedule, we will still be entitled to enforce those rights at a later time. All notices shall be given in writing by the party sending the notice and shall be effective when deposited in the U.S. Mail, addressed to the party receiving the notice at its address shown on the front of this Master Lease (or to any other address specified by that party in writing) with postage prepaid. All of our rights and indemnities will survive the termination of this Master Lease or any Schedule. It is the express intent of the parties not to violate any applicable usury laws or to exceed the maximum amount of time price differential or interest, as applicable, permitted to be charged or collected by applicable law, and any such excess will be applied to Lease Payments in inverse order of maturity, and any remaining excess will be refunded to you. If you do not perform any of your obligations under this Master Lease or any Schedule, we have the right, but not the obligation to take any action or pay any amounts that we believe are necessary to protect our interests. You agree to reimburse us immediately upon our demand for any such amounts that we pay.

**IF A SIGNED COPY OF THIS MASTER LEASE OR A SCHEDULE IS DELIVERED TO US BY FACSIMILE TRANSMISSION, IT WILL BE BINDING ON YOU. HOWEVER, WE WILL NOT BE BOUND BY THIS MASTER LEASE OR A SCHEDULE UNTIL WE ACCEPT IT BY MANUALLY SIGNING IT OR BY PURCHASING THE EQUIPMENT SUBJECT TO THE APPLICABLE SCHEDULE, WHICHEVER OCCURS FIRST. YOU WAIVE NOTICE OF OUR ACCEPTANCE AND WAIVE YOUR RIGHT TO RECEIVE A COPY OF THE ACCEPTED MASTER LEASE. YOU AGREE THAT, NOTWITHSTANDING ANY RULE OF EVIDENCE TO THE CONTRARY, IN ANY HEARING, TRIAL OR PROCEEDING OF ANY KIND WITH RESPECT TO THIS MASTER LEASE, WE MAY PRODUCE A COPY OF THE MASTER LEASE TRANSMITTED TO US BY FACSIMILE TRANSMISSION THAT HAS BEEN MANUALLY SIGNED BY US AND SUCH COPY SHALL BE DEEMED TO BE THE ORIGINAL OF THIS MASTER LEASE. TO THE EXTENT (IF ANY) THAT ANY SCHEDULE TO THIS MASTER LEASE CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THE SCHEDULE MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COPY OR COUNTERPART HEREOF EXCEPT THE COPY WITH OUR ORIGINAL SIGNATURE. IF YOU DELIVER THIS MASTER LEASE TO US BY FACSIMILE TRANSMISSION, YOU ACKNOWLEDGE THAT WE ARE RELYING ON YOUR REPRESENTATION THAT THIS MASTER LEASE HAS NOT BEEN CHANGED. If more than one Lessee has signed this Master Lease, each of you agrees that your liability is joint and several.**

**15. FUNDING INTENT.** You reasonably believe that funds can be obtained to make all Lease Payments during the Term of any Schedule and hereby covenant that your chief executive or administrative officer or the administrative office of yours charged with preparing the budget submitted to your governing body, as applicable, will provide for funding for such payments in your annual budget request submitted to your governing body. If your governing body elects not to appropriate funds for such payments, it shall evidence such nonappropriation by omitting funds for such payments due during the applicable fiscal period from the budget it adopts. You and we agree that your obligation to make Lease Payments under any Schedule will be your current expense and will not be interpreted to be a debt in violation of applicable law or constitutional limitations or requirements. It is your intent to make Lease Payments for the full Term of any Schedule if funds are legally available therefore you represent, warrant and covenant to us that the use of the Equipment is essential to its proper, efficient and economic operation. You will provide us with an essential use covenant to us that, among other things, you shall use the Equipment only for its governmental purposes.

**16. NONAPPROPRIATION OF FUNDS.** In the event sufficient funds are not appropriated and budgeted by your governing body or are not otherwise available in any fiscal period for Lease Payments (or any other amount due hereunder) under a Schedule, and provided that you have exhausted all funds legally available for payment of the Lease Payments, then you shall immediately notify us of such occurrence and provide us with evidence of such non-appropriation acceptable to us (e.g., written certification by your legal counsel) and the Schedule shall terminate on the last day of the fiscal period for which funds for Lease Payments are available without penalty or expense to you of any kind whatsoever, except as to the portions of Lease Payments and those expenses associated with your surrender of the Equipment pursuant to Section 3 for which funds shall have been appropriated and budgeted or are otherwise available. Upon such termination, title to the Equipment shall vest with us. This Section 16 will not be construed so as to permit you to terminate any Schedule in order to acquire any other equipment or services or to allocate funds directly or indirectly to perform essentially the same application for which the Equipment is intended.

**17. AUTHORITY AND AUTHORIZATION.** You represent, warrant and covenant to us that: (a) You are a State or political subdivision thereof, as those terms are used in §103 of the Code; (b) You have the power and authority to enter into this Master Lease and Schedules; (c) this Master Lease and any Schedule have been duly authorized, executed and delivered by you and constitutes a valid, legal and binding agreement enforceable against you in accordance with its terms; (d) no further approval, consent or withholding of objections is required from any governmental authority with respect to this Master Lease or Schedules; (e) the entering into and performance of this Master Lease and Schedules will not violate any judgment, order, law or regulation applicable to you or result in the creation of any lien, charge, security interest or other encumbrance upon the Equipment or your assets; (f) there are no actions, suits or proceedings pending or threatened against or affecting you in any court or before any governmental commission, board or authority, that, if adversely determined, would have a material adverse effect on your ability to perform your obligations under this Master Lease or any Schedule; (g) the Equipment is tangible personal property and shall not become a fixture or real property under your use thereof; (h) you have complied with all bidding requirements and, where necessary, by due notification have presented the Master Lease, the Schedule and any ancillary documents for approval and adoption as a valid obligation on your part; (i) you will do or cause to be done all things necessary to preserve and keep the Master Lease and Schedules in full force and effect; and (j) it has sufficient appropriations or other funds available to pay all amounts due under the Schedules for the then current fiscal period. You shall be deemed to have reaffirmed the representations and warranties set forth in this Section 17 each time you execute a Schedule to this Master Lease. Contemporaneously with your execution of a Schedule to this Master Lease, you will complete, execute and provide us with an incumbency certificate (in form satisfactory to us) and an opinion of counsel (in form satisfactory to us) as to the matters set forth in clauses (a) through (h) of this Section 17.

**18. GOVERNMENT USE. YOU REPRESENT, WARRANT AND COVENANT AS FOLLOWS: (A) YOU SHALL COMPLY WITH THE INFORMATION REPORTING REQUIREMENTS OF §149(e) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (CODE), INCLUDING BUT NOT LIMITED TO, THE EXECUTION (AND DELIVERY TO US) OF INFORMATION STATEMENTS REQUESTED BY US; (B) YOU SHALL NOT DO, CAUSE TO BE DONE OR FAIL TO DO ANY ACT IF SUCH ACT OR FAILURE TO ACT WILL CAUSE THIS MASTER LEASE, OR ANY SCHEDULE HEREUNDER, TO BE AN ARBITRAGE BOND WITHIN THE MEANING OF §148 OF THE CODE; (C) YOU SHALL NOT DO, CAUSE TO BE DONE OR FAIL TO DO ANY ACT IF SUCH ACT OR FAILURE TO ACT WILL CAUSE THIS MASTER LEASE, OR ANY SCHEDULE HEREUNDER, TO BE A PRIVATE ACTIVITY BOND WITHIN THE MEANING OF §141 OF THE CODE; (D) YOU SHALL NOT DO, CAUSE TO BE DONE OR FAIL TO DO ANY ACT IF SUCH ACT OR FAILURE TO ACT WILL CAUSE THE INTEREST PORTION OF THE LEASE PAYMENTS TO BE OR BECOME SUBJECT TO FEDERAL INCOME TAXATION UNDER THE CODE, EXCEPT AS SUCH INTEREST PORTION MAY BE TAKEN INTO ACCOUNT AS AN ADJUSTMENT IN DETERMINING THE ALTERNATIVE MINIMUM TAX AND ENVIRONMENTAL TAX IMPOSED ON CORPORATIONS; AND (E) YOU SHALL BE THE ONLY ENTITY TO OWN, USE OR OPERATE THE EQUIPMENT DURING THE TERM. YOU SHALL BE DEEMED TO HAVE REAFFIRMED THE REPRESENTATIONS, WARRANTIES AND COVENANTS SET FORTH IN THIS SECTION 18 EACH TIME IT EXECUTES ANY SCHEDULE. IF YOU BREACH ANY REPRESENTATION, WARRANTY OR COVENANT CONTAINED IN THIS MASTER LEASE AND, AS A RESULT OF SUCH BREACH, THE INTEREST PORTION OF ANY LEASE PAYMENT BECOMES INCLUDABLE IN GROSS INCOME OF ANY OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES, YOU SHALL PAY US PROMPTLY AFTER SUCH DETERMINATION OF TAXABILITY AND ON EACH LEASE PAYMENT DUE DATE THEREAFTER, AN ADDITIONAL AMOUNT DETERMINED BY US TO COMPENSATE US FOR THE LOSS OF SUCH EXCLUDABILITY (INCLUDING, BUT NOT LIMITED TO, COMPENSATION RELATING TO INTEREST EXPENSE, PENALTIES OR ADDITIONS TO TAX), WHICH DETERMINATION SHALL BE CONCLUSIVE ABSENT MANIFEST ERROR.**

**19. CHOICE OF LAW.** This Master Lease shall be governed by the internal laws (as opposed to conflicts of law provisions) of the State where the Equipment is located. If any provision of this Master Lease or any Equipment or Payment Schedule shall be prohibited by or invalid under that law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Master Lease or any Equipment or Payment Schedule. This Master Lease inures to the benefit of and is binding upon the permitted successors or assigns of yours and ours.