



Board of Education

Ronald L. Anderson, President; Bret E. Wier, Vice-President; Valorie C. Garcia, Secretary;
Annie Lindsey, Member; Ryan Gates, Member
Adán Estrada, Superintendent

*Vision: "Cimarron Municipal Schools' Students will be
Challenged, Healthy, Engaged, Safe and Supported"*

*Mission: "Cimarron Municipal Schools will join with our Communities to
Engage and Support Safe Healthy Students in a Challenging Educational Experience"*

Board of Education Meeting

Special Meeting

Wednesday

June 15, 2016

6:15 pm

Eagle Nest Elementary/Middle School

CIMARRON MUNICIPAL SCHOOLS

125 N. COLLISON AVE., CIMARRON NM, 87714
(575) 376-2445 (575) 376-2442-FAX

“100 Years of Excellence 1910-2010”

AGENDA
CIMARRON MUNICIPAL SCHOOLS
BOARD OF EDUCATION SPECIAL MEETING

Eagle Nest Elementary/Middle School
Wednesday, June 15, 2016
6:15 pm

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Consider Approval of Agenda
- V. Presentations (Discussion/Action)
 - A. Consider Approval of Resolution for Education Technology Notes
- VI. Adjournment

The next Regular School Board Meeting is scheduled for Wednesday, July 20, 2016 at Cimarron Elementary/Middle Schools in Cimarron; Meeting Time – 6:30 pm

Persons from the same group and having similar viewpoints are asked to select a spokesperson to speak on their behalf. Multiple and repetitious presentations of the same view will be discouraged. Public Comments and Observations regarding non-agenda items that fall within the purview of the Cimarron Board of Education are heard at this time. Comments regarding matters under litigation will not be allowed and no action will be taken on items presented but may be referred to staff or others. The School Board Members and Superintendent may travel together, however, no school business will be discussed or action taken.

This is an open meeting and the citizens of the Cimarron Municipal School District are invited to attend. Notice: Individuals with disabilities who need any form of auxiliary aid to attend or participate at this meeting are to contact the Superintendent at 575-376-2445 as soon as possible.

EXCERPT FROM A SPECIAL MEETING
OF THE BOARD OF EDUCATION OF
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

The Board of Education of Cimarron Municipal School District No. 3, County of Colfax, State of New Mexico, as governing board (the "Board") of Cimarron Municipal School District No. 3 (the "District"), met in special session in full conformity with law and the rules and regulations of the Board in the Board Meeting Room at Eagle Nest Elementary/Middle Schools, Eagle Nest, New Mexico, on June 15, 2016, at the hour of 6:15 p.m. Upon roll call, the following members were found to be present:

PRESENT:

ABSENT:

ALSO PRESENT:

The President announced that the Board would take action authorizing the issuance of the Cimarron Municipal School District No. 3, Colfax County, New Mexico, General Obligation Education Technology Notes, Series 2016 in the aggregate principal amount of \$1,750,000, expected to be dated August 1, 2016, and the Board desires to accept the bid of _____, such bid being the best bid received for the Notes;

Upon motion duly made the following resolution was adopted:

CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3
COLFAX COUNTY, NEW MEXICO
RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE OF THE CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3, COLFAX COUNTY, NEW MEXICO, GENERAL OBLIGATION EDUCATION TECHNOLOGY NOTES IN THE PRINCIPAL AMOUNT OF \$1,750,000, DATED AUGUST 1, 2016, PAYABLE FROM AD VALOREM TAXES LEVIED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, LEVIED WITHOUT LIMIT AS TO RATE OR AMOUNT; PROVIDING FOR THE FORM, TERMS AND CONDITIONS OF THE LEASE PURCHASE ARRANGEMENT AND NOTES, THE MANNER OF ITS EXECUTION, AND THE METHOD OF, AND SECURITY FOR, PAYMENT; AND PROVIDING FOR OTHER DETAILS CONCERNING THE LEASE PURCHASE ARRANGEMENT.

WHEREAS, the Board of Education of Cimarron Municipal School District No. 3, Colfax County, New Mexico (the "Board") as governing body of the Cimarron Municipal School District No. 3 (the "District") is authorized to contract indebtedness on behalf of and upon the credit thereof by entering into a lease purchase arrangement and note (the "Lease") pursuant to the Educational Technology Equipment Act, NMSA 1978, 6-15A-1 to 6-15A-16 as amended (the "Act") for the purpose of acquiring educational technology equipment (the "Property") for learning and administrative use in schools and related facilities within the District; and

WHEREAS, the Board, also referred to as Lessee in the Lease, wishes to facilitate the acquisition and purchase of certain Property listed on Exhibit A to the Lease to be used by Lessee, and Lessee is authorized pursuant to the Act, as amended, to execute, perform and make payments under contracts for such purposes and for the financing of "educational technology equipment," as defined in NMSA 1978, §§ 6-15A-3(B) and 22-15A-2 as amended; and

WHEREAS, the Board has received an offer to enter into the Lease at a price equal to \$1,750,000, plus accrued interest from its date to the date of delivery, if any, and the Board is willing to accept the offer and enter into the Lease and issue the Notes; and

WHEREAS, the Board has determined and hereby determines that it is necessary and in the best interests of the District to enter into the Lease and to levy and pledge general ad valorem taxes to pay the payments under the Lease, such obligation being a non-cancelable obligation of the District and a debt in accordance with the Act; and

WHEREAS, the Board has determined and does hereby determine that the Lease shall be issued under the authority of the New Mexico Constitution and the Act as hereinafter set forth, and desires to fix the form and certain details of the Lease, Notes (the "Notes"), and the Rent Payments and to provide for the levy of taxes for the payment of payments on the Lease; and

WHEREAS, the net effective interest rate on the Lease payments does not exceed ten percent (10%) a year; and

WHEREAS, the Lease dated as of August 1, 2016 has been presented to the Board setting out the terms with respect to the purchase and sale of the Notes for final confirmation, approval and ratification by the Board in connection with adoption of this Resolution. The form of the Lease is attached hereto as Exhibit B; and

WHEREAS, no action or suit has been commenced by any person or corporation contesting the validity of any of the proceedings directed toward the issuance of the Lease heretofore taken by the Board and the officers of the District.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. The Lease is hereby approved, and the President of the Board is hereby authorized to execute the Lease and issue the Notes, and the Secretary of the Board is hereby authorized to attest the signature of the President on such documents. In approving the Lease with the Lessor, the Board has reviewed and accepted the schedule of principal Payments to be made annually commencing August 1, 2017 with interest to be paid semi-annually beginning February 1, 2017 and each August 1 thereafter to August 1, 2021. The principal payment schedule is set forth below and in Exhibit B to the Lease. The Board has also reviewed and accepted the description of Property to be acquired, which schedule is set forth in Exhibit A to the Lease.

Section 2. A. In order to purchase the Property, the Board, on behalf of the District and upon the full faith and credit thereof, shall enter into the Lease with the Lessor at a purchase price equal to \$1,750,000 plus accrued interest from its date to the date of delivery, if any.

B. The Lease shall be dated August 1, 2016 (the "Dated Date"), shall mature on August 1, 2021 and bear interest from the Dated Date to maturity at the rate of _____% per annum in the year 2017, _____% per annum in the year 2018, _____% per annum in the year 2019, _____% per annum in the year 2020, and _____% per annum in the year 2021, payable to the Lessor thereof, or registered assigns, on August 1, 2017 through August 1, 2021 as follows:

\$1,750,000
 Cimarron Municipal School District No. 3
 County of Colfax, New Mexico
 General Obligation Educational Technology Notes
 Series 2016

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
8/01/2017	\$650,000			
8/01/2018	280,000			
8/01/2019	285,000			
8/01/2020	290,000			
8/01/2021	245,000			
	<u>\$1,750,000</u>			

Section 3. The Lease is being entered into pursuant to Section 6-15A-1 et seq. NMSA 1978, as amended. The Lease shall be payable from general ad valorem taxes which shall be levied without limitation as to the rate or amount or from other funds in the District's general fund or from investment income of the District actually received and available for that purpose. The full faith and credit of the District shall be, and hereby is, irrevocably pledged to the payments on the Lease.

Section 4. The Lease shall be substantially in the form attached hereto as Exhibit B.

Section 5. When the Lease has been duly executed and authenticated, the Lease shall be delivered to the Lessor. The funds realized from the Lease shall be applied solely to the specified purpose for the Lease, but the Lessor shall in no manner be responsible for the application of or disposal by the District, or any of its officers, of any of the funds derived from the sale thereof.

Section 6. There shall be levied on all taxable property in the District, at the time and in the manner provided by law, in addition to all other taxes, direct annual ad valorem taxes sufficient to pay the payments on the Lease promptly as the same shall become due. This Resolution is hereby declared to be the certificate to the Board of County Commissioners of Colfax County, as to the amount of taxes necessary to be levied for the purposes herein stated and such taxes shall be certified, levied and extended upon the tax rolls and collected in the same manner, at the same time and subject to the same penalties as general state and county taxes are certified, levied and collected. Such taxes, when collected, shall be kept by the District in the District's rent payment fund for the Lease to be used solely for the purpose of paying the payments on the Lease as the same become due. If the taxes herein provided for shall not be levied or collected in time to pay the payments of the Lease as the same become due, then such payments shall be paid from any funds belonging to the District, which funds may be reimbursed from the taxes herein provided for when the same are collected.

Section 7. The President, Secretary, Superintendent and other officers of the District are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including without limiting the generality of the foregoing, the execution and delivery of the Lease, and such certificates as may be required by the Lessor, or bond counsel relating to, among other things, the signing of the Lease, the tenure and identity of District officials, the receipt of the purchase price of the Lease from the Lessor and the absence of litigation, pending or threatened, if in accordance with the facts, affecting the validity thereof, and the absence and existence of factors affecting the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 8. A. The District covenants that it will restrict the use of the property in the Lease in such manner and to such extent, if any, as may be necessary so that the Lease will not constitute a violation under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The President, Secretary, Superintendent and any other officer of the District having responsibility for the issuance of the Lease shall give an appropriate certificate of the District, for inclusion in the transcript of proceedings for the Lease, setting forth the reasonable expectations of the District regarding the facts and circumstances relevant to the tax treatment of interest on the Notes.

B. With respect to the Notes, the District covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Notes to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Notes to the governmental purpose of the borrowing, (ii) restrict the yield, as required, on investment property acquired with those proceeds, (iii) make timely rebate payments, if required, to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The President, Secretary, Superintendent and other appropriate officers are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, as may be appropriate to assure such exclusion of that interest.

Section 9. Moneys in any fund not immediately needed may be invested as provided by state law and applicable federal statutes and regulations, provided that the Board and the District hereby covenant to the Lessor and the owners of the Lease from time to time that the District will make no use of the property of the Lease or any funds reasonably expected to be used to pay the payments on the Lease which will cause the Lease to be a violation within the meaning of Section 148 of the Code, as amended, or which would adversely affect the tax status of interest on the Notes under the Code.

Section 10. After the Lease has been executed, this Resolution shall constitute a contract between the Board and the owner or owners of the Notes and shall be and remain irrevocable and unalterable until the Lease and the interest thereon shall have been fully paid, satisfied and discharged, defeased or until such payment has been duly provided for.

Section 11. The principal of and interest on the Lease shall be payable to the Lessor or assignee as shown on the registration books kept by BOKF, NA, New Mexico, as "registrar/paying agent" (such entity and any successor thereto, the "Registrar/Paying Agent") for the Lease, upon maturity and upon presentation and surrender thereof at the principal offices of the Registrar/Paying Agent. Payment of interest on the Lease (other than at maturity) shall be made by check or draft mailed by the Registrar/Paying Agent (or by such other arrangement as may be mutually agreed to by the Registrar/Paying Agent and Lessor), on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the Lessor thereof on the Record Date (defined below) at the address as it appears on the registration books kept by the Registrar/Paying Agent. All such payments shall be made in lawful money of the United States of America. The term "Record Date" as used herein with respect to any interest payment date shall mean the 15th day of the month (whether or not a business day) preceding the interest payment date. The Lessor or assignee as same appears on the registration books on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such interest payment date; but interest on the Lease which is not timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name the Lease is registered at the close of business on a special record date (the "Special Record Date") fixed by the Registrar/Paying Agent for the payment of any such overdue interest. The Special Record Date shall be fixed by the Registrar/Paying Agent whenever moneys become available for payment of overdue interest, and notice of any such Special Record Date shall be given not less than ten days prior thereto, by first class mail, to the Lessor as of the fifth day preceding the mailing of such notice by the Registrar/Paying Agent, stating the Special Record Date and the date fixed for the payment of overdue interest.

Section 12. The Rent Payments relating to this Lease may not be prepaid and the Notes are not subject to redemption prior to maturity.

Section 13. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 14. The following notice shall be published one time in a newspaper having general circulation in the District as soon as is practicable following the adoption hereof.

(Form of Notice)

LEGAL NOTICE

NOTICE IS HEREBY GIVEN that the Board of Education of Cimarron Municipal School District No. 3, Colfax County, New Mexico, did on the 15th day of June, 2016, adopt a resolution entitled:

CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3
COLFAX COUNTY, NEW MEXICO
RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE OF THE CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3, COLFAX COUNTY, NEW MEXICO, GENERAL OBLIGATION EDUCATION TECHNOLOGY NOTES IN THE PRINCIPAL AMOUNT OF \$1,750,000, DATED AUGUST 1, 2016, PAYABLE FROM AD VALOREM TAXES LEVIED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, LEVIED WITHOUT LIMIT AS TO RATE OR AMOUNT; PROVIDING FOR THE FORM, TERMS AND CONDITIONS OF THE LEASE PURCHASE ARRANGEMENT AND NOTES, THE MANNER OF ITS EXECUTION, AND THE METHOD OF, AND SECURITY FOR, PAYMENT; AND PROVIDING FOR OTHER DETAILS CONCERNING THE LEASE PURCHASE ARRANGEMENT.

The Resolution directs and authorizes the issuance of the Cimarron Municipal School District No. 3, Colfax County, New Mexico General Obligation Education Technology Notes, Series 2016, in the aggregate principal amount of \$1,750,000; authorizes the form of Lease Purchase Arrangement; provides for the form of the Notes and the rent payments; provides for levy of taxes to pay the payments on the Lease; makes certain covenants with the lessor; and provides other details concerning the Lease. Complete copies of the Resolution are available for public inspection during normal and regular business hours at the offices of the Cimarron Municipal School District No. 3, Cimarron, New Mexico. This notice constitutes compliance with Section 6-15A-9 NMSA 1978.

DATED this 15th day of June, 2016.

Secretary, Board of Education of
Cimarron Municipal School District No. 3

(End of Form of Notice)

Section 15. All actions heretofore taken by the Board and the officers and employees of the District directed toward approving and entering into a Lease to purchase Property for the purpose stated above be, and the same hereby are, ratified, approved and confirmed. All acts and resolutions in conflict with this Resolution are hereby rescinded, annulled and repealed. This repealer shall not be construed as reviving any act or resolution, or part thereof, heretofore repealed. The Board hereby ratifies and approves the publication of notice of the special meeting at which this Resolution was adopted, which publications appeared in the *Albuquerque Journal* on June 1, and June 8, 2016.

Section 16. This Resolution shall take effect immediately upon its adoption.

[Signature page follows]

PASSED, ADOPTED AND APPROVED this 15th day of June, 2016.

BOARD OF EDUCATION OF CIMARRON
MUNICIPAL SCHOOL DISTRICT NO. 3

By: _____
President

[SEAL]

ATTEST:

By: _____
Secretary

The motion to adopt the resolution upon being put to a vote was passed and adopted on the following recorded vote:

Those Voting Aye:

Those Voting Nay:

Those Absent:

_____ () members of the Board having voted in favor of such motion, the presiding officer declared such motion carried and the resolution adopted, whereupon the President and Secretary signed the foregoing proceedings and resolution upon the records of the minutes of the Board.

After transaction of other business not related to the Lease, the Board, upon motion duly made, seconded and carried, adjourned the meeting.

BOARD OF EDUCATION OF CIMARRON
MUNICIPAL SCHOOL DISTRICT NO. 3

By: _____
President

[SEAL]

ATTEST:

By: _____
Secretary

Exhibit "A"
Meeting Agenda
of June 15, 2016
Board of Education Meeting

(See attached)

Exhibit "B"
Form of Lease Purchase Arrangement and Notes

**LEASE PURCHASE ARRANGEMENT
AND NOTES**

Dated as of August 1, 2016

By and between

**The Education Technology Leasing Company, LLC
As Lessor**

And

**The Board of Education of the
Cimarron Municipal School District No. 3,
As Lessee**

LEASE PURCHASE ARRANGEMENT

THIS LEASE PURCHASE ARRANGEMENT, dated as of August 1, 2016 (“Lease”), by and between The Education Technology Leasing Company, LLC, as lessor (such lessor, together with any successor by merger, acquisition or otherwise, “Lessor”), and the Board of Education (the “Board”) as the governing body of the Cimarron Municipal School District (the “District”), a school district created pursuant to the laws of the State of New Mexico, as lessee (“Lessee”);

WITNESETH:

WHEREAS, Lessee, which is a school board as defined in NMSA 1978, Section 6-15A-3(D), as amended, wishes to facilitate the acquisition and purchase of certain Property (as defined herein) to be used by Lessee, and Lessee is authorized pursuant to the laws of the State of New Mexico, particularly The Education Technology Equipment Act, NMSA 1978, Sections 6-15A-1 to 6-15A-16, as amended (the “Act”), to execute, perform, and make payments under contracts for such purposes and for the financing of “education technology equipment,” as defined in the Act at NMSA 1978, Section 6-15A-3B and, in the Technology for Education Act, Section NMSA 1978, 22-15A-2, as amended; and

WHEREAS, the Board has determined that in order to accomplish its purposes, it is necessary and desirable to acquire the Property pursuant to this Lease; and

WHEREAS, Lessor will cause to be provided funds for the acquisition, delivery, and purchase of the Property to be leased pursuant to this Lease; and

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained, and for other good and valuable consideration, Lessor and Lessee agree as follows:

ARTICLE I: DEFINITIONS

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified.

“Acquisition Costs” means, with respect to any item of the Property, the contract price paid or to be paid therefor upon acquisition or purchase thereof in accordance with a purchase order or contract therefor. Acquisition Costs also include the administrative, engineering, legal, financial, and other costs incurred by Lessee in connection with the acquisition, purchase, or financing of the Property to the extent permitted by the Act.

“Acquisition Fund” means the 2016 Lease Acquisition Fund by that name established and maintained by Lessee pursuant to Section 3.1 of this Lease.

“Act” means the Education Technology Equipment Act, NMSA 1978, Sections 6-15A-1 to 6-15A-16, as amended.

“Authorized Denominations” means \$5,000 and multiples thereof or, if less, the principal amount outstanding on the Notes.

“Bond Counsel” means an attorney duly admitted to the practice of law before the highest court of the State in which he/she maintains an office and who is not an employee of Lessor or Lessee.

“Certificate of Acceptance” means a written acknowledgment of Lessee Representative to Lessor stating that all of the Property described in such acknowledgment has been acquired, delivered, and installed in conformity with the specifications of the seller, in substantially the form of Exhibit C hereto.

“Closing Date” means the date on which this Lease is duly executed and delivered by the parties hereto and the Notes are issued.

“Financial Advisor” means George K. Baum & Company.

“Fiscal Year” means the period beginning on July 1 in any year and ending on June 30 in the next year.

“Lease” means this Lease Purchase Arrangement.

“Lessee” means the Board of the District, a local school district organized and existing under the laws of the State of New Mexico.

“Lessee Representative” means the Superintendent of Schools or any other person authorized by the Lessee to act on behalf of Lessee under or with respect to this Lease.

“Lessor” means The Education Technology Leasing Company, LLC, and any successor thereto by merger, acquisition, assignment, or otherwise.

“Lessor's Representative” means a person authorized by Lessor to act on behalf of Lessor under or with respect to this Lease.

“Maximum Rate” means a net effective interest rate (as defined in and calculated in accordance with the provisions of NMSA 1978, Sections 6-14-1 through 6-14-3, as amended) of twelve percent (12%).

“Notes” means Notes in the form attached hereto as Exhibit D evidencing the right to receive Rent Payments with components of principal and interest.

“Permitted Investments” means any investment allowed under the laws of the State for school districts.

“Person” means an individual, joint stock company, trust, unincorporated association, joint venture, corporation, business or owner trust, partnership, or other organization or entity (whether governmental or private).

“Purchaser” means _____, and its successors and assigns.

“Property” means, to the extent permitted by the NMSA 1978 §§ 6-15A-3(B), and 22-15A-2 education technology equipment used in the educational process that constitute learning and administrative resources.

“Rent Payment” means the payment or payments including the principal and interest component, due from Lessee to Lessor in accordance with Section 4.4 hereof.

“Rent Payment Date” means the dates on which Rent Payments are due under this Lease as provided in Section 4.4.

“Rent Payment Fund” means the fund or funds by that name established by Lessee pursuant to Section 4.4(c) of this Lease.

“State” means the State of New Mexico.

“Term” or “Term of this Lease” means the time during which this Lease is in effect, as provided in Section 4.2 hereof.

ARTICLE II: REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Lessee. Lessee represents, covenants, and warrants to Lessor as follows:

(a) Lessee has full power and authority to execute, deliver, and perform under this Lease; all required procedures with respect to Lessee's execution, delivery, and performance of this Lease have been (or will be) complied with properly and in a timely manner; the execution, delivery, and performance of this Lease by Lessee have been duly authorized by Lessee and are not in contravention of any applicable laws or the terms of any other agreement to which Lessee is a party; this Lease evidences a valid and binding obligation of Lessee enforceable in accordance with its terms; and the Rent Payments are contractual obligations of Lessee.

(b) There are no pending or threatened actions, suits, proceedings, or investigations contesting the authority for execution, delivery, or performance of, or expenditure of funds pursuant to this Lease.

(c) Information supplied and statements made or to be made by Lessee in any financial statement or current budget prior to or contemporaneously with this Lease are now, and will be true and correct on the Closing Date, and do not and will not omit to state any material facts required to be stated therein or necessary to make the

statements therein, in light of the circumstances under which they are made, not misleading.

(d) Lessee has immediate need for, and expects to make immediate use of, substantially all of the Property being leased under this Lease, which need, at the time of approval of this Lease, is not temporary or expected to diminish in the foreseeable future.

(e) Lessee will provide Lessor and Purchaser the annual budget of Lessee for the following fiscal year within 30 days following the approval of the budget by the State Public Education Department.

Section 2.2. Representations, Covenants and Warranties of Lessor. Lessor represents, covenants, and warrants to Lessee as follows:

(a) Organization and Good Standing. Lessor is in good standing; has power to enter into this Lease; and has duly authorized the execution and delivery of this Lease.

(b) No Conflicts. Neither the execution and delivery of this Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which Lessor is now a party or by which Lessor is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge, or encumbrance whatsoever upon any of the property or assets of Lessor or upon the Property, except as provided under the terms hereof.

(c) Valid and Binding Obligation. This Lease, when executed and delivered by Lessor and assuming the valid execution and delivery hereof by Lessee, will constitute a legal, valid, and binding obligation of Lessor enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally and general equitable principles.

ARTICLE III: DEPOSIT OF MONEYS; ACQUISITION OF THE PROPERTY

Section 3.1. Deposit of Moneys. On the Closing Date, Lessor shall coincident with the payment of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) by the Purchaser of the Notes on the Closing Date, cause, in accordance with the terms of the closing memorandum provided by the Financial Advisor, to the District the aforementioned \$1,750,000 to be deposited into the Acquisition Fund, to be established and maintained at a depository of the District, to acquire the Property set forth in Exhibit A and to pay the financial and legal costs of the District associated with this Lease.

Section 3.2. Acquisition of the Property. Except as otherwise provided in this Section, Lessor agrees to the acquisition of the Property set forth in Exhibit A. Lessor hereby authorizes Lessee to enter into one or more contracts or purchase orders providing for the acquisition, purchase use and support of the Property. Lessee agrees that upon acquisition of any item of the Property it will take possession of that item of the Property under the terms and provisions of this Lease.

Lessee shall acquire the Property under this Lease within a reasonable period of time. Lessee may substitute other education technology equipment qualifying for financing pursuant to the Act for any item of Property, provided Lessee shall notify Lessor of such substitution and after all property (and property substituted for the Property) is acquired, Lessee shall provide an inventory and deliver the Certificate of Acceptance of the Property actually acquired under this Lease to Lessor.

Notwithstanding the foregoing, there shall be no offset or reduction for any reason of the Rent Payments required to be made by Lessee which are described herein.

Section 3.3. Payment of Acquisition Costs. As provided in Section 3.1, payment of the cost of acquiring Property shall be made from the moneys deposited by Purchaser with Lessee in the Acquisition Fund.

Section 3.4. Unexpended Proceeds in Acquisition Fund. On the earlier of (a) three years from the Closing Date or (b) the filing with Lessor of the final inventory of Property as contemplated in the second paragraph of Section 3.2, Lessee shall cause to be transferred to the Rent Payment Fund all excess moneys remaining in the Acquisition Fund maintained by Lessee (other than any moneys, if any, retained therein to pay Acquisition Costs not then due and payable) to be applied to pay any portion of Rent Payments thereafter coming due.

ARTICLE IV: AGREEMENT TO LEASE; TERMINATION OF THIS LEASE; RENT PAYMENTS; TITLE TO PROPERTY

Section 4.1. Lease. Lessor hereby leases to Lessee the Property, and Lessee hereby leases the Property from Lessor, upon the terms and conditions set forth herein.

Section 4.2. Term of Lease. The Term of this Lease and of the right to use the Property described therein shall commence on the Closing Date and shall continue until all payments under this Lease to finance such Property have been paid in accordance with Exhibit B hereto and are no longer outstanding.

Section 4.3. Possession. It is contemplated that Lessee will take possession of each item of the Property in accordance with the terms of the acquisition contracts and purchase orders described in Section 3.2 hereof. Notwithstanding the failure of Lessee to take possession of any item of Property, however, each Rent Payment hereunder shall be due on the date set out in this Lease.

Section 4.4. Notes, Registrar/Paying Agent, Rent Payments for Property, Pledge.

(a) Notes. The right to receive Rent Payments shall be evidenced by the Notes in the form attached hereto as Exhibit D.

(b) Paying Agent/Registrar. The principal of and interest components of the Rent Payments shall be payable in accordance with Exhibit B to the owners of the Notes as shown on the registration books kept by the BOKF, NA, Albuquerque, New Mexico as paying agent/registrar (such entity and any successor thereto, the "Paying Agent/Registrar") for the Lease and Notes, upon maturity and upon presentation and surrender thereof at the principal offices of the Paying Agent/Registrar upon the final maturity of the Notes. Payment of interest on the Notes shall be made by check or draft mailed by the Paying Agent/Registrar (or by such other arrangement as may be mutually agreed to by the Paying Agent/Registrar and the owner of any Notes), on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the Notes owner on the Record Date (defined below) at the address as it appears on the registration books kept by the Paying Agent/Registrar. All such payments shall be made in lawful money of the United States of America. The term "Record Date" as used herein with respect to any interest payment date shall mean the 15th day of the month (whether or not a business day) preceding the interest payment date. The owner of the Notes as shown on the registration books on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such interest payment date; but interest which is not timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name the Notes is registered at the close of business on a special record date (the "Special Record Date") fixed by the Paying Agent/Registrar for the payment of any such overdue interest. The Special Record Date shall be fixed by the Paying Agent/Registrar whenever moneys become available for payment of overdue interest, and notice of any such Special Record Date shall be given not less than ten days prior thereto, by first class mail, to the Notes owner as of the fifth day preceding the mailing of such notice by the Paying Agent/Registrar, stating the Special Record Date and the date fixed for the payment of overdue interest. The principal of the Notes shall be payable to the owners of the Notes as shown on the registration books kept by the Registrar/Paying Agent for the Notes, upon maturity and upon presentation and surrender thereof at the principal offices of the Registrar/Paying Agent upon the final maturity of the Notes. Payment of principal of the Notes shall be made by check or draft mailed by the Registrar/Paying Agent (or by such other arrangement as may be mutually agreed to by the Registrar/Paying Agent and the owner of the Notes).

(c) Obligation to Pay. Lessee agrees to pay Purchaser, its successors, and assigns, for the right of use and support, of the Property, the sum obtained by adding the Rent Payments (denominated into components of principal and interest) in the

amounts specified in Exhibit B hereto on each Rent Payment Date as reflected in such exhibit. Lessee agrees to pay any amounts required to be deposited to the Rebate Fund established under Section 5.4 hereof for rebate (hereinafter referred to as a "Rebate Payment") to the U.S. Department of the Treasury (which amounts shall be calculated by Lessee or its agent and the result of such calculation provided in writing to Lessor). Each Rebate Payment shall be made in accordance with the terms of Section 5.4 hereof. Any amount held in the Rent Payment Fund on any date when a Rent Payment is required to be made shall be credited towards the Rent Payment then due and payable; and no Rent Payment need be made by Lessee into the Rent Payment Fund if the amounts then held in the Rent Payment Fund are at least equal to the Rent Payment then required to be paid. Lessee hereby covenants to establish and maintain with respect to the Lease, a special fund to be identified as the "Rent Payment Fund", at a depository of the Lessee, solely for the benefit of the Notes. The Rent Payment Fund shall be kept separate and apart from all other funds and accounts of Lessee and held in trust for the benefit of the Purchaser, and shall be used only for paying Rent Payments. All ad valorem taxes levied and collected for the purpose of making such Rent Payments shall be deposited into the Rent Payment Fund, prior to the Rent Payment Date in the amount to be paid pursuant to Exhibit B of the Lease. The obligation of Lessee to make Rent Payments and Rebate Payments is absolute and unconditional and is not subject to abatement or set-off.

(d) Tax Pledge. There shall annually be assessed, levied, and collected upon all taxable property in District, in addition to all other taxes, a tax which will be sufficient to raise and produce the money required to pay the interest component of the Rent Payments as such interest component comes due and to provide and maintain a fund adequate to pay the principal component of the Rent Payments as such principal component matures, pursuant to Section 6-15A-6, as amended, as the same becomes due and payable, without limit as to rate or amount. The Board shall establish adequate budgetary provisions, approved by the New Mexico Public Education Department, to promptly pay all Rent Payments as they become due. This Section is hereby declared to be the certificate to the County Commissioners of the Counties of Bernalillo and Sandoval, New Mexico as to the amount of taxes necessary to be levied for the purposes herein stated. Said tax shall annually be assessed, levied and collected at the same time and in the same manner as other taxes are assessed and collected, but nothing herein contained shall be construed as to prevent Lessee thereof from applying any other funds available for that purpose to the payment of said Rent Payments as the same respectively mature and become due, and upon such payments, the levies herein provided for, may thereupon, to that extent, be diminished. The sums produced by the levies above provided to meet the Rent Payments when due are hereby applied for that purpose, and the amount for each year will be included in the annual budget and the appropriation bills to be adopted and passed by the Board of Education in each year, respectively. The Board does hereby levy and order to be levied, taxes sufficient to pay the Rent Payments. It shall be the duty of the Board annually at the time and in the manner provided by law for levying other taxes, if such action shall be necessary, to effectuate the provisions hereof with reference to the levy and collection of taxes; and the Board shall levy, extend, and collect such taxes in the manner provided by law for the purpose of funding the Rent Payment Fund for the payment of the Rent Payments. Such taxes, when collected, shall

be kept for and applied only to the payment of the Rent Payments as hereinbefore specified. Said ad valorem taxes, sufficient to provide for the payment of the interest component and principal component of the Rent Payments as such interest component comes due and such principal component matures, are hereby pledged for such payment.

Section 4.5. Fair Rental Value. The Rent Payments for each rent payment period during the Term of this Lease shall constitute the total amount due for such rent payment period and shall be paid by Lessee in each rent payment period for and in consideration of the right of the use of the Property during each such period for which such rental is to be paid. The parties hereto have agreed and determined that the total of Rent Payments represents the fair value of the Property.

Section 4.6 Quiet Enjoyment. During the Term of this Lease, Lessee shall peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from Lessor or Purchaser, except as expressly set forth herein. Lessor will, at the request of Lessee and at Lessee's cost, join in any legal action in which Lessee asserts its right to such possession and enjoyment to the extent Lessor may lawfully do so. Notwithstanding the foregoing, Lessor shall have the right to inspect the Property as provided in Section 6.3 hereof.

Section 4.7. Title to the Property. During the Term of this Lease, Lessee shall hold title to the Property described herein and any and all additions which comprise repairs, replacements, or modifications. In the event of default as set forth in Section 8.1, remedies of the owner(s) of the Notes shall be restricted as described in Section 8.2 hereof.

If Lessee pays all Rent Payments during the Term hereof as the same come due and payable, all right and interest of Lessor in and to all of the Property described in Exhibit A hereto shall be transferred to and vest in Lessee upon payment by Lessee of One Dollar (\$1.00) without the necessity of any additional document of transfer.

Section 4.8. Equitable Lien. Lessee hereby grants to the Purchaser an equitable lien on the ad valorem taxes pledged to pay the Rent Payments as set forth in Section 4.4(d) hereof. Purchaser acknowledges that it has an equitable lien on the Pledged Taxes but no security interest in the Property.

ARTICLE V: MAINTENANCE, TAXES, TAX COVENANTS AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease, as part of the consideration this Lease, all improvement, repair, and maintenance of the Property shall be the responsibility of Lessee, and Lessee shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of Lessee or any sublessee thereof. In exchange for the Rent Payments herein provided, and subject to Purchaser's equitable lien as hereinbefore set forth, Lessor agrees to, and does hereby

grant Lessee the right to use the Property as hereinbefore and hereafter or specifically set forth.

Lessee shall use the Property only for its proper purposes and will not install, use, operate or maintain the Property improperly, carelessly or in violation of any applicable law, ordinance, rule or regulation of any governmental authority, or in a manner contrary to the nature of the Property or the use contemplated by its manufacturer. The Property shall be used solely in the conduct of Lessee's operations. Lessee shall obtain, at its expense, all registrations, permits, and licenses, if any, required by law for the installation and operation of the Property.

Lessee shall also pay or cause to be paid all taxes and assessments of any type or nature charged to Lessor or Lessee or levied, assessed or charged against any item of the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

Lessee may, at Lessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless Lessor or the Purchaser shall notify Lessee that nonpayment is affecting timely payment of the Rent Payments, or in the case that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of Lessor in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event Lessee shall promptly pay such taxes, assessments, or charges or provide Lessor with full security against any loss which may result from nonpayment, in form satisfactory to Lessor and the Purchaser.

Section 5.2. Modification of the Property. Lessee, at its own expense, shall have the right to make additions, modifications and improvements to any item of the Property. All such additions, modifications and improvements shall thereafter comprise part of the Property and be subject to the provisions of this Lease. Such additions, modifications, and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law or in any way which would impair the tax exempt status of the interest components of the Rent Payments required to be made with respect to the Property; and the Property, upon completion of any additions, modifications, and improvements made pursuant to this Section, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. Lessee shall not alter, remove, destroy, or permanently cover any manufacturer's nameplate, serial number or other similar distinguishing number or mark on the Property. Lessee will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals, or replacements made by Lessee pursuant to this Section; provided that if any such lien is established and Lessee

shall first notify or cause to be notified Lessor of Lessee's intention to do so, Lessee may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide Lessor with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to Lessor. Upon the request of and at the expense of Lessee, Lessor will cooperate fully in any such contest.

The Property is and shall at all times be and remain personal property and will not be affixed to or be a part of the real property upon which it may be situated. If requested by Lessor, Lessee, at Lessee's expense, will furnish a landlord or mortgage waiver with respect to the Property.

Section 5.3. Liens. Lessee shall not, directly or indirectly, create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Property, other than the respective rights of Lessor and Lessee as herein provided. Except as expressly provided in this Article V, Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, encumbrance or claim, for which it is responsible, if the same shall arise at any time. Lessee shall reimburse Lessor for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, or encumbrance of claim.

Section 5.4. Tax Covenants with Respect to Lease and the Notes. Lessee covenants to take any action necessary to assure, or to refrain from any action which would adversely affect, the treatment of each interest component of each Rent Payment ("Interest Component") to be made pursuant to this Lease as an obligation described in section 103 of the Internal Revenue Code of 1986 ("Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, Lessee covenants as follows:

(a) to take any action necessary to assure that no more than ten percent (10%) of the proceeds of the Lease or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141 (b)(6) of the Code or, if more than ten percent (10%) of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by Lessee, with respect to such private business use, do not, under the terms of this Lease or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than ten percent (10%) of the Rent Payments due under this Lease, in contravention of section 141(b)(2) of the Code;

(b) to take any action necessary to assure that in the event that the "private business use" described in subsection (a) hereof exceeds five percent (5%) of the proceeds of the Lease or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of five percent (5%) is used for a "private

business use” which is “related” and not “disproportionate,” within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action necessary to assure that no amount which is greater than the lesser of Five Million Dollars (\$5,000,000), or five percent (5%) of the proceeds of the Lease (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141 (c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Lease being treated as a “private activity bond” within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Lease being “federally guaranteed” within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Lease, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code), which produces a materially higher yield over the term of the Lease, other than investment property acquired with:

(i) proceeds of this Lease invested for a reasonable temporary period of three (3) years or less or, in the case of a refunding obligation, for a period of thirty (30) days or less until such proceeds are needed for the purpose for which the obligation is issued,

(ii) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1 (b) of the Treasury Regulations, and

(iii) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed ten percent (10%) of the proceeds of this Lease;

(g) to otherwise restrict the use of the proceeds of this Lease or amounts treated as proceeds of this Lease, as may be necessary, so that the Lease does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(h) to deposit in the Rebate Fund for the benefit of the United States of America at least once during each five-year period (beginning on the date of delivery of this Lease), and no later than the fifth anniversary of such date of delivery, an amount that is at least equal to ninety percent (90%) of the "Excess Earnings," within the meaning of section 148(f) of the Code, and Lessee shall pay to the United States of America, not later than sixty (60) days after this Lease has been paid in full, one hundred percent (100%) of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(i) to maintain such records as will enable Lessee to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six (6) years following the final payment of principal and interest on this Lease.

In order to facilitate compliance with the above subsections (h) and (i), a "Rebate Fund" shall be established by Lessee for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation Lessor. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

Lessee understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding the Notes, transferred proceeds (if any). It is the understanding of Lessee that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to this Lease, Lessee will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of the interest component of the Rent Payments under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements that are applicable to the Lease, Lessee agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of the Interest Component of the Rent Payments under section 103 of the Code. In furtherance of such intention, Lessee hereby authorizes and directs Lessee's Representative, respectively, to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of Lessee, which may be permitted by the Code, as are consistent with the purpose for the execution and delivery of the Lease.

Section 5.5. **Damage to or Destruction of Property.** Upon the passage of risk of loss under the Uniform Commercial Code, Lessee shall bear the entire risk of loss, damage, theft or destruction of such Property from any and every cause whatsoever. No loss, damage, destruction, or other event shall release Lessee from the obligation to pay the full amount of Rent Payments or from any other obligation hereunder.

Section 5.6. **Allocation of, and Limitation on, Expenditures for the Property.** Lessee covenants to account for the expenditure of lease proceeds and investment earnings to be used for the Property on their books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (a) the expenditure is made, or (b) the Property is acquired. The foregoing notwithstanding, Lessee shall not expend lease proceeds or investment earnings thereon more than sixty (60) days after the earlier of (a) the fifth anniversary of the Closing Date of this Lease, or (b) the date this Lease expires, unless Lessee obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of this Lease or the interest component of any Rental Payment. For purposes hereof, Lessee shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest component of any Rental Payment.

Section 5.7. **Disposition of Property.** Lessee covenants that the Property will not be sold or otherwise disposed in a transaction resulting in the receipt by Lessee of cash or other compensation, unless Lessee obtains an opinion of nationally recognized bond counsel that such sale or other disposition will not adversely affect the status, for federal income tax purposes, of the interest component of any Rent Payment. For purposes of the foregoing, the portion of the Property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, Lessee shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest component of any Rental Payment.

ARTICLE VI: DISCLAIMER OF WARRANTIES; ACCESS

Section 6.1. **Warranties.** Lessee acknowledges and agrees that the Property is of the size, design and capacity selected by Lessee based upon its own judgment. LESSOR HAS MADE AND MAKES NO WARRANTY, REPRESENTATION, OR COVENANT, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE, VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE PROPERTY OR ANY ITEM THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY ITEM THEREOF ITS DESIGN, DELIVERY, INSTALLATION OR OPERATION OR THE CONFORMITY OF THE PROPERTY TO SPECIFICATIONS OR PURCHASE ORDERS. IN NO EVENT SHALL LESSOR BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR

CONSEQUENTIAL DAMAGES, IN CONNECTION WITH OR ARISING OUT OF THIS LEASE FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR LESSEE'S USE OF THE EQUIPMENT.

Section 6.2. Lessee's Right to Enforce Warranties. Lessee shall have all rights with respect to the warranties of the manufacturers and any other persons with respect to the Property and the right to enforce such warranties against the manufacturers and such other persons. Any recovery under a warranty shall be payable to Lessee.

Section 6.3. Access to the Property. Lessee agrees that Lessor and any Lessor Representative, and Lessor's successors or assigns, shall have the right at all times during regular business hours of Lessee and upon reasonable notice to Lessee to examine and inspect the Property.

Section 6.4. Release and Indemnification. Subject to the limitations and exceptions in the New Mexico Tort Claims Act, NMSA 1978, Sections 41-4-1 to 41-4-27, as amended, and to the extent it otherwise may be lawfully permitted, Lessee shall indemnify and save harmless Lessor and its agents, employees, officers, and directors from and, at Lessee's expense, defend Lessor and its agents, employees, officers, and directors against all liability, obligations, losses, damages, penalties, claims, actions, costs, and expenses (including but not limited to reasonable attorneys' fees) of whatsoever kind or nature which in any way relate to or arise out of this Lease or the selection, purchase, delivery, ownership, rental, possession, operation, condition, sale or return of the Property; provided that Lessee shall not indemnify any person under this Section 6.4 for any liability arising from such person's own negligence or willful misconduct. All amounts which become due from Lessee under this provision shall be credited with any amounts received by Lessor from insurance provided by Lessee and shall be payable by Lessee within thirty (30) days following demand therefor by Lessor and shall survive the termination or expiration of this Lease.

ARTICLE VII: ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 7.1. Assignment and Subleasing by Lessee. This Lease may not be assigned or subleased by Lessee. Lessor may assign in whole or in part its rights, title and interest, under this Lease at any time subsequent to its execution without the necessity of obtaining the Lessee's consent.

Section 7.2. Amendment of Lease. This Lease may not be altered, modified or canceled without the consent of Lessor, Lessee and the Purchaser. Notwithstanding anything herein to the contrary, without receiving the consent of any Person, Lessee may enter into personal property finance contracts with persons other than Lessor and pledge an ad valorem tax, as contemplated by the Constitution of the State of New Mexico and NMSA 1978, Section 6-15A-6, as amended, to support its obligations with respect to acquiring "education technology equipment," it being expressly agreed by Lessor and Lessee that this Lease does not constitute an exclusive method of financing or acquiring "education technology equipment" by Lessee.

ARTICLE VIII: EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following shall be events of default under this Lease and the terms "Events of Default" and "Default" shall mean, whenever they are used herein, any one or more of the following events whether occurring voluntarily or involuntarily, by operation of law or pursuant to any order of any court or governmental agency:

(a) Lessee's failure to levy taxes in amounts sufficient to make any Rent Payment when due, to make such Rent Payment when due, or to provide the moneys levied for such purposes to Lessor in accordance with the terms hereof; or

(b) Lessee's failure to make any payment required hereunder, other than a Rent Payment, or its failure to comply with any other covenant, condition or agreement of Lessee hereunder for a period of thirty (30) days after notice thereof; or

(c) Any representation or warranty made by Lessee hereunder shall be found to be untrue in any material respect as of the date made; or

(d) Lessee makes, permits or suffers any unauthorized assignment, transfer or other disposition of this Lease or any interest herein, or of any part of the Property or any interest therein; or

(e) Lessee becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to or acquiesces in the appointment of a trustee, receiver or custodian for Lessee or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for Lessee or a substantial part of its property and is not discharged within sixty (60) days of such appointment; or any bankruptcy, reorganization, debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against Lessee and, if instituted against Lessee, is consented to or acquiesced in by Lessee or is not dismissed within sixty (60) days of such institution; or

Section 8.2. Remedies Upon Event of Default. Upon the happening and continuance of any event of default specified in Section 8.1, the holders of the Notes, from time to time, may proceed to protect and enforce this Lease and enforce the pledge of Lessee's ad valorem taxes by such judicial proceedings as such Persons shall deem most effectual, either by suit in equity, mandamus or by action at law, whether for the specific performance of any covenant or agreement contained herein, or in aid of the exercise of any power granted herein. Before seeking to enforce any other legal or equitable right vested in the holders of the Notes, from time to time, by this Lease or by law, such Persons must first seek through a mandamus action to enforce the payment of the Rent Payments due hereunder by the levying of ad valorem taxes, without limit as to rate or amount.

Section 8.3. No Waiver. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In the event any agreement contained herein should be breached by either party and thereafter waived by the other party and the Purchaser, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder. In order to entitle the holders of the Notes, from time to time, to exercise any remedy in this Article VIII, it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

ARTICLE IX: PREPAYMENT OF RENT PAYMENTS AND EXERCISE OF PURCHASE OPTION AT END OF LEASE

Section 9.1. Optional Prepayment. The Rent Payments relating to this Lease and Notes may not be prepaid in whole or in part.

Section 9.2. Exercise of Lessee's Option to Purchase Property at End of Lease. Pursuant to the Act, Lessor grants to Lessee the right to purchase the Property at end of the Term of this Lease for One dollar (\$1.00). Lessee hereby exercises such option to purchase and Lessor hereby acknowledges receipt of One dollar (\$1.00) from Lessee and other valuable consideration.

ARTICLE X: MISCELLANEOUS

Section 10.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received forty-eight (48) hours after deposit in the United States mail in registered, certified form with postage fully prepaid or by overnight carrier:

If to Lessee: Board of Education of the
Cimarron Municipal School District No. 3
125 N. Collison Avenue
Cimarron, NM 87714
Attn: Superintendent

If to Lessor: The Education Technology Leasing Company, LLC
Attn: Steven Campbell
1017 5th Street, NW
Albuquerque, NM 87102

Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.2. Binding Effect and Beneficiaries. This Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns (to the extent permitted hereby). To the extent the Purchaser is determined

not to be a direct beneficiary under this Lease, such entity shall be a direct third party beneficiary in interest under this Lease.

Section 10.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Investments. Amounts on deposit from time to time in the Rent Payment Fund and Acquisition Fund shall be invested in Permitted Investments subject to Section 5.4 hereof by Lessee.

Section 10.5. Net-Net-Net Lease. This Lease shall be deemed and construed to be a "net-net-net lease" and Lessee hereby agrees that Rent Payments shall be an absolute net return, free and clear of any expenses, charges, or set-offs whatsoever.

Section 10.6. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments or documents as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be, or for carrying out the expressed intention of this Lease.

Section 10.7. Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.8. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

Section 10.9. Timeliness. Time is of the essence. No covenant or obligation hereunder to be performed by Lessee may be waived except by the written consent of Lessor, and a waiver of any such covenant or obligation shall not be deemed a waiver of any other covenant or obligation as to any other occasion and shall not preclude Lessor from invoking such remedy at any later time prior to Lessee's cure of the condition giving rise to such remedy. Lessor's rights hereunder are cumulative and not alternative.

Section 10.10. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section hereof.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its name by its duly authorized officers; and Lessee has caused this Lease to be executed in its name by its duly authorized officers, as of the date first above written.

_____ as Lessor

By: _____
Title: _____

BOARD OF EDUCATION OF
CIMARRON MUNICIPAL SCHOOL
DISTRICT, as Lessee

(SEAL)

By: _____
President

ATTEST:

By: _____
Secretary

AUTHENTICATION

This Lease is the Lease described in the Resolution adopted by the Board of Education of the Cimarron Municipal School District No. 3 on June 15, 2016 and has been duly registered on the registration books kept by the undersigned as Registrar/Paying Agent for the Lease and Notes.

Date of Authentication and
Registration: August 1, 2016

BOKF NA, as Registrar/Paying Agent

By _____
Authorized Officer

EXHIBIT A
LIST OF PROPERTY

EXHIBIT B
RENT PAYMENTS, RENT PAYMENT DATES
AND PREPAYMENTS

Schedule of Rent Payments and Rent Payment Dates:

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
8/01/2017	\$650,000			
8/01/2018	280,000			
8/01/2019	285,000			
8/01/2020	290,000			
8/01/2021	245,000			
	\$1,750,000			

Each Rent Payment shall, in accordance with Section 4.4 of this Lease, be paid on or before the date that it is due.

EXHIBIT C
CERTIFICATE OF ACCEPTANCE

Board of Education of the
Cimarron Municipal School District No. 3
Cimarron, New Mexico

We, the undersigned, hereby certify, the following:

1. The Property for which payment has been made from the Acquisition Fund is described and summarized in Exhibit A, to the Lease.
2. The Property described above has been acquired, delivered and installed in conformity with the specifications of the manufacturer.
3. This Certificate is the final Certificate of Acceptance pursuant to the above referenced Lease.

IN WITNESS WHEREOF, the undersigned have hereunto set our hands and affixed the seal of the Board of Education of the Cimarron Municipal School District No. 3 Colfax County of Cimarron, New Mexico, this ____ day of _____, 20__.

CIMARRON MUNICIPAL SCHOOL DISTRICT
NO. 3

By: _____
President Board of Education

By: _____
Superintendent

(SEAL)

ATTEST:

By: _____
Secretary Board of Education

**EXHIBIT D:
FORM OF NOTES
THESE NOTES MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE
WITH SECTION 4.4(a) OF THE LEASE AND AS PROVIDED HEREIN**

**The Board of Education of the
Cimarron Municipal School District No. 3
Educational Technology Notes, Series 2016
evidencing an undivided interest in
the right to receive certain Rent Payments payable by
Cimarron Municipal School District No. 3,
Colfax County, New Mexico
under a
Lease Purchase Arrangement dated as of August 1, 2016**

No. R- _____ \$ _____

Interest Rate	Maturity Date	Original Dated Date
_____ %	_____	_____, 2016

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: **DOLLARS**

THIS CERTIFIES THAT the registered owner specified above, or registered assigns, has an undivided interest in rights to receive certain Rent Payments by The Board of Education of the Cimarron Municipal School District No. 3, County of Colfax, New Mexico (the "Board") under a Lease Purchase Arrangement dated as of August 1, 2016 (as amended or supplemented from time to time, the "Lease") between, The Education Technology Leasing Company, LLC as lessor (the "Lessor") and the Board as lessee (the "Lessee"). The interest of the registered owner of these Notes is secured as provided in the Lease. As registered owners (the "Owners") of the Notes, Series 2016 (the "Notes"), evidencing an undivided interest in the right to receive certain Rent Payments in the original aggregate principal amount of \$1,750,000, Owners are entitled to receive Rent Payments consisting of principal and interest as set out in the Lease. Capitalized terms used but not defined herein have the meaning assigned to them in the Lease.

The Board on the faith, credit and behalf of Cimarron Municipal School District No. 3, County of Colfax, New Mexico (the "District"), for value received, hereby promises to pay to the registered owner named above, or registered assigns, the principal amount hereof on the Maturity Date and to pay interest on the principal amount at the Interest Rate on February 1, 2017, and thereafter on each August 1 and February 1 of each year (each an "Interest Payment Date") from the Original Date to its maturity. The principal of the Notes and interest due at maturity shall be payable to the registered owner thereof as shown on the registration books kept by BOKF, NA, as

“registrar/paying agent” (such entity and any successor thereto, the “Registrar/Paying Agent”) for the Notes, upon maturity and upon presentation and surrender thereof at the principal offices of the Registrar/Paying Agent upon the final maturity of the Notes. If the Notes shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the rate borne by the Notes until the principal thereof is paid in full. Payment of interest on the Notes (other than at maturity) shall be made by check or draft mailed by the Registrar/Paying Agent (or by such other arrangement as may be mutually agreed to by the Registrar/Paying Agent and such registered owner), on or before each Interest Payment Date (or, if such Interest Payment Date is not a business day, on or before the next succeeding business day), to the registered owner thereof on the Record Date (defined below) at his address as it appears on the registration books kept by the Registrar/Paying Agent. All such payments shall be made in lawful money of the United States of America. The term “Record Date” as used herein with respect to any Interest Payment Date shall mean the fifteenth (15th) day of the month immediately preceding the Interest Payment Date. The person in whose name the Notes is registered on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable thereon on such Interest Payment Date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date; but interest on the Notes which is not timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name the Notes is registered at the close of business on a special record date (the “Special Record Date”) fixed by the Registrar/Paying Agent for the payment of any such overdue interest. The Special Record Date shall be fixed by the Registrar/Paying Agent whenever moneys become available for payment of overdue interest, and notice of any such Special Record Date shall be given not less than ten (10) days prior thereto, by first-class mail, to the registered owners of the Notes as of the fifth (5th) day preceding the mailing of such notice by the Registrar/Paying Agent, stating the Special Record Date and the date fixed for the payment of overdue interest. The principal of the Notes shall be payable to the owner of the Notes as shown on the registration books kept by the Registrar/Paying Agent for the Notes, upon maturity and upon presentation and surrender thereof at the principal offices of the Registrar/Paying Agent upon the final maturity of the Notes. Payment of principal of the Notes shall be made by check or draft mailed by the Registrar/Paying Agent (or by such other arrangement as may be mutually agreed to by the Registrar/Paying Agent and the owner of the Notes).

The Notes are fully registered and is issuable in denominations of \$5,000 and multiples thereof or, if less, the principal amount outstanding on the Notes.

The Rent Payments relating to this Lease and Notes may not be prepaid in whole or in part.

The Notes of which this Note is one, to the extent more than one Note is issued, is limited to the total principal amount of \$1,750,000 of like tenor except as to number, denomination, maturity date, and interest rate, issued by the Board for the purpose of acquiring technology equipment to the extent permitted by NMSA 1978 §§ 6-15A-3 (B) and 22-15A-2, The Technology for Education Act, under the authority of and in full

conformity with the Constitution and laws of the State of New Mexico (including §§ 6-15-3 through 6-15-10 NMSA 1978, and acts amendatory and supplemental thereto), and pursuant to a resolution of the Board duly adopted and made a law of the District prior to the issuance of these Notes (the "Lease Purchase Arrangement Resolution").

The Registrar/Paying Agent will maintain the books of the District for the registration of ownership of the Notes. Upon the surrender for transfer of any Notes at the principal office of the Registrar/Paying Agent, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar/Paying Agent shall authenticate and deliver not more than three (3) business days after receipt of the Notes to be transferred in the name of the transferee or transferees new Notes in fully registered form of the same aggregate principal amount of authorized denominations, and of the same maturity, interest rate and series, bearing a number or numbers not contemporaneously outstanding. The Notes may be exchanged at the principal offices of the Registrar/Paying Agent for an equal aggregate principal amount of the Notes of other authorized denominations, and of the same maturity, series and interest rate. The Registrar/Paying Agent shall authenticate and deliver not more than three (3) business days after receipt of the Notes to be exchanged Notes which the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of the Notes as herein provided shall be without charge to the owner or any transferee, but the Registrar/Paying Agent may require the payment by the owner of any Notes requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

The person in whose name the Notes shall be registered on the registration books kept by the Registrar/Paying Agent, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as may otherwise be provided with respect to payment of interest; and payment of or on account of either principal or interest on the Notes shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of the Notes in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon the Notes to the extent of the sum or sums so paid.

If the Notes shall be lost, stolen, destroyed or mutilated, the Registrar/Paying Agent shall, upon receipt of the mutilated Notes and such evidence, information or indemnity relating thereto as it may reasonably require and as may be required by law, authenticate and deliver a replacement Notes of a like aggregate principal amount of authorized denominations, and of the same maturity, interest rate and series, bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Notes shall have matured, the Registrar/Paying Agent may pay such Notes in lieu of replacement.

For the punctual payment of the principal of and interest on these Notes as aforesaid and for the levy and collection of taxes in accordance with the statutes authorizing the issuance of these Notes, the full faith and credit of the District is hereby irrevocably pledged. The Board has, by the Lease Purchase Arrangement Resolution, ordered the creation of an interest and sinking fund for the payment of the Notes. Such fund is to be held in trust for the benefit of the owner or owners of the Notes.

It is hereby certified, recited and warranted that all the requirements of law have been complied with by the proper officials of the District in the issuance of these Notes; that the total indebtedness of the District, including that of these Notes, does not exceed any limit of indebtedness prescribed by the Constitution or laws of the State of New Mexico; that provision has been made for the levy and collection of annual taxes sufficient to pay the principal of and the interest on these Notes when the same becomes due. These Notes shall not be valid or obligatory for any purpose until the Registrar/Paying Agent shall have manually signed the Notes of authentication hereon.

IN TESTIMONY WHEREOF, the Board of Education of Cimarron Municipal School District No. 3, County of Colfax, New Mexico, constituting the governing board of the District, has caused the seal of the District to be hereto affixed and these Notes to be signed and executed with the manual or facsimile signature of the President of the Board and subscribed and attested with the manual or facsimile signature of the Secretary of the Board, all as of the Original Dated Date.

President, Board of Education
Cimarron Municipal School District No. 3

(DISTRICT SEAL)

ATTEST:

Secretary, Board of Education
Cimarron Municipal School District No. 3

CERTIFICATE OF AUTHENTICATION

These Notes are one of the Notes described in the Lease Purchase Arrangement Resolution and has been duly registered on the registration books kept by the undersigned as Registrar/Paying Agent for the Notes.

Date of Authentication and
Registration: _____

BOKF N.A. dba Bank of Albuquerque,
as Registrar/Paying Agent

By _____
Authorized Officer

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ whose social security or tax identification number is _____ the within Notes and irrevocably constitutes and appoints _____ attorney to transfer such Notes on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTES: The assignor's signature to this assignment must correspond with the name as it appears upon the face of within the Notes, in every particular, without alteration or enlargement or any change whatsoever.