



PAYMENT SCHEDULE

This Payment Schedule is attached and made a part of the Lease Schedule identified below which is part of the Master Lease-Purchase Agreement identified therein, all of which are between the Lessee and Lessor named below.

Lease Schedule No. 1000136235 Dated MAY 1, 2012

Accrual Date: **MAY 1, 2012**

Amount Financed: **\$3,947,507.09**

Interest Rate: **1.9700% per annum**

Rent Number	Rent Date	Rent Payment	Interest Portion	Principal Portion	Termination Value
1	12/1/2012	\$325,530.03	\$45,363.44	\$280,166.59	\$3,667,340.50
2	6/1/2013	\$325,530.03	\$36,123.30	\$289,406.73	\$3,377,933.77
3	12/1/2013	\$325,530.03	\$33,272.65	\$292,257.38	\$3,085,676.39
4	6/1/2014	\$325,530.03	\$30,393.91	\$295,136.12	\$2,790,540.27
5	12/1/2014	\$325,530.03	\$27,486.82	\$298,043.21	\$2,492,497.06
6	6/1/2015	\$325,530.03	\$24,551.10	\$300,978.93	\$2,191,518.13
7	12/1/2015	\$325,530.03	\$21,586.45	\$303,943.58	\$1,887,574.55
8	6/1/2016	\$325,530.03	\$18,592.61	\$306,937.42	\$1,580,637.13
9	12/1/2016	\$325,530.03	\$15,569.28	\$309,960.75	\$1,270,676.38
10	6/1/2017	\$325,530.03	\$12,516.16	\$313,013.87	\$957,662.51
11	12/1/2017	\$325,530.03	\$9,432.98	\$316,097.05	\$641,565.46
12	6/1/2018	\$325,530.03	\$6,319.42	\$319,210.61	\$322,354.85
13	12/1/2018	\$325,530.03	\$3,175.18	\$322,354.85	\$0.00
Totals		\$4,231,890.39	\$284,383.30	\$3,947,507.09	

CITY OF PASADENA
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____

By: _____

Title: _____

Title: Authorized Officer



LEASE SCHEDULE ADDENDUM
(Self Insurance)

Lessee: CITY OF PASADENA

Lease Schedule No: 1000136235

Reference is made to the above Lease Schedule as amended ("Schedule") and to the Master Lease-Purchase Agreement identified therein as amended ("Master Lease"), both of which are by and between **JPMORGAN CHASE BANK, N.A.** ("Lessor") and the above lessee ("Lessee"). In this Addendum: "Lease" means the Schedule and the Master Lease to the extent that it relates to the Schedule; and "Equipment" means the property described in the Schedule. This Addendum amends and modifies the terms and conditions of the Lease and is hereby made a part of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein.

NOW, THEREFORE, as part of the valuable consideration to induce the execution of the Lease, Lessor and Lessee hereby agree to amend the Lease as follows:

1. CASUALTY LOSS. Notwithstanding anything to the contrary in Section 14 of the Master Lease, Lessor agrees that Lessee may self-insure against risk of casualty loss of or physical damage to the Equipment; provided, that upon written notice from Lessor to Lessee, Lessee agrees to secure and maintain commercial insurance against such risks to the Equipment as otherwise required by the Master Lease if an event of default has occurred and is continuing under the Master Lease.

2. THIRD PARTY LIABILITY. Notwithstanding anything to the contrary in Section 14 of the Master Lease, Lessor agrees that Lessee may self-insure against risk of injuries to persons and damage to property of others relating in any way to any Equipment; provided, that upon written notice from Lessor to Lessee, Lessee agrees to secure and maintain commercial insurance against such risks as otherwise required by the Master Lease if an event of default has occurred and is continuing under the Master Lease.

3. COMPLIANCE WITH LAW; ACTUARIALLY SOUND BASIS. Lessee agrees that its self insurance arrangements as described herein shall comply with applicable State law related thereto or, if there is no State law applicable to such self insurance arrangements, then Lessee's self insurance arrangements shall be maintained on an actuarially sound basis.

4. GENERAL. Except as expressly amended by this Addendum and other modifications signed by Lessor and Lessee, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date of the Schedule first referenced above.

CITY OF PASADENA
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____

By: _____

Title: _____

Title: Authorized Officer

PREPAYMENT SCHEDULE ADDENDUM
(24-Month Lockout Period)

Dated As Of **MAY 1, 2012**

Lease Schedule No. **1000136235**

Lessee: **CITY OF PASADENA**

Reference is made to the above Lease Schedule ("Schedule") and to the Master Lease-Purchase Agreement ("Master Lease") identified in the Schedule, which are by and between JPMORGAN CHASE BANK, N.A. ("Lessor"), and the above lessee ("Lessee"). As used herein: "Lease" shall mean the Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. This Schedule Addendum amends and supplements the terms and conditions of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein. **Solely for purposes of the Schedule, Lessor and Lessee agree as follows:**

1. Notwithstanding anything to the contrary herein or the Lease, Lessee and Lessor agree that Lessee shall not exercise its prepayment or early purchase rights under the Lease (including, without limitation, Section 15 of the Master Lease as it relates to the Schedule) or this Addendum prior to the end of the Lock-Out Period specified below.

Lock-Out Period: the first 24 months of the Lease Term of the Schedule

2. Notwithstanding anything to the contrary in the Lease (including, without limitation, Section 15 of the Master Lease as it relates to the Schedule), Lessee and Lessor agree that so long as no Event of Default has occurred and continues under the Lease **and** so long as Lessee gives Lessor at least 20 days prior written notice (the "Notice Period") **and** so long as the above Lock-Out Period has expired, Lessee may elect to prepay its obligations under the Schedule by paying to Lessor on the Rent Payment due date (a "Prepayment Date") following the Notice Period the total of the following (the "Prepayment Amount"): (a) all accrued Rent Payments, interest, taxes, late charges and other amounts then due and payable under the Lease; plus (b) the remaining principal balance payable by Lessee under the Schedule as of said Prepayment Date.

3. The parties acknowledge that the Termination Value column of the Payment Schedule to the Schedule is included solely for purposes of the calculations required by Section 13.3 of the Master Lease (casualty loss of Equipment), Section 14.1 of the Master Lease (required amount of casualty loss insurance) and Subsection 20(c) of the Master Lease (post-default remedies of Lessor) and said Termination Value column does not negate the restrictions on purchase options or voluntary prepayment in paragraphs 1 and 2 of this Addendum.

4. The prepayment or early purchase option rights granted herein shall control in the event of any conflict between the provisions of this Addendum and the Master Lease as it relates to the Schedule. Except as expressly amended or supplemented by this Addendum and other instruments signed by Lessor and Lessee, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first written above.

CITY OF PASADENA

(Lessee)

JPMORGAN CHASE BANK, N.A.

(Lessor)

By: _____

By: _____

Title: _____

Title: Authorized Officer



SOFTWARE ACQUISITION SCHEDULE ADDENDUM

Lease Schedule No: 1000136235

Lessee: CITY OF PASADENA

Reference is made to the above Lease Schedule ("Schedule") and to the Master Lease-Purchase Agreement ("Master Lease") identified in the Schedule, which are by and between **JPMORGAN CHASE BANK, N.A.** ("Lessor") and the above lessee ("Lessee"). As used herein: "Lease" shall mean the Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. This Schedule Addendum amends and supplements the terms and conditions of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein.

1. In order to induce Lessor to enter into the Lease, Lessee represents and warrants to Lessor as follows:

(a) the Equipment includes a substantial amount of software, technology applications, other proprietary information and installation services associated with the acquisition of such property ("Software");

(b) useful economic life of the Software exceeds the Lease Term by at least 12 months;

(c) the term of the agreements (collectively, "License Agreements") pursuant to which Lessee receives the licenses or other rights to use the Software from the Supplier(s) of the Software (hereinafter, each such Supplier referred to as a "Licensor") exceeds the useful economic life of the Software; and

(d) all of the costs of acquiring, licensing and installing the Software which are payable under the License Agreements and which are included in the amount financed under the Lease are properly chargeable to the capital account of Lessee and properly identified as capital expenditures by Lessee.

2. In order to induce Lessor to enter into the Lease, Lessee covenants and agrees as follows:

(a) Upon Lessor's request from time to time, Lessee will provide to Lessor complete and accurate copies of all License Agreements and documentation related thereto with respect to any Software;

(b) All License Agreements shall remain in full force and effect during the Term of the Lease and Lessee shall not suffer or permit the termination or cancellation any License Agreement;

(c) Lessee is solely responsible for the performance of all obligations of Lessee under the License Agreements, including, but not limited to, providing any applicable financing notice to Licensor;

(d) each Licensor remains solely responsible for the performance of all obligations of the Licensor under the applicable License Agreements;

(e) Lessor has no obligations of any kind to Lessee or to any Licensor under any License Agreement or in connection with any Software;

(f) If an Event of Default or a Non-Appropriation Event occurs under the Lease, then in addition to all other rights and remedies available to Lessor under the Master Lease, Lessee shall cease to use or operate any Software and Lessee shall remove all Software from any equipment used or operated by Lessee; and

(g) NO DEFECT IN OR UNFITNESS OF ANY SOFTWARE AND NO FAILURE TO DELIVER OR INSTALL ANY SOFTWARE AND NO FAILURE IN THE PERFORMANCE OF ANY SOFTWARE SHALL RELIEVE LESSEE OF ANY OBLIGATION UNDER THE LEASE OR ANY OBLIGATION TO PAY RENT PAYMENTS WHEN DUE.

3. Except as expressly amended or supplemented by this Addendum and other instruments signed by Lessor and Lessee, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date of the Schedule first referenced above.

CITY OF PASADENA
(Lessee)

By: _____

Title: _____

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____

Title: Authorized Officer



AGENCY AGREEMENT INSTRUCTIONS

Thank you for choosing **JPMORGAN CHASE BANK, N.A.** to meet your equipment financing needs. To ensure that you receive the quality service you expect from JPMorgan Chase Bank, N.A., we ask that you refer to the following instructions, as well as the Agency & No Arbitrage Schedule Addendum, regarding your equipment purchase.

- You must establish a separate account for the Deposit money
- Pay the equipment invoices from the Deposit account when you have received and accepted the equipment
- **Complete the acceptance package, which should include:**
 1. Certificate of Acceptance with its Schedule A-1
 2. Vendor invoice(s), bills of sales, and other documents confirming the sale and installation of the equipment
 3. Proof of payment (such as a copy of a cancelled check)
- Send the acceptance package to JPMorgan Chase Bank, N.A. at the following address:

JPMorgan Chase Bank, N.A.
Attn: Escrow/Agency Operations Specialist
1111 Polaris Parkway, Suite A-3
Columbus, OH 43240
- Please refer to the Agency & No Arbitrage Schedule Addendum for the terms regarding the Deposit and equipment purchase.

If you have any questions about your lease please feel free to call me, Aric Camburn, at 800-678-2601.



AGENCY & NO ARBITRAGE SCHEDULE ADDENDUM

Dated as of: MAY 1, 2012

Lease Schedule No.: 1000136235

Lessee: CITY OF PASADENA

Reference is made to the above Lease Schedule as amended ("Schedule") to the Master Lease-Purchase Agreement identified in the Schedule as amended ("Master Lease") by and between **JPMORGAN CHASE BANK, N.A.** ("Lessor") and the above lessee ("Lessee"). As used herein, "Lease" shall mean the above Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. This Addendum amends and modifies the terms and conditions of the Lease and is hereby made a part of the Lease. Unless otherwise defined herein, capitalized terms defined in the Master Lease shall have the same meaning when used herein.

NOW, THEREFORE, as part of the valuable consideration to induce the execution of the Lease, Lessor and Lessee hereby agree to amend and supplement the Lease as follows:

1. DEPOSIT OF MONIES:

Deposit: \$3,947,507.09

Deposit Date: MAY 1, 2012

On the above Deposit Date, Lessor shall cause the above Deposit to be paid to Lessee in cash or other immediately available funds. Such Deposit shall be set aside by Lessee in a separate account and used by Lessee exclusively for acquisition and installation costs of the Equipment pursuant to this Addendum. The Lease Term of the Lease shall commence on the earlier of the date specified in the Payment Schedule to the Schedule or the above Deposit Date.

2. APPOINTMENT OF AGENT; EXPENDITURE OF FUNDS.

(a) Lessor hereby appoints Lessee as its agent to carry out all phases of the acquisition and installation of the Equipment in accordance with any contracts necessary for the completion of the Equipment, and to apply the Deposit monies for that purpose. Lessee, as agent of Lessor, assumes all rights, duties, liabilities and responsibilities of Lessor regarding the acquisition and installation of the Equipment, and the installation of any property related thereto, except as limited herein. The Equipment shall be acquired and installed in all respects in accordance with the provisions of the Lease.

(b) Lessee hereby agrees that it will cause the work under all purchase orders and contracts to be diligently performed after the Deposit is paid to Lessee, and that the Equipment will be completed in accordance with the specifications therefor by such dates as shall be necessary so that no less than 95% of the Deposit shall be expended for costs of the Equipment within 6 months following the Deposit Date and that the entire Deposit shall be expended (or applied to the payment of rent) within 12 months following the Deposit Date. Upon completion of acquisition and installation of the Equipment in a manner satisfactory to Lessee, but in any event not later than thirty (30) days following completion of such acquisition and installation, Lessee shall deliver to the Lessor a Certificate of Acceptance in form attached hereto as Exhibit A (and said Certificate will include a complete description of the Equipment) together with a copies of all invoices, bills of sale and other documents confirming the sale and installation of the Equipment and proof of payment of the entire purchase price of the Equipment.

(c) If the Deposit is not expended as set forth above, Lessee agrees that it will take such actions as may be necessary to retain the tax-exempt status of the interest component of the Rent Payments and Lessee agrees that any such amounts not expended by Lessee for such purposes ("Unspent Deposit") shall no later than 12 months after the Deposit Date be paid by Lessee to Lessor and that the Unspent Deposit shall be applied by Lessor for benefit of Lessee either: (1) toward the principal portion of the Rent Payment next coming due under the Lease; or (2) toward a partial prepayment of the principal amount remaining due under the Lease and thereupon Lessor shall prepare and deliver to Lessee a revised Payment Schedule reflecting such partial prepayment of principal.

3. **CONTRACTS AND PAYMENTS.** Lessee, as agent for Lessor, may enter into any contracts, which are reasonably necessary for the completion of the acquisition and installation of the Equipment. Lessee shall be authorized to make payments for the costs of acquisition and installation of the Equipment from the Deposit or other funds provided by Lessee. In the event that the Deposit is not sufficient to pay the entire cost of acquiring and installing the Equipment, Lessee agrees to pay directly from its own funds the costs of acquiring and completing the Equipment that exceed the Deposit. Lessee agrees to pay, defend, indemnify and hold Lessor harmless from any liabilities, obligations, claims, costs and expenses (including reasonable attorney fees and expenses) of whatever kind imposed on or asserted against Lessor in any way related to any purchase orders or purchase contracts for any Equipment.
4. **PROJECT DESCRIPTION.** Lessee, as agent of Lessor, shall have the right to make any changes in the description of the Equipment or of any component or components thereof, whenever the Lessee in its reasonable discretion deems such changes to be necessary; provided, that any such change shall not materially alter the nature of the Equipment and shall not reduce the fair market value of the Equipment; provided further, that any increase in the acquisition and installation costs resulting from any such change shall, to the extent the increased acquisition and installation costs exceed the amount of the Deposit, be payable solely from other funds available to Lessee for such purpose.
5. **RIGHT TO SUPERVISE INSTALLATION AND PERFORMANCE.** Lessee, as agent for Lessor, agrees to supervise the installation of the Equipment and any property related thereto in a careful and reasonable manner and to otherwise carefully monitor the performance of the vendors/contractors in the performance of their duties in connection with the installation of the Equipment.
6. **RIGHT TO ENFORCE CONTRACTS.** Lessee shall have the right to enforce any contract which it enters into with respect to the acquisition and installation of the Equipment in its own name or the name of Lessor, at law or in equity; provided, that Lessor shall be able to assert said rights and powers in its own behalf.
7. **NO LIABILITY OF LESSOR.** Lessor shall not be obligated to assume or perform any obligation of Lessee relating to the Equipment or any vendors/contractors with respect thereto.
8. **NO ARBITRAGE CERTIFICATION.** This certification is being made by Lessee pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and related Treasury Regulations (the "Regulations"), including, but not limited to, Treasury Regulation Sections 1.148-2 and 1.148-7. Lessee acknowledges that the following facts, estimates and circumstances are in existence on the date of this Addendum or are reasonably expect to occur hereafter.
 - (a) The Lease provides for the lease of the Equipment by Lessor to Lessee. Under the Lease, Lessee is required to make Rent Payments with respect to the Equipment, comprising principal and interest, on the dates and in the amounts stated in the Payment Schedule to the Lease.
 - (b) Pursuant to this Addendum and for the purpose of assuring Lessee of the availability of monies needed to pay the cost of the Equipment when due, Lessee and Lessor have agreed to the above terms of this Addendum and Lessor has agreed to pay the Deposit as provided herein.
 - (c) Binding contracts or purchase orders providing for the acquisition and delivery of the Equipment have been issued by Lessee to Equipment Vendors therefor or will be issued within 6 months of the Deposit Date. Lessee hereby agrees that it will cause the work under all such purchase orders and contracts to be diligently performed after the Deposit is paid to Lessee, and that the Equipment will be completed in accordance with the specifications therefor by such dates as shall be necessary so that no less than 95% of the Deposit shall be expended for costs of the Equipment within 6 months following the Deposit Date and that the entire Deposit shall be expended (or applied to the payment of rent) within 12 months following the Deposit Date.
 - (d) It is presently expected that all such funds initially deposited by Lessor with Lessee under this Addendum shall be disbursed to pay for the Equipment, but any such amounts ultimately determined not to be needed for such purposes shall no later than 12 months after Deposit Date be paid by Lessee to Lessor and such amount will applied by Lessor for benefit of Lessee either: (1) toward the principal portion of the Rent Payment next coming due under the Lease; or (2) toward a partial prepayment of the principal amount remaining due under the Lease and thereupon Lessor shall prepare and deliver to Lessee a revised Payment Schedule reflecting such partial prepayment of principal.
 - (e) All of the spendable proceeds of the Lease will be expended on the Equipment and related expenses within 12 months of the Deposit Date. The original proceeds of the Lease do not exceed the amount necessary for the purpose for which the Lease is issued. The interest of Lessee in the Equipment has not been and is not expected during the term of the Lease to be sold or disposed of by Lessee. No sinking fund is expected to be created by Lessee with respect to the Lease and Rental Payments.

(f) To be best of the knowledge and belief of the undersigned representative of Lessee, the expectations of Lessee, as set forth above, are reasonable; and there are no present facts, estimates and circumstances, which would change the foregoing expectations. Lessee has not been notified of the listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

(g) Lessee shall comply with the requirements of Section 148(f) of the Code and the Regulations and will rebate to the United States of America all arbitrage profit required thereby. Lessee hereby covenants to comply with all requirements of the Code and Regulations relating to the rebate of arbitrage profit to the United States of America.

9. **PARTIAL PREPAYMENT.** If there is a partial prepayment of principal pursuant to the terms of Section 2(c)(2) above of this Addendum, then in addition to the payment of the Partial Principal Amount, Lessee shall also pay to Lessor a break funding premium equal to the sum of the differences between (a) the interest portion of each scheduled payment which would have been made on the prepaid amount if such prepayment had not occurred and (b) the corresponding fixed-rate interest payment which would be received under an interest rate swap which the Lessor shall be deemed to have entered into as of the Prepayment Date (the "Replacement Swap") covering its payment obligations under an interest rate swap which the Lessor shall be deemed to have entered into when the prepaid amount was originally funded, with each such difference discounted to a present value as of the date of prepayment using the fixed interest rate of the Replacement Swap as the applicable discount rate; the Lessee acknowledges that the Lessor might not fund or hedge its fixed-rate loan portfolio or any prepayment thereof on a loan-by-loan basis at all times, and agrees that the foregoing is a reasonable and appropriate method of calculating liquidated damages for any prepayment irrespective of whether any of the foregoing hedging transactions have in fact occurred or occurred precisely as stated with respect to the loan evidenced by this Note; all calculations and determinations by the Lessor of the amounts payable pursuant to the preceding provisions or of any element thereof, if made in accordance with its then standard procedures for so calculating or determining such amounts, shall be conclusive absent manifest arithmetic error.

10. **GENERAL.** Except as expressly amended by this Addendum and other modifications signed by Lessor, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first referenced above.

CITY OF PASADENA
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____

By: _____

Title: _____

Title: Authorized Officer

Exhibit A

CERTIFICATE OF ACCEPTANCE

(Delivered Pursuant To The Agency & No Arbitrage Schedule Addendum)

Dated as of: **MAY 1, 2012**

Lease Schedule No.: **1000136235**

Lessee: **CITY OF PASADENA**

Reference is made to the above Lease Schedule as amended ("Schedule") to the Master Lease-Purchase Agreement identified in the Schedule as amended ("Master Lease") by and between **JPMORGAN CHASE BANK, N.A.** ("Lessor") and the above lessee ("Lessee"). As used herein, "Lease" shall mean the above Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein.

This Certificate of Acceptance is delivered by Lessee to Lessor pursuant to the Agency & No Arbitrage Schedule Addendum to the Schedule.

Lessee hereby notifies Lessor that Lessee has received all of the Equipment described in the Lease, including, without limitation, the Equipment described in Schedule A-1 attached hereto, as of the Acceptance Date stated below:

ACCEPTANCE DATE: (DO NOT SIGN)

AS BETWEEN LESSEE AND LESSOR, LESSEE AGREES THAT: (a) LESSEE HAS RECEIVED AND INSPECTED ALL OF THE EQUIPMENT; (b) ALL EQUIPMENT IS IN GOOD WORKING ORDER AND COMPLIES WITH ALL PURCHASE ORDERS, CONTRACTS AND SPECIFICATIONS; (c) LESSEE ACCEPTS ALL EQUIPMENT FOR PURPOSES OF THE LEASE "AS-IS, WHERE-IS"; AND (d) LESSEE WAIVES ANY RIGHT TO REVOKE SUCH ACCEPTANCE.

CITY OF PASADENA
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: (DO NOT SIGN)

By: _____

Title: (DO NOT SIGN)

Title: Authorized Officer

[Copies of Invoices/Bills of Sale and
Proof of Payment and Insurance attached hereto]

AGENCY SCHEDULE A-1
Equipment Description

Dated as of: **MAY 1, 2012**

Lease Schedule No.: **1000136235**

The Equipment described below includes all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto.

Equipment Location: (DO NOT FILL IN)

Equipment Description: (DO NOT FILL IN)

Equipment Purchase Price: \$(DO NO T FILL IN)

This Schedule A-1 is attached to the Certificate of Acceptance (Delivered Pursuant To The Agency & No Arbitrage Schedule Addendum).

CITY OF PASADENA
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: (DO NOT SIGN)

By: _____

Title: _____

Title: Authorized Officer



CERTIFICATE OF ACCEPTANCE
(Delivered Pursuant To The Agency & No Arbitrage Schedule Addendum)

Dated as of: MAY 1, 2012

Lease Schedule No.: 1000136235

Lessee: CITY OF PASADENA

Reference is made to the above Lease Schedule as amended ("Schedule") to the Master Lease-Purchase Agreement identified in the Schedule as amended ("Master Lease") by and between **JPMORGAN CHASE BANK, N.A.** ("Lessor") and the above lessee ("Lessee"). As used herein, "Lease" shall mean the above Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein.

This Certificate of Acceptance is delivered by Lessee to Lessor pursuant to the Agency & No Arbitrage Schedule Addendum to the Schedule.

Lessee hereby notifies Lessor that Lessee has received all of the Equipment described in the Lease, including, without limitation, the Equipment described in Schedule A-1 attached hereto, as of the Acceptance Date stated below:

ACCEPTANCE DATE: _____, 20__

AS BETWEEN LESSEE AND LESSOR, LESSEE AGREES THAT: (a) LESSEE HAS RECEIVED AND INSPECTED ALL OF THE EQUIPMENT; (b) ALL EQUIPMENT IS IN GOOD WORKING ORDER AND COMPLIES WITH ALL PURCHASE ORDERS, CONTRACTS AND SPECIFICATIONS; (c) LESSEE ACCEPTS ALL EQUIPMENT FOR PURPOSES OF THE LEASE "AS-IS, WHERE-IS"; AND (d) LESSEE WAIVES ANY RIGHT TO REVOKE SUCH ACCEPTANCE.

CITY OF PASADENA
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____

By: _____

Title: _____

Title: Authorized Officer

[Copies of SunTrust payoff letter and Proof of Payment and Insurance attached hereto]

SCHEDULE A-1
Equipment Description

Dated as of: **MAY 1, 2012**

Lease Schedule No.: 1000136235

The Equipment described below includes all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto.

Equipment Location: _____

Equipment Description: _____

Equipment Purchase Price: \$ _____

This Schedule A-1 is attached to the Certificate of Acceptance (Delivered Pursuant To The Agency & No Arbitrage Schedule Addendum).

CITY OF PASADENA
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____

By: _____

Title: _____

Title: Authorized Officer



CERTIFICATE OF INCUMBENCY

Dated: **MAY 1 , 2012**

Lease Schedule No: 1000136235

Lessee: **CITY OF PASADENA**

I, the undersigned Secretary/Clerk identified below, do hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of the above Lessee (the "Lessee"), a political subdivision duly organized and existing under the laws of the State where Lessee is located, that I have the title stated below, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of the Lessee holding the offices set forth opposite their respective names.

[NOTE: Use same titles as Authorized Representatives stated in Resolutions.]

_____	_____	_____
Name	Title	Signature

_____	_____	_____
Name	Title	Signature

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal of such Lessee as of the date set forth below.

Signature of Secretary/Clerk of Lessee

Print Name: _____

Official Title: _____

Date: _____

NOTE: In case the Secretary/Clerk is also the authorized representative that executes a Lease-Purchase Agreement / documents by the above incumbency, this certificate must also be signed by a second officer.

Print Name: _____ Signature: _____

Title: _____



PROCEEDS DISBURSEMENT AUTHORIZATION

JPMORGAN CHASE BANK, N.A.
1111 Polaris Parkway, Suite A3 (OH1-1085)
Columbus, OH 43240

Date: MAY 1, 2012

Re: Disbursements Of Proceeds Under LEASE PURCHASE AGREEMENT Referred To Below

Reference is made to that certain Lease Purchase Agreement dated December 23, 2011 between **CITY OF PASADENA**, ("Lessee") and **JPMORGAN CHASE BANK, N.A.** (the "Lessor")

I hereby instruct you and authorize you to disburse **\$3,947,507.09** to the payee as specified below:

Payee

By signing below, Lessee authorizes Lessor to issue checks or direct fund transfers to the payees, in the amounts, and per the instructions (if applicable) set forth above. Lessee also acknowledges that it may be responsible for paying other fees directly to third parties, such as Lessor's counsel, and making other disbursements in connection with the lease transaction per the terms of the lease documents. Lessor may rely and act on the instructions set forth herein and shall not be responsible for the use or application of the funds, and Lessee shall indemnify, defend and hold harmless Lessor from and against any and all losses, costs, expenses, fees, claims, damages, liabilities, and causes of action in any way relating to or arising from acting in accordance therewith. In the event of any conflict with any other instruction set forth herein, the ABA # and Account # shall control.

IN WITNESS WHEREOF, the Lessee has caused this Proceeds Disbursement Authorization to be executed as of the day and year first above written.

CITY OF PASADENA
(Lessee)

By: _____

Title: _____

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>
1 Issuer's name		2 Issuer's employer identification number (EIN)
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)
6 City, town, or post office, state, and ZIP code		7 Date of issue
8 Name of issue		9 CUSIP number
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)		10b Telephone number of officer or other employee shown on 10a

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

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

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

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

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

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

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

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	►	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	►	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	_____

Part VI Miscellaneous

- | | | |
|------------|--|--|
| 35 | | |
| 36a | | |
| 37 | | |
- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)
- b** Enter the final maturity date of the GIC ▶ _____
- c** Enter the name of the GIC provider ▶ _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ and enter the following information:
- b** Enter the date of the master pool obligation ▶ _____
- c** Enter the EIN of the issuer of the master pool obligation ▶ _____
- d** Enter the name of the issuer of the master pool obligation ▶ _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶
- 41a** If the issuer has identified a hedge, check here ▶ and enter the following information:
- b** Name of hedge provider ▶ _____
- c** Type of hedge ▶ _____
- d** Term of hedge ▶ _____
- 42** If the issuer has superintegrated the hedge, check box ▶
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ▶
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ▶ and enter the amount of reimbursement ▶ _____
- b** Enter the date the official intent was adopted ▶ _____

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	▶ _____	Date	▶ _____	
	Signature of issuer's authorized representative		Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no. ▶		

Instructions for Form 8038-G

(Rev. September 2011)

Information Return for Tax-Exempt Governmental Obligations



Department of the Treasury
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Form 8038-G is used by issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

Who Must File

IF the issue price (line 21, column (b)) is...	THEN, for tax-exempt governmental obligations issued after December 31, 1986, issuers must file...
\$100,000 or more	A separate Form 8038-G for each issue
Less than \$100,000	Form 8038-GC, Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales



CAUTION For all build America bonds and recovery zone economic development bonds use Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds. For tax credit bonds and specified tax credit bonds use Form 8038-TC, Information Return for Tax Credit Bonds and Specified Tax Credit Bonds.

When To File

File Form 8038-G on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the bond is issued. Form 8038-G may not be filed before the issue date and must be completed based on the facts as of the issue date.

Late filing. An issuer may be granted an extension of time to file Form 8038-G under Section 3 of Rev. Proc. 2002-48, 2002-37 I.R.B. 531, if it is determined that the failure to file timely is not due to willful neglect. Type or print at the top of the form "Request for Relief under section 3 of Rev. Proc. 2002-48" and attach a letter explaining why Form 8038-G was not submitted to the IRS on time. Also indicate whether the bond issue in question is under examination by the IRS. Do not submit copies of the trust

indenture or other bond documents. See *Where To File* next.

Where To File

File Form 8038-G, and any attachments, with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

Private delivery services. You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate.

For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

For build America bonds (Direct Pay), build America bonds (Tax Credit), and recovery zone economic development bonds, complete Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds.

For qualified forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, qualified school construction bonds, clean renewable energy bonds, Midwestern tax credit bonds, and all other qualified tax credit bonds (except build America bonds), file Form 8038-TC, Information Return for Tax Credit Bonds and Specified Tax Credit Bonds.

Rounding to Whole Dollars

You may show amounts on this return as whole dollars. To do so, drop amounts less than 50 cents and increase amounts from 50 cents through 99 cents to the next higher dollar.

Questions on Filing Form 8038-G

For specific questions on how to file Form 8038-G send an email to the IRS at TaxExemptBondQuestions@irs.gov and put "Form 8038-G Question" in the subject line. In the email include a description of your question, a return email address, the name of a contact person, and a telephone number.

Definitions

Tax-exempt obligation. This is any obligation, including a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.

Tax-exempt governmental obligation. A tax-exempt obligation that is not a private activity bond (see below) is a tax-exempt governmental obligation. This includes a bond issued by a qualified volunteer fire department under section 150(e).

Private activity bond. This includes an obligation issued as part of an issue in which:

- More than 10% of the proceeds are to be used for any private activity business use, **and**
- More than 10% of the payment of principal or interest of the issue is **either (a)** secured by an interest in property to be used for a private business use (or payments for such property) **or (b)** to be derived from payments for property (or borrowed money) used for a private business use.

It also includes a bond, the proceeds of which **(a)** are to be used directly or indirectly to make or finance loans (other than loans described in section 141(c)(2)) to persons other than governmental units and **(b)** exceeds the lesser of 5% of the proceeds **or** \$5 million.

Issue price. The issue price of obligations is generally determined under Regulations section 1.148-1(b). Thus, when issued for cash, the issue price is the first price at which a substantial amount of the obligations are sold to the public. To determine the issue price of an obligation issued for property, see sections 1273 and 1274 and the related regulations.

Issue. Generally, obligations are treated as part of the same issue if they are issued by the same issuer, on the same date, and in a single transaction, or a series of related transactions. However, obligations issued during the same calendar year **(a)** under a loan agreement under which amounts are to be advanced periodically (a "draw-down loan") or **(b)** with a term not exceeding 270 days, may be treated as part of the same issue if the obligations are equally and ratably secured under a single indenture or loan agreement and are issued under a common financing arrangement (for example, under the same official statement periodically updated to reflect changing factual circumstances). Also, for obligations issued under a draw-down loan that meet the requirements of the preceding sentence, obligations issued during different calendar years may be treated as part of the same issue if all of the amounts to be advanced under the draw-down loan are reasonably expected to be advanced within 3 years of the date of issue of the first obligation. Likewise, obligations (other than private activity bonds) issued under a single agreement that is in the form of a lease or installment sale may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first obligation.

Arbitrage rebate. Generally, interest on a state or local bond is not tax-exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

Construction issue. This is an issue of tax-exempt bonds that meets both of the following conditions:

1. At least 75% of the available construction proceeds are to be used for construction expenditures with respect to property to be owned by a governmental unit or a section 501(c)(3) organization, **and**
2. All the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds, or private activity bonds issued to finance property to be owned by a governmental unit or a section 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make an irrevocable election to pay a penalty. The penalty is equal to 1½% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C) and the Instructions for Form 8038-T.

Specific Instructions

Part I—Reporting Authority

Amended return. An issuer may file an amended return to change or add to the information reported on a previously filed

return for the same date of issue. If you are filing to correct errors or change a previously filed return, check the *Amended Return* box in the heading of the form.

The amended return must provide all the information reported on the original return, in addition to the new or corrected information. Attach an explanation of the reason for the amended return and write across the top, "Amended Return Explanation." Failure to attach an explanation may result in a delay in processing the form.

Line 1. The issuer's name is the name of the entity issuing the obligations, not the name of the entity receiving the benefit of the financing. For a lease or installment sale, the issuer is the lessee or the purchaser.

Line 2. An issuer that does not have an employer identification number (EIN) should apply for one on Form SS-4, Application for Employer Identification Number. You can get this form on the IRS website at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676). You may receive an EIN by telephone by following the instructions for Form SS-4.

Line 3a. If the issuer wishes to authorize a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) to communicate with the IRS and whom the IRS may contact about this return (including in writing or by telephone), enter the name of such person here. The person listed in line 3a must be an individual. Do not enter the name and title of an officer or other employee of the issuer here (use line 10a for that purpose).

Note. By authorizing a person other than an authorized officer or other employee of the issuer to communicate with the IRS and whom the IRS may contact about this return, the issuer authorizes the IRS to communicate directly with the individual entered on line 3a and consents to disclose the issuer's return information to that individual, as necessary, to process this return.

Lines 4 and 6. If you listed an individual on line 3a to communicate with the IRS and whom the IRS may contact about this return, enter the number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code of that person. Otherwise, enter the issuer's number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code.

Note. The address entered on lines 4 and 6 is the address the IRS will use for all written communications regarding the processing of this return, including any notices.

Line 5. This line is for IRS use only. Do not make any entries in this box.

Line 7. The date of issue is generally the date on which the issuer physically

exchanges the bonds that are part of the issue for the underwriter's (or other purchaser's) funds. For a lease or installment sale, enter the date interest starts to accrue in a MM/DD/YYYY format.

Line 8. If there is no name of the issue, please provide other identification of the issue.

Line 9. Enter the CUSIP (Committee on Uniform Securities Identification Procedures) number of the bond with the latest maturity. If the issue does not have a CUSIP number, write "None."

Line 10a. Enter the name and title of the officer or other employee of the issuer whom the IRS may call for more information. If the issuer wishes to designate a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) whom the IRS may call for more information about the return, enter the name, title, and telephone number of such person on lines 3a and 3b.



Complete lines 10a and 10b even if you complete lines 3a and 3b.

Part II—Type of Issue



Elections referred to in Part II are made on the original bond documents, not on this form.

Identify the type of obligations issued by entering the corresponding issue price (see *Issue price* under *Definitions* earlier). Attach a schedule listing names and EINs of organizations that are to use proceeds of these obligations, if different from those of the issuer, include a brief summary of the use and indicate whether or not such user is a governmental or nongovernmental entity.

Line 18. Enter a description of the issue in the space provided.

Line 19. If the obligations are short-term tax anticipation notes or warrants (TANs) or short-term revenue anticipation notes or warrants (RANs), check box 19a. If the obligations are short-term bond anticipation notes (BANs), issued with the expectation that they will be refunded with the proceeds of long-term bonds at some future date, check box 19b. Do not check both boxes.

Line 20. Check this box if property other than cash is exchanged for the obligation, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of obligation is sometimes referred to as a "municipal lease.") Also check this box if real property is directly acquired in exchange for an obligation to make periodic payments of interest and principal. **Do not** check this box if the proceeds of the obligation are received in the form of cash, even if the term "lease" is used in the title of the issue.

Part III—Description of Obligations

Line 21. For column (a), the final maturity date is the last date the issuer must redeem the entire issue.

For column (b), see *Issue price* under *Definitions* earlier.

For column (c), the stated redemption price at maturity of the entire issue is the sum of the stated redemption prices at maturity of each bond issued as part of the issue. For a lease or installment sale, write "N/A" in column (c).

For column (d), the weighted average maturity is the sum of the products of the issue price of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue (from line 21, column (b)). For a lease or installment sale, enter instead the total number of years the lease or installment sale will be outstanding.

For column (e), the yield, as defined in section 148(h), is the discount rate that, when used to compute the present value of all payments of principal and interest to be paid on the obligation, produces an amount equal to the purchase price, including accrued interest. See Regulations section 1.148-4 for specific rules to compute the yield on an issue. If the issue is a variable rate issue, write "VR" as the yield of the issue. For other than variable rate issues, carry the yield out to four decimal places (for example, 5.3125%). If the issue is a lease or installment sale, enter the effective rate of interest being paid.

Part IV—Uses of Proceeds of Bond Issue

For a lease or installment sale, write "N/A" in the space to the right of the title for Part IV.

Line 22. Enter the amount of proceeds that will be used to pay interest from the date the bonds are dated to the date of issue.

Line 24. Enter the amount of the proceeds that will be used to pay bond issuance costs, including fees for trustees and bond counsel. If no bond proceeds will be used to pay bond issuance costs, enter zero. Do not leave this line blank.

Line 25. Enter the amount of the proceeds that will be used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148(h) (for example, bond insurance premiums and certain fees for letters of credit).

Line 26. Enter the amount of proceeds that will be allocated to such a fund.

Line 27. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds within 90 days of the date of issue.

Line 28. Enter the amount of the proceeds that will be used to pay

principal, interest, or call premium on any other issue of bonds after 90 days of the date of issue, including proceeds that will be used to fund an escrow account for this purpose.

Part V—Description of Refunded Bonds

Complete this part only if the bonds are to be used to refund a prior issue of tax-exempt bonds. For a lease or installment sale, write "N/A" in the space to the right of the title for Part V.

Lines 31 and 32. The remaining weighted average maturity is determined without regard to the refunding. The weighted average maturity is determined in the same manner as on line 21, column (d).

Line 34. If more than a single issue of bonds will be refunded, enter the date of issue of each issue. Enter the date in an MM/DD/YYYY format.

Part VI—Miscellaneous

Line 35. An allocation of volume cap is required if the nonqualified amount for the issue is more than \$15 million but is not more than the amount that would cause the issue to be private activity bonds.

Line 36. If any portion of the gross proceeds of the issue is or will be invested in a guaranteed investment contract (GIC), as defined in Regulations section 1.148-1(b), enter the amount of the gross proceeds so invested, as well as the final maturity date of the GIC and the name of the provider of such contract.

Line 37. Enter the amount of the proceeds of this issue used to make a loan to another governmental unit, the interest of which is tax-exempt.

Line 38. If the issue is a loan of proceeds from another tax-exempt issue, check the box and enter the date of issue, EIN, and name of issuer of the master pool obligation.

Line 40. Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038-T for each 6-month period after the date the bonds are issued. Do not make any payment of penalty in lieu of arbitrage rebate with this form. See Rev. Proc. 92-22, 1992-1 C.B. 736 for rules regarding the "election document."

Line 41a. Check this box if the issuer has identified a hedge on its books and records according to Regulations sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5) that permit an issuer of tax-exempt bonds to identify a hedge for it to be included in yield calculations for computing arbitrage.

Line 42. In determining if the issuer has super-integrated a hedge, apply the rules of Regulations section 1.148-4(h)(4). If the hedge is super-integrated, check the box.

Line 43. If the issuer takes a "deliberate action" after the issue date that causes

the conditions of the private business tests or the private loan financing test to be met, then such issue is also an issue of private activity bonds. Regulations section 1.141-2(d)(3) defines a deliberate action as any action taken by the issuer that is within its control regardless of whether there is intent to violate such tests. Regulations section 1.141-12 explains the conditions to taking remedial action that prevent an action that causes an issue to meet the private business tests or private loan financing test from being treated as a deliberate action. Check the box if the issuer has established written procedures to ensure timely remedial action for all nonqualified bonds according to Regulations section 1.141-12 or other remedial actions authorized by the Commissioner under Regulations section 1.141-12(h).

Line 44. Check the box if the issuer has established written procedures to monitor compliance with the arbitrage, yield restriction, and rebate requirements of section 148.

Line 45a. Check the box if some part of the proceeds was used to reimburse expenditures. Figure and then enter the amount of proceeds that are used to reimburse the issuer for amounts paid for a qualified purpose prior to the issuance of the bonds. See Regulations section 1.150-2.

Line 45b. An issuer must adopt an official intent to reimburse itself for preissuance expenditures within 60 days after payment of the original expenditure unless excepted by Regulations section 1.150-2(f). Enter the date the official intent was adopted. See Regulations section 1.150-2(e) for more information about official intent.

Signature and Consent

An authorized representative of the issuer must sign Form 8038-G and any applicable certification. Also print the name and title of the person signing Form 8038-G. The authorized representative of the issuer signing this form must have the authority to consent to the disclosure of the issuer's return information, as necessary to process this return, to the person(s) that have been designated in Form 8038-G.

Note. If the issuer in Part 1, lines 3a and 3b authorizes the IRS to communicate (including in writing and by telephone) with a person other than an officer or other employee of the issuer, by signing this form, the issuer's authorized representative consents to the disclosure of the issuer's return information, as necessary to process this return, to such person.

Paid Preparer

If an authorized officer of the issuer filled in this return, the paid preparer's space should remain blank. Anyone who prepares the return but does not charge the organization should not sign the return. Certain others who prepare the

return should not sign. For example, a regular, full-time employee of the issuer, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature (a facsimile signature is acceptable),
- Enter the preparer information, and
- Give a copy of the return to the issuer.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us

the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

Learning about the law or the form	2 hr., 41 min.
Preparing, copying, assembling, and sending the form to the IRS	3 hr., 3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send the form to this office. Instead, see *Where To File*.
