

**CATERPILLAR FINANCIAL SERVICES CORPORATION**  
**GOVERNMENTAL EQUIPMENT LEASE-PURCHASE AGREEMENT**  
**DOCUMENT PACKAGE**

## Explanation of Contents

Thank you for selecting Caterpillar products and for allowing Caterpillar Financial Services Corporation to serve your financing needs. Included in this document package are all of the forms that will be needed for standard tax exempt lease purchase transactions. The forms have been designed to be clear, concise and user friendly. We have also provided a brief explanation of the purpose of each form. If you wish to discuss any of the forms or have any questions about any aspect of this transaction, we encourage you to contact your Caterpillar Dealer or Caterpillar Financial Services Corporation at 1-866-263-3791 Option # 5.

**A. Governmental Equipment Lease-Purchase Agreement.** The Governmental Lease-Purchase Agreement contains the terms that govern each transaction between us. It is the standard Caterpillar Financial Services Corporation tax exempt lease-purchase agreement, and provides that we will lease to you the equipment described therein pursuant to a full payout amortization schedule. A new Governmental Equipment Lease-Purchase Agreement will have to be signed in connection with each transaction.

**B. Acceptance Certificate.** The Acceptance Certificate is signed by you when you receive and confirm that the equipment being lease-purchased under the Governmental Equipment Lease-Purchase Agreement is operational and in good working order. As we are not involved in the manufacture, selection or delivery of the equipment we are relying upon you to ensure that the equipment works.

**C. Lessee's Authorizing Resolution.** The Authorizing Resolution is evidence you have taken the necessary governing body actions to approve the Governmental Equipment Lease-Purchase Agreement. Although the authorizing instrument is often a resolution, it may also take other forms such as an ordinance. We are agreeable to using your customary or standard form provided it contains specific approval for the lease-purchase agreement, designates persons who are authorized to sign on your behalf and either approves the document forms or delegates this authority to a named official

**D. Verification of Insurance.** The Certificate of Insurance is intended to supply information regarding the insurance coverage for the equipment being lease-purchased. You will need to supply the requested information to us so we can verify coverage.

**E. Opinion of Counsel.** An opinion of counsel is required in connection with each Governmental Equipment Lease-Purchase Agreement. The opinion is intended to confirm that you have complied with all open meeting laws, publication and notice requirements, procedural rules for governing body meetings, and any other relevant state or local government statutes, ordinances, rules or regulations. We would be unable to confirm compliance with these laws and regulations ourselves absent long delays and higher costs so we rely upon the opinion of your attorney since he/she may have been involved in the process to approve our transaction and is an expert in the laws and regulations to which you are subject. The opinion also confirms that you are an entity eligible to issue tax-exempt obligations and that the Governmental Equipment Lease-Purchase Agreement will be treated as tax-exempt as it is your obligation to ensure that you have complied with relevant tax law.

**F. Form of 8038G or GC.** Form 8038 is required by the Internal Revenue Service in order to monitor the amount of tax-exempt obligations issued. You have to execute a Form 8038 for each Governmental Equipment Lease-Purchase Agreement. Whether a Form 8038 G or GC is required depends on the original principal amount of the Governmental Equipment Lease-Purchase Agreement. If the original principal amount is less than \$100,000 Form 8038GC is filed with the IRS. If the original principal amount is \$100,000 or more Form 8038G is filed with the IRS. Choose the appropriate 8038 form and complete according to IRS guidelines. Contact your TM or Sales Support Representative for assistance.

IRS Form 8038G

<http://www.irs.gov/pub/irs-pdf/f8038g.pdf>

IRS Form 8038GC

<http://www.irs.gov/pub/irs-pdf/f8038gc.pdf>

This Explanation of Contents is prepared as an accommodation to the parties named herein. It is intended as an example of some of the documents that Caterpillar Financial Services Corporation, in its reasonable judgment, may require and is not intended to constitute legal advice. Please engage and use your own legal counsel. We understand that the laws of the various states are different so nothing herein shall be construed as a warranty or representation that the documents listed herein are the only documents that may be required in any particular transaction or that any particular transaction, if documented in accordance with this Explanation of Contents, will be a valid, binding and enforceable obligation enforceable against the parties named herein in accordance with the terms of the documents named herein.

**CATERPILLAR FINANCIAL SERVICES CORP.**

These documents were prepared especially for:

**GILA COUNTY, AZ  
1400 E. ASH STREET  
GLOBE, AZ 85501**

**Dealer:** EMPIRE SOUTHWEST, LLC, H160.1LKE

**Quote Number:** 3154830

**Credit Application Number:** 1731398

**Comments:**

**Date:** 10/05/2010

**Time:** 4:56 PM

**DOCUMENT CHECKLIST (GOVERNMENTAL LEASE)**

**Customer Executed Documents**

**Comments**

Lease Purchase Document

\_\_\_\_\_

Acceptance Certificate

\_\_\_\_\_

Insurance Verification

\_\_\_\_\_

8038G or 8038GC

\_\_\_\_\_

Advance Payment (cross out if N/A)

\_\_\_\_\_

Customer Information Verification

\_\_\_\_\_

Tax Exemption Certificate

N/A

Any necessary Riders/Amendments

Amendment

Lessee's Resolution + Minutes of Meeting **OR**

Resolution

Opinion of Lessee's Counsel

\_\_\_\_\_

Other \_\_\_\_\_

\_\_\_\_\_

**Dealer Executed Documents**

Purchase Agreement

\_\_\_\_\_

Dealer Invoice

\_\_\_\_\_

All Credit Conditions Met

\_\_\_\_\_

*\*If any of these documents are altered, or if the Lessee wishes to add or delete documents, please contact your CFSC Credit Analyst to obtain acceptance of any and all changes.*

**If you have any questions concerning these documents please call and ask for**

**Checklist completed and confirmed by: Print Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

These Documents do not constitute any offer or commitment to offer financing by Caterpillar Financial Services Corporation without Caterpillar Financial Services Corporation's expressed written approval.



**GOVERNMENTAL EQUIPMENT LEASE-PURCHASE AGREEMENT**  
Transaction Number 1731398

Lessee: GILA COUNTY, AZ  
Address: 1400 E. ASH STREET  
ATTN PUBLIC WORKS  
City: GLOBE  
State/ Zip AZ 85501

Lessor: Caterpillar Financial Services Corporation  
Address: 2120 West End Avenue  
City: Nashville  
State/Zip: Tennessee 37203-0001

LESSOR SHALL BE UNDER NO OBLIGATION TO PURCHASE THE UNIT(S) AND ENTER INTO THIS LEASE UNLESS LESSEE EXECUTES AND RETURNS THIS LEASE-PURCHASE AGREEMENT TO LESSOR ON OR BEFORE NOVEMBER 4, 2010.

**1. LEASE PAYMENTS; CURRENT EXPENSE.** Lessee agrees to pay the lease payments (the "Lease Payments") with respect to this Agreement during the term hereof in the amounts and on the dates specified below. A portion of each Lease Payment is paid as and represents the payment of interest and the balance of each Lease Payment is paid as and represents payment of principal. Lessor is authorized to insert the due dates of the Lease Payments and any other information that should be added hereto in order for this Agreement to reflect the specific agreements of the parties hereto. All Lease Payments shall be paid to Lessor without notice or demand at such place as Lessor may from time to time designate by written notice to Lessee. Lessee shall pay the Lease Payments exclusively from moneys legally available therefor, in lawful money of the United States of America. The obligations of Lessee, including its obligation to pay the Lease Payments due in any fiscal year, shall constitute a current expense of Lessee for such fiscal year and shall not constitute an indebtedness of Lessee within the meaning of the constitution and laws of the State in which Lessee is located (the "State"). Nothing herein shall constitute a pledge by Lessee of any taxes or other moneys (other than moneys lawfully appropriated from time to time for the payment of the "Payments" (as defined in the last sentence of this Paragraph) owing hereunder. EXCEPT AS PROVIDED IN PARAGRAPH 4, LESSEE'S OBLIGATIONS TO MAKE THE PAYMENTS TO LESSOR IN THE AMOUNTS REQUIRED HEREBY ARE ABSOLUTE AND UNCONDITIONAL. LESSEE FURTHER EXPRESSLY AGREES THAT IT WILL MAKE ALL SUCH PAYMENTS TO LESSOR REGARDLESS OF, AND WILL NOT ASSERT AGAINST LESSOR, ANY DEFENSE, CLAIM, SETOFF, OR COUNTERCLAIM OR OTHER RIGHT, EXISTING OR FUTURE, WHICH LESSEE MAY HAVE AGAINST THE LESSOR OR ANY OTHER PERSON OR ENTITY FOR ANY REASON. As used in this Agreement, "Payments" shall mean the Lease Payments and any other amounts required to be paid by Lessee hereunder.

Lease Payments shall be paid by Lessee to Lessor as follows: \$2,213.01 will be paid in arrears and the balance of the Lease Payments is payable in 35 successive monthly payments of which the first 34 payments are in the amount of \$2,213.01 each, and the last payment is in the amount of \$2,214.01 plus all other amounts then owing hereunder, with the first Lease Payment due one month after the date that Lessor signs this Lease and subsequent Lease Payments due on a like date of each month thereafter until paid in full. If Lessor does not receive a Lease Payment on the date it is due, Lessee shall pay to Lessor, on demand a late payment charge equal to the lesser of five percent (5%) of the payment not paid when due or the highest charge allowed by law, whichever is less.

The portion of the Lease Payments constituting principal shall bear interest (computed on the basis of actual days elapsed in a 360 day year) at the rate of 3.50% per annum.

**2. SECURITY INTEREST.** Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor, the items of equipment (the "Equipment") described below. In order to secure all of its obligations hereunder, Lessee hereby: (a) grants to Lessor a first and prior security interest in any and all right, title, and interest of Lessee in the Equipment and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom and (b) agrees to do any further act and hereby authorizes the filing of such financing statements, or to execute and deliver such certificates of title, notices or acknowledgement or other instruments in form satisfactory to Lessor necessary or appropriate to evidence such security interest. Lessee at its expense will protect and defend Lessor's security interest in the Equipment and will keep the Equipment free and clear of any and all claims, liens, encumbrances and legal processes however and whenever arising.

**Description of Unit(s)**

(1) 928Hz Caterpillar Wheel Loader

**Serial#**

CXK00693

Lessee confirms that it has an immediate need for, and expects to make immediate use of, substantially all the Equipment, which need is not temporary or expected to diminish during the term of this Agreement. The Equipment will be used by Lessee for the purpose of performing one or more of Lessee's governmental functions consistent with the scope of Lessee's authority and not in any trade or business carried on by a person other than Lessee.

**3. WARRANTIES.** LESSOR HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY, REPRESENTATION OR COVENANT OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE EQUIPMENT. AS TO LESSOR, LESSEE'S LEASE AND PURCHASE OF THE EQUIPMENT SHALL BE ON AN "AS IS" AND "WHERE IS" BASIS AND "WITH ALL FAULTS". Lessee shall enforce all warranties, agreements and representations, if any, with regard to the Equipment against the maker of such warranties. Except pursuant to an amendment as provided herein, no person is authorized to waive or alter any term or condition of this Agreement.

**4. NONAPPROPRIATION.** Lessee covenants and represents to Lessor that (a) Lessee will, to the extent permitted by State law include in its budget for each successive fiscal year during the term of this Agreement a sufficient amount to permit Lessee to discharge all of its obligations hereunder, (b) Lessee has budgeted and has available for the current fiscal year sufficient funds to comply with its obligations under this Agreement and (c) there are no circumstances presently affecting Lessee that could reasonably be expected to adversely affect its ability to budget funds for the payment of sums due hereunder. Notwithstanding any provision of this Agreement to the contrary, Lessor and Lessee agree that in the event that prior to the commencement of any of Lessee's fiscal years Lessee does not have sufficient funds appropriated to make the Payments due hereunder for said fiscal year, Lessee shall have the option of terminating this Agreement as of the date of the commencement of such fiscal year by giving Lessor sixty (60) days prior written notice of its intent to cancel this Agreement. No later than the last day of the last fiscal year for which appropriations were made for the Payments due hereunder (the "Return Date"), Lessee shall return to Lessor all, but not less than all, of the Equipment, at Lessee's sole expense, in accordance with Paragraph 18, and this



Agreement shall terminate on the Return Date without penalty or expense to Lessee and Lessee shall not be obligated to pay the Lease Payments beyond such fiscal year, provided, that Lessee shall pay all Lease Payments and other Payments for which moneys have been appropriated or are otherwise available, provided further, that Lessee shall pay month-to-month rent at the rate set by lessor for each month or part thereof that Lessee fails to return the Equipment. To the extent lawful and permitted by public policy, Lessee agrees it will not terminate this Agreement under the provisions of this Paragraph 4 if any funds are appropriated to it or by it for the acquisition, retention or operation of the Equipment or other equipment performing functions similar to the Equipment for the fiscal year in which termination occurs or the next succeeding fiscal year.

**5. TAX WARRANTY.** Lessee is validly existing as a body corporate and politic and public instrumentality of the State with the power and authority to enter into this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. Lessee shall, at all times, do and perform all acts and things necessary and within its control in order to assure that the interest component of the Lease Payments received by the Lessor shall, for the purposes of Federal income taxation, be excluded from the gross income of the Lessor and shall not take or permit any act or thing that could cause the interest component of the Lease Payments received by the Lessor to be included in the gross income of the Lessor for the purposes of Federal income taxation. The Equipment will not be used in any trade or business carried on by a person other than Lessee. Lessee will report this Lease Purchase to the Internal Revenue Service by filing Form 8038G, 8038C or 8038 whichever is applicable. Failure to do so will cause the agreement to lose its tax exempt status. Lessee agrees that if the appropriate form is not filed, the interest rate will be adjusted to the equivalent taxable interest rate.

**6. ASSIGNMENT.** Lessee may not, without Lessor's written consent, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of its right, title and interest in and to this Agreement and the Equipment and/or grant or assign a security interest herein, in whole or in part. Lessor may not transfer, sell, assign, pledge, hypothecate, or otherwise dispose of its right, title and interest in and to this Agreement and the Equipment and/or grant or assign a security interest herein, in whole or in part.

**7. INDEMNITY.** To the extent permitted by law, Lessee assumes liability for, agrees to and does hereby indemnify, protect and hold harmless Lessor and its agents, employees, officers, directors, subsidiaries and stockholders from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses (including reasonable attorney's fees), of whatsoever kind and nature, arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, storage, leasing or return of any item of Equipment, regardless of where, how and by whom operated, or any failure on the part of Lessee to accept the Equipment or otherwise to perform or comply with any conditions of this Agreement. The indemnities contained in this Paragraph shall continue in full force and effect notwithstanding the termination of this Agreement. Lessee is an independent contractor and nothing contained in this Agreement shall authorize Lessee or any other person to operate or use any Equipment so as to incur any obligation on behalf of Lessor or impose any liability on Lessor. **Nothing in this Agreement is intended nor should any provision of this Agreement be construed to, limit, waiver, abridge or otherwise modify any rights, claims, or causes of action that the Lessee may have against any person or entity other than Lessor.**

**8. LOSS AND DAMAGE.** Lessee shall bear the entire risk of loss, theft, destruction or damage to the Equipment or any part thereof from any cause whatsoever. No loss, theft, destruction or damage of the Equipment shall relieve Lessee of the obligation to make Lease Payments or to perform any obligation owing hereunder. In the event of loss, theft, destruction or damage of any kind to any item of the Equipment, Lessee shall immediately notify Lessor and, at the option of Lessor, shall: (a) place the same in good repair, working order and condition (ordinary wear and tear excepted); or (b) replace the same with like equipment in good repair, working order and condition (ordinary wear and tear excepted). The "net proceeds" (as defined in the last sentence of this Paragraph) of any insurance recovery shall be applied to clause (a) or (b) as provided above unless an Event of Default shall have occurred and be continuing in which case the net proceeds shall be paid to Lessor to the extent of, and applied to the amount due and payable to Lessor under this Agreement. Any net proceeds remaining after application of net proceeds in accordance with the preceding sentence shall be paid to, and belong to, Lessee. If the net proceeds of any insurance recovery are insufficient to pay in full for the repair, restoration or replacement of the Equipment, Lessee shall either complete the work to the satisfaction of Lessor, and pay any costs in excess of the net proceeds without any claim for reimbursement or credit from Lessor or pay the then applicable purchase price for the Equipment (as determined by Lessor according to its usual and customary manner) plus all Payments then due and owing hereunder. "Net proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including reasonable attorneys' fees) incurred in the collection of such claim or award.

**9. INSURANCE.** Lessee agrees to keep the Equipment insured to protect all interests of Lessor, at Lessee's expense, for such risks, in such amounts, in such forms and with such companies as Lessor may require, including but not limited to fire and extended coverage insurance, explosion and collision coverage, and personal liability and property damage liability insurance. Lessor may (but shall not be obligated to) insure the Equipment at the expense of Lessee. Any insurance policies relating to loss or damage to the Equipment will name Lessor as loss payee as its interests may appear and the proceeds may be applied toward the replacement or repair of the Equipment or the satisfaction of the Payments due hereunder. Any such policies shall contain a provision that they may not be cancelled or the coverage reduced without thirty (30) days prior written notice to Lessor. Any liability insurance policies will name Lessee and Lessor as co-insured and the proceeds shall be applied first to Lessor to the extent of its liability, if any, and the balance to Lessee. Lessee shall furnish certificates, policies or endorsements to Lessor as proof of such insurance. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premiums under any insurance policy issued on the Equipment and hereby assigns to Lessor all of its right, title and interest in and to such insurance policies and the proceeds thereof. If Lessee is self-insured with respect to equipment such as the Equipment, Lessee shall maintain an actuarially sound self-insurance program in form satisfactory to Lessor and shall provide evidence thereof in form and substance satisfactory to Lessor.

**10. TAXES, MAINTENANCE AND INSPECTION.** The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property. Nevertheless, if the use, possession or acquisition of the Equipment is determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges assessed or levied against or with respect to the Equipment. Lessee agrees to use, operate and maintain the Equipment in accordance with all laws, regulations and ordinances and in accordance with the provision of any policies of insurance covering the Equipment, and shall not rent the same or permit the same to be used by anyone other than Lessee or Lessee's employees. Lessee agrees to keep the Equipment in good repair, working order and condition (ordinary wear and tear excepted) and house the same in suitable shelter, and to permit Lessor or its assigns to inspect the Equipment at any time and to otherwise protect its interests therein. If any Equipment is customarily covered by a maintenance agreement, Lessee will furnish Lessor with a maintenance agreement by a party reasonably satisfactory to Lessor. No maintenance or other service for the Equipment will be provided by Lessor. Without the prior written consent of Lessor, Lessee shall not make any alterations, modifications or attachments to the Equipment that cannot be removed without materially damaging the functional capabilities or economic value of the Equipment. In the event the Equipment is returned to Lessor, the Lessee, at its sole cost and expense, and at the request of Lessor, will remove all alterations, modifications and attachments, and repair the Equipment as necessary to return the Equipment to the condition in which it was furnished, ordinary wear and tear and permitted modifications excepted. All replacement parts shall be free and clear of liens of others, and shall become part of the Equipment and subject to the terms hereof.

**11. LATE PAYMENTS AND PERFORMANCE OF LESSEE'S OBLIGATIONS BY LESSOR.** If (a) any Payment other than a Lease Payment is not paid when due or (b) Lessee fails to perform any of its obligations hereunder and Lessor performs the same for the account of Lessee and incurs expenses, costs, penalties or liabilities in so doing ("Reimbursable Expenses"), Lessee shall pay interest on such Payment from the date due and, with respect to the Reimbursable Expenses, from the date incurred, in each case until paid, at the rate of eighteen (18%) percent per annum (or, if such rate is in excess of the maximum rate permitted by law, the maximum rate permitted by law).

**12. DEFAULT.** The following shall constitute an event of default under this Agreement, and the terms "Event of Default" and "default" shall include, whenever they are used in this Agreement, the following: (a) subject to Paragraph 4 hereof, failure by Lessee to pay any Lease Payment or any other Payment required to be paid when due and such failure continues for ten (10) days after the due date thereof, (b) Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured within twenty (20) days after written notice thereof by Lessor; (c) the discovery by Lessor that any statement, representation or warranty made by Lessee in this Agreement or any writing ever delivered by Lessee pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect; (d) any determination by the United States Internal Revenue Service that the portion of the Payments constituting "interest" is includible in the gross income of Lessor for Federal income tax purposes, or (e) the filing of a petition in bankruptcy by or against Lessee, or failure of Lessee promptly to lift any execution, garnishment, or attachment of such consequences as would impair the ability of Lessee to carry on its governmental functions, or assignment by Lessee for the benefit of creditors, or the entry by Lessee into agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of Lessee, or the dissolution or liquidation of Lessee.

13. **REMEDIES.** Whenever any Event of Default shall have occurred, Lessor shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps: (a) Lessor, may declare all Lease Payments due or to become due during the fiscal year in which the Event of Default occurs to be immediately due and payable by Lessee; (b) Lessor may repossess any or all of the Equipment by giving Lessee written notice to deliver the Equipment to Lessor in the manner provided in Paragraph 18, or in the event Lessee fails to do so within ten (10) days after receipt of such notice, and subject to all applicable laws, Lessor may enter upon Lessee's premises where the Equipment is kept and take possession of the Equipment and charge Lessee for costs incurred in repossessing the Equipment, including reasonable attorneys' fees. Lessee hereby expressly waives any damages occasioned by such repossession. Notwithstanding the fact that Lessor has taken possession of the Equipment, Lessee shall continue to be responsible for the Lease Payments due during the fiscal year then in effect; (c) if Lessor terminates this Agreement and takes possession and disposes of the Equipment or any portion thereof, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all expenses incurred in completing the disposition of the Equipment; (iii) any sales or transfer taxes; (iv) all costs and expenses incurred by Lessor to return the Equipment to the condition required by Paragraph 18 hereof; and (v) all Payments whether due or due in the future hereunder. Any disposition proceeds remaining after these disbursements have been made shall be paid to Lessee. In addition, Lessor may exercise any other right, remedy or privilege that may be available to Lessor under applicable law or, by appropriate court action at law or in equity, Lessor may enforce any of Lessee's obligations hereunder. Lessor's rights and remedies are cumulative and may be exercised concurrently or separately. No such right or remedy is exclusive of any other right or remedy permitted by this Agreement or by law or in equity.

14. **NOTICES.** For the purpose of this Agreement any notices required to be given, shall be given to the parties hereto in writing and by certified mail at the address herein set forth, or to such other addresses as each party may substitute by notice to the other, which notice shall be effective upon its receipt.

15. **DELIVERY; TITLE.** Lessee has advised Lessor of its desire to lease the Equipment, the cost of the Equipment, the expected delivery date and the desired lease terms for the Equipment. Lessee shall order such Equipment and shall cause such Equipment to be delivered pursuant to Lessee's directions. Lessor shall have no liability to Lessee, or to any other person for transportation, delivery or installation of the Equipment. Lessee shall bear the risk of loss with respect to any Equipment. Notwithstanding the designation of Caterpillar Financial Services Corporation as Lessor, Caterpillar Financial Services Corporation shall not own the Equipment. Unless applicable law requires to the contrary, legal title to the Equipment, including, if applicable, any software license component thereof shall, so long as an Event of Default or the termination of this Agreement pursuant to Paragraph 4 hereof has not occurred, and only as provided by law, is in Lessee. Upon the occurrence of an Event of Default or termination of this Agreement pursuant to Paragraph 4 hereof, full and unencumbered legal title to the Equipment shall pass to the Lessor without the necessity of further action by the parties hereto, and the Lessee shall have no further interest therein. In connection with the reversion of title to Lessor, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of Lessee's title and interest therein, and upon request by the Lessor, the Lessee shall deliver possession of the Equipment to the Lessor at Lessee's sole cost and expense and in the condition required by Paragraph 18 hereof.

16. **MISCELLANEOUS.** This Agreement may not be modified, amended, altered or changed except by a written agreement signed by both parties. In the event any provision hereof shall be invalid or unenforceable, the remaining provisions hereof shall remain in full force and effect. This Agreement, together with exhibits, constitutes the entire agreement between Lessee and Lessor and supersedes all prior and contemporaneous writings, understandings, agreements, solicitations, documents and representations, expressed or implied. Any terms and conditions of any purchase order or other documents submitted by Lessee in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on Lessor and will not apply to this Agreement.

17. **JURY TRIAL WAIVER.** THE PARTIES TO THIS AGREEMENT HEREBY UNCONDITIONALLY WAIVE, IN A KNOWING AND INTENTIONAL MANNER, THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT OR RELATED DOCUMENTS, ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER HEREOF OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN THEM.

18. **RETURN OF EQUIPMENT.** If Lessor is entitled to obtain possession of any Equipment or if Lessee is obligated at any time to return any Equipment, then (a) title to the Equipment shall vest in Lessor immediately upon Lessor's notice thereof to Lessee, and (b) Lessee shall, at its sole expense and risk, immediately de-install, disassemble, pack, crate, insure and return the Equipment to Lessor (all in accordance with applicable industry standards) at any location in the continental United States selected by Lessor. Such Equipment shall be in the same condition as when received by Lessee (ordinary wear and tear excepted), shall be in good operating order and maintenance as required hereby, shall be free and clear of any liens (except Lessor's lien) and shall comply with all applicable laws and regulations. Until Equipment is returned as required above, all terms of this Agreement shall remain in full force and effect including, without limitation, Lessee's obligation to pay Lease Payments and to insure the Equipment.

19. **OTHER DOCUMENTS.** In connection with the execution of this Agreement, Lessee shall cause to be delivered to Lessor (i) an Acceptance Certificate substantially in the form attached hereto as Attachment A; (ii) a certified copy of Lessee's Authorizing Resolution substantially in the form attached hereto as Attachment B, (iii) a Verification of Insurance substantially in the form attached hereto, (iv) an opinion of Lessee's counsel substantially in the form attached hereto as Attachment C, (v) a form 8038 G or 8038 GC as required under the Code, and (vi) any other documents or items required by Lessor.

20. **APPLICABLE LAW.** This Agreement shall be governed by and construed in accordance with the laws, excluding the laws relating to the choice of law, of the State.

Lessee:  
GILA COUNTY, AZ

Lessor:  
Caterpillar Financial Services Corporation

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

By: Michael A. Pastor  
Print Name

By: \_\_\_\_\_  
Print Name

Title: Chairman of the Board of Supervisors

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Physical Damage Insurance Coverage Information**  
**(Customer Copy)**

Before financing your equipment, you must arrange physical damage insurance on the equipment identified below. The insurance may be provided through an insurance agent or insurance company of your choice, provided the insurance company satisfies minimum financial requirements.

As an alternative to obtaining your own insurance, you may elect to have your equipment insured under coverage arranged by Caterpillar Insurance Services Corporation that has been designed specifically for the purchasers of Caterpillar equipment.

I hereby request and apply for information and a quote for physical damage insurance from Caterpillar Insurance Services Corporation for the following equipment in the following manner:

Model # Serial #	Equipment Description	Value Including Tax	Pymt Method-3 Total Premium	Pymt Method-1 Finance Pymt
A. 928Hz CXX00693	Caterpillar Wheel Loader	\$126,112.45	\$4,494.65	\$132.30
B.				
C.				
D.				

  
 Sharon Blair  
 Authorized Insurance Producer

**Policy Summary**

Please note: This is only a brief description of the Physical Damage Program. Contractual provisions contained in the policy will govern.

**Coverage**

Caterpillar Physical Damage Insurance protects your equipment against physical damage losses, including collision, fire, theft, vandalism, upset or overturn, floods, sinking, earthquakes and other unfortunate acts of nature. The protection has been designed for owners of heavy equipment and provides superior benefits you most likely would not find in other plans.

The Caterpillar Physical Damage Insurance does include normal exclusions. The exclusions included are wear and tear, rust, loss of income, war, nuclear damage, and mechanical breakdown, automobiles, watercraft, waterborne shipments, tires or tubes damaged by blow-out, puncture, and road damage.

**Repairs**

When a covered loss occurs, this plan will pay for Caterpillar replacement parts on all your new or used Caterpillar equipment. On all non-Caterpillar equipment, the plan will pay for comparable replacement parts.

## **Transportation**

Your Caterpillar plan will pay for round-trip transportation of covered damaged equipment to and from your Caterpillar dealer's repair facility, up to \$2,500 limit.

## **Rental**

The plan allows for rental costs up to \$2,500 that you incur to rent similar equipment following a covered loss. You are automatically protected with up to \$100,000 of coverage for damage to the similar equipment you rent.

## **Claims**

In the event of a total loss, the policy will pay the greatest of the following:

- The payoff value of the loan on the damaged parts or equipment as of the date of loss
- The actual cash value of that covered property; or
- The cost of replacing that property with property of like kind and quality

The policy will pay 10% of scheduled loss, up to a \$10,000 maximum for debris removal.

The policy will pay fire department service fees up to \$5,000.

## **Deductible**

\$1,000 Construction and Agricultural Equipment Deductibles:

\$5,000 deductible all logging Equipment

## **Customer Service**

If you have any questions or need additional details, see your Authorized Cat Dealer or call Cat Insurance toll free at **1-800-248-4228**. You may also e-mail Cat Insurance at [Cat.Insurance@cat.com](mailto:Cat.Insurance@cat.com).

### **POLICYHOLDER DISCLOSURE**

#### **NOTICE OF TERRORISM RISK INSURANCE ACT OF 2002**

(as extended by the Terrorism Risk Insurance Extension Act of 2005, and as amended in 2007)

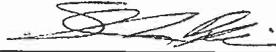
You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury – in concurrence with the Secretary of State, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended in 2007. However, your policy may contain other exclusions, which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your premium that is attributable to coverage for terrorist acts certified under the Act is: \$ None.

**APPLICATION FOR PHYSICAL DAMAGE INSURANCE COVERAGE**  
**(Return with Equipment Documents)**

Model # Serial #	Equipment Description	Value Including Tax	Pymt Method-3 Total Premium	Pymt Method-1 Finance Pymt
A. 928Hz CXX00693	Caterpillar Wheel Loader	\$126,112.45	\$4,494.65	\$132.30
B.				
C.				
D.				

  
 Sharon Blair, Authorized Insurance Producer

**Option A Arranged by Caterpillar Insurance Services Corporation**

I understand that the total insurance premium for 36 months will be \$4,494.65, which is \$1,498.22 per year based upon the total equipment value of \$126,112.45.

- Method 1  I will finance the insurance premium, including finance charges, of \$132.30 per scheduled equipment payment. The finance charge is calculated at 3.50% per annum on the total insurance premium covering the full term of the finance agreement. By choosing Option A, Method 1 and signing this document you are agreeing to finance the insurance along with the equipment payments.
- Method 2  I desire coverage for an initial 12 month term. I will pay the \$1,498.22 premium and return the payment with the signed equipment documents. Please make check payable to Caterpillar Insurance Company.
- Method 3  I will pay the total premium and return the payment with the signed equipment documents. Please make check payable to Caterpillar Insurance Company.

I understand that the quote I receive is not a binder of insurance. If I elect to obtain coverage from Caterpillar Insurance Services Corporation, coverage will be effective in accordance with the terms and conditions of the issued Policy and that I may terminate the coverage at any time with advance written notice.

I acknowledge that I have been notified that, under the TERRORISM RISK INSURANCE ACT of 2002 (as extended by the Terrorism Risk Insurance Extension Act of 2005), any losses caused by certified acts of terrorism under my policy will result in coverage under my policy that will be partially reimbursed by the United States as outlined in the attached policyholder disclosure notification.

I also acknowledge I have been advised that, if I accept this insurance, an appointed licensed insurance producer will receive commission compensation.

**Customer Name:** GILA COUNTY, AZ  
**Dealer Name:** EMPIRE SOUTHWEST, LLC

**Fraud Warning:**

All states other than: OH, VA, LA, NE, OK, OR, or VT,

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalties. (In DC, ME, and TN, insurance benefits may also be denied.)

**In OH:**

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**In VA:**

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Please note: If you have any questions or need additional details, please contact **1-800-248-4228**. In addition, if you would like a no obligation quote on your additional equipment, call Sharon Blair at 1-800-248-4228 ext. 5754.

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

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

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

Date: \_\_\_\_\_

*Please leave page blank*

**Option B**

I elect to obtain my own commercial insurance on the equipment shown below from the following agent and insurance company. I understand that the processing of this transaction may be held pending receipt and verification of this information.

Date \_\_\_\_\_

Customer's Name GILA COUNTY, AZ

Address 1400 E. ASH STREET

City GLOBE State AZ Zip 85501

Dealer Name EMPIRE SOUTHWEST, LLC

I have entered into the above agreement under which I am responsible for providing insurance against ALL RISKS of direct physical loss or damage for the actual cash value of the following equipment, subject to common exclusions such as damage caused by corrosion, rust, mechanical or electrical breakdown, etc. **Need a quote? Call Caterpillar Insurance Services 800-248-4228 extension 5754**

Model # Serial #	Equipment Description	Value Including Tax
A. 928Hz CXX00693	Caterpillar Wheel Loader	\$126,112.45
B.		
C.		
D.		

Arthur J. Gallegher & Co. Insurance Brokers of California, Inc.

Insurance Agency

Rose Unruh, Area Vice President

Insurance Agent's Name

15 Enterprise, STE 200

Street Address

Aliso Viejo, CA 92656

City

602-244-2233 XT303

State

602-244-2242

Zip

Agent's Phone Number

Fax Number

Rose\_Unruh@AJG.com

Agent's E-mail Address

**TO CUSTOMER'S INSURANCE AGENT**

I hereby instruct you to add Caterpillar Financial Services Corporation as a loss payee:

- To my existing policy number KTKCMB2965652210, which now provides the coverage required, or
- To a policy which you are authorized to issue in the name listed above which will provide the coverage required.

Caterpillar Financial Services Corp must be given written notice within 30 days of any cancellation or non-renewal. It is also understood and agreed that a breach of the insuring conditions by the customer, or any other person shall not invalidate the insurance to Caterpillar Financial Services Corporation.

Michael A. Pastor

Print Name

Customer Signature

Date

**PROCESSING OF THIS TRANSACTION MAY BE HELD PENDING RECEIPT OF THIS INFORMATION.**

**PLEASE FORWARD A COPY OF THE CERTIFICATE OR BINDER EVIDENCING COVERAGE TO:**

**CATERPILLAR FINANCIAL SERVICES CORPORATION  
2120 West End Avenue  
Nashville, TN 37203  
Fax #: (615) 341-1627**

**PLEASE ATTACH A COPY OF THIS NOTICE TO PROOF OF INSURANCE**



# EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YY)  
10/07/2010

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

<b>PRODUCER</b> Arthur J. Gallagher & Co. Insurance Brokers of California, Inc. 15 Enterprise, Ste 200 Aliso Viejo, CA 92656		PHONE (A/C. No. Ext): 1-800-955-8700 <b>COMPANY</b> TRAVELERS INDEMNITY CO	
<b>CODE:</b>	<b>SUB CODE:</b>	<b>AGENCY CUSTOMER ID #:</b>	
<b>INSURED</b> Gila County Attn: Linda Rodriguez 1400 E. Ash Street Globe, AZ 85501		<b>LOAN NUMBER</b>	<b>POLICY NUMBER</b> KTKCMB2965652210
		<b>EFFECTIVE DATE</b> 07/01/10	<b>EXPIRATION DATE</b> 07/01/11
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

**PROPERTY INFORMATION**

LOCATION/DESCRIPTION

**COVERAGE INFORMATION**

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Real and Business Personal Property - Policy Loss Limit	300,000,000	25,000
Sub-Limits:		
Contractors/Mobile Equipment	96,894,000	25,000
Boiler & Machinery	100,000,000	10,000
All Risk of Direct Physical Loss or Damage including Flood and Earthquake		
No Coinsurance		

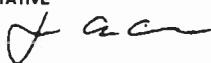
**REMARKS (Including Special Conditions)**

Re: Caterpillar Wheel Loader, model #928Hz; S# CXK00693 valued at \$126,112

**CANCELLATION**

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

**ADDITIONAL INTEREST**

<b>NAME AND ADDRESS</b> Caterpillar Financial Services Corporation 2120 W. End Avenue Nashville, TN 37203 USA	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> ADDITIONAL INSURED
	<input checked="" type="checkbox"/> LOSS PAYEE	
	<b>LOAN #</b>	
	<b>AUTHORIZED REPRESENTATIVE</b> 	

**CUSTOMER INFORMATION VERIFICATION**  
(Required Document)

In our efforts to continue providing timely customer service, we need your assistance confirming the following information. If any information is incorrect or missing, please note the necessary changes below and return this form with your signed documents. In addition, please review the Data Privacy Notice stated below. Thank you in advance for your cooperation.

Purchase Order # for new contract: \_\_\_\_\_

**Current Information on file**

**Please make corrections here**

Customer Name: **GILA COUNTY, AZ**

Physical Address: **1400 E. ASH STREET, ATTN PUBLIC WORKS**  
**GLOBE, AZ 85501**

Mailing Address: **1400 E. ASH STREET, ATTN PUBLIC WORKS**  
**GLOBE, AZ 85501**

Equipment Location: **1400 E ASH STREET**  
**GLOBE, AZ 85501, GILA**

Business Phone: **(928)402-8521**

Fed. ID # or SS #: **86-6000444**

E-mail Address: **SCOONS@CO.GILA.AZ.US**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*N. Highway 87-M.P. 263*  
*Buckhead Mesa Landfill, north of Payson*

*Shannon Coons (928) 402-8521*

*7.6% GILA County & STATE*

Accounts Payable Contact Name and Phone:

**Tax Information**

Sales Tax Rate: **9.6**

(Please note: Sales Tax Rate, includes all applicable State, County, and City sales tax)

City Limits **Asset outside the City Limits? Yes  No**

Tax Exemption Status:  Exempt  
 Non-Exempt

If you are tax exempt – please enclose a current tax exemption certificate to be returned with your documents – Not needed by CFSC if dealer ISC

Other Information:

\*Should the above changes apply to ALL of your contracts, OR for this contract ONLY?  
 ALL CONTRACTS  
 THIS CONTRACT ONLY

**THE ABOVE INFORMATION HAS BEEN REVIEWED AND IS ACCURATE TO THE BEST OF MY KNOWLEDGE WITH EXCEPTION OF ANY CORRECTIONS AS NOTED.**

*SEC*  
\_\_\_\_\_  
Customer Initials

Data Privacy Notice:

*This notice pertains to personal data supplied in connection with your credit application. By providing your information to Caterpillar Inc. or any of its subsidiaries or affiliates, including Caterpillar Financial Services Corporation (collectively "Caterpillar"), you are agreeing that the information may be shared among Caterpillar and its partners and dealers, and used to process your applications for credit and other orders and to improve or market Caterpillar products and services. If you have any questions pertaining to this notice, please contact the Data Privacy Coordinator at 615-341-8222.*

## CUSTOMER INFORMATION GUIDE

### Frequently Asked Questions

#### HAVE A QUESTION ABOUT YOUR ACCOUNT?

##### Option 1: Access AccountExpress Online

*Just follow these easy steps:*

- Go to [www.CatFinancial.com](http://www.CatFinancial.com)
- Select your country of residence
- Click on the **AccountExpress** link.
- 24 hours a day/7 days a week
- Obtain Information such as:
  - Check Balances
  - Calculate Payoffs
  - See Payment History
  - Check Interest Paid
  - Next Due Date

##### Option 2: Call our Toll Free Customer Support Line:

**Cat Financial—Customer Service**  
1-800-651-0567  
Monday – Friday  
7 a.m. – 6 p.m. CST

#### NEED A PAYOFF ON YOUR CONTRACT?

##### Option 1: Access AccountExpress Online

*Just follow these easy step:*

- Go to [www.CatFinancial.com](http://www.CatFinancial.com)
- Select your country of residence
- Click on the **AccountExpress** link

##### Option 2: Call our Toll Free Customer Support Line

**Cat Financial – Customer Service**  
1-800-651-0567  
Monday – Friday  
7 a.m. – 6 p.m. CST

#### WHAT ARE MY PAYMENT OPTIONS?

##### Option 1: Check or Money Orders via U.S. Mail

*Regular U.S. Mail, send to: (NO correspondence)*

Caterpillar Financial Services Corporation  
P.O. Box 100647  
Pasadena, CA 91189-0647

*Overnight Mail, send to:*

JP Morgan Lockbox Processing  
Caterpillar Lockbox #100647  
2710 Media Center Drive  
Building 6; Suite 120  
Los Angeles, CA 90065  
United States

##### Option 2: Direct Pay Automated Payment

*Just Follow these easy steps:*

- Go to [www.CatFinancial.com](http://www.CatFinancial.com)
- Select your country of residence
- Click on the **AccountExpress** link

##### Option 3: Pay online with AccountExpress

*Just follow these easy steps:*

- Go to [www.CatFinancial.com](http://www.CatFinancial.com)
- Select your country of residence
- Click on the **Account Express** link

##### Option 4: Wire Transfers

J.P. Morgan/Chase Manhattan  
ABA Routing #021-000021  
Account #910-2-469872

#### QUESTIONS ABOUT CAT INSURANCE?

Call 1-800-248-4228  
Monday – Friday  
7 a.m. – 6 p.m. CST

#### LATE CHARGES

*Payments are not considered paid until received. All payments received after the due date must include the late charge. Postal Delays do not result in a waiver of the late charges. Therefore, please allow adequate time for mail service.*

ATTACHMENT A

ACCEPTANCE CERTIFICATE

This Acceptance Certificate is executed and delivered by **GILA COUNTY, AZ** ("Lessee") in connection with the Governmental Equipment Lease-Purchase Agreement Transaction Number 1731398 (the "Agreement"), between Lessee and **Caterpillar Financial Services Corporation** ("Lessor").

Lessee hereby certifies that:

1. Capitalized terms used herein and not defined herein shall have the meanings assigned to them in the Agreement.

2. The Equipment: 1 928Hz Caterpillar Wheel Loader CXX00693 has been delivered to it, and has been inspected by it, and is in good working order and condition and is of the size, design, capacity and manufacture selected by it and meets the provisions of the purchase orders with respect thereto. Lessee hereby confirms it irrevocably accepts said items of Equipment "as-is, where-is" for all purposes of the Agreement as of the Acceptance Date set forth below.

3. The Equipment will be located at:

Buckhead Mesa Landfill at N. Hwy 87, M.P. 263, 1 mile east on FS 582, Gila County  
North of Payson, Arizona

4. The Acceptance Date is \_\_\_\_\_.

Lessee:

**GILA COUNTY, AZ**

Signature: \_\_\_\_\_

By : Michael A. Pastor  
Print Name

Title: Chairman of the Board of Supervisors

Date: \_\_\_\_\_

ATTACHMENT B

LESSEE'S AUTHORIZING RESOLUTION

Whereas, GILA COUNTY, AZ (the "Governmental Entity"), a body politic and corporate duly organized and existing as a political subdivision, municipal corporation or similar public entity of the State of Arizona (the "State"), is authorized by the laws of the State to purchase, acquire and lease personal property for the benefit of the Governmental Entity and its inhabitants and to enter into contracts with respect thereto; and

Whereas, in order to acquire such equipment, the Governmental Entity proposes to enter into a lease-purchase transaction pursuant to that certain Governmental Equipment Lease-Purchase Agreement (the "Agreement") with Caterpillar Financial Services Corporation, the form of which has been presented to the governing body of the Governmental Entity at this meeting:

Now, Therefore, Be It And It Is Hereby Resolved:

Section 1. Approval of Documents. The form, terms and provisions of the Agreement and all other schedules and exhibits attached thereto are hereby approved in substantially the form presented at this meeting, with such insertions, omissions and changes as shall be approved by counsel of the Governmental Entity or other members of the governing body of the Governmental Entity executing the same, the execution of such documents being conclusive evidence of such approval; and the persons holding the titles listed below or any other officer of the Governmental Entity who shall have the power to execute contracts on its behalf are hereby authorized and directed to execute, acknowledge, countersign and deliver the Agreement and all exhibits attached thereto, and the Secretary/Clerk of the Governmental Entity is hereby authorized to attest to the foregoing and affix the seal of the Governmental Entity to such documents.

Section 2. Other Actions Authorized. The officers and employees of the Governmental Entity shall take all action necessary or reasonably required by the parties to the Agreement to carry out, give effect to and consummate the transactions contemplated thereby and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Agreement.

Section 3. No General Liability. Nothing contained in this Resolution, the Agreement, or any other instrument shall be construed with respect to the Governmental Entity as incurring a pecuniary liability or charge upon the general credit of the Governmental Entity or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Agreement, or any other instrument or document executed in connection therewith impose any pecuniary liability upon the Governmental Entity or any charge upon its general credit or against its taxing power, except to the extent that the payments payable under the Agreement are special limited obligations of the Governmental Entity as provided in the Agreement.

Section 4. Authorized Signatories. Following are the true names, correct titles and specimen signatures of the incumbent officers referred to in the foregoing resolution:

Name (Print or Type)	Title (Print or Type)	Signature
Michael A. Pastor	Chairman of the Board of Supervisors	_____
Approved as to Form: Bryan B. Chambers	Chief Deputy County Attorney for Daisy Flores, County Attorney	_____

Section 5. Effective Date. This Resolution shall be effective immediately upon its approval and adoption. This Resolution was adopted and approved on \_\_\_\_\_.

Signature: \_\_\_\_\_  
Secretary /Clerk

Attest:  
Name Printed: Marian Sheppard, Chief Deputy Clerk

Date: \_\_\_\_\_

**VERIFICATION OF INSURANCE**

Lessor:  
Caterpillar Financial Services Corporation  
2120 West End Avenue  
Nashville, TN 37203-0001

Lessee:  
**GILA COUNTY, AZ**  
**1400 E. ASH STREET**  
**ATTN PUBLIC WORKS**  
**GLOBE, AZ 85501**

Subject: Insurance Coverage Requirements

1. The above-named Lessor and Lessee have entered into Governmental Equipment Lease-Purchase Agreement Transaction Number 1731398 (the "Agreement"). In accordance with the Agreement, Lessee has instructed the insurance agent named below:

Company: Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.

Address: 15 Enterprise, STE 200; Aliso Viejo, CA 92656

Phone No: 602-244-2233 XT303

Agent's Name: Rose Unruh, Area Vice President

to issue:

a. All Risk Physical Damage Insurance on the Equipment (as defined in the Agreement) evidenced by a Certificate of Insurance and Long Form Loss Payable Clause naming the Lessor and/or its Assignee, as loss payee.

The Coverage Required: the aggregate purchase price for the Equipment.

b. Public Liability Insurance evidenced by a Certificate of Insurance, naming the Lessor and/or its Assignee as Additional Insured, with a minimum of \$1,000,000 per occurrence is required.

2. Proof of insurance coverage will be provided to Lessor or its Assignee prior to the time the Equipment is delivered to Lessee.

Lessee:  
**GILA COUNTY, AZ**

Signature: \_\_\_\_\_

By : Michael A. Pastor  
Print Name

Title: Chairman of the Board of Supervisors

Date: \_\_\_\_\_



## AMENDMENT TO GOVERNMENTAL LEASE-PURCHASE AGREEMENT

This is an Amendment to Governmental Lease-Purchase Agreement ("Amendment") dated as of \_\_\_\_\_, 2010 is by and between CATERPILLAR FINANCIAL SERVICES CORPORATION ("Lessor") and the GILA COUNTY in the State of Arizona ("Lessee").

WHEREAS, Lessee executed that certain Governmental Lease-Purchase Agreement with Lessor (the "Agreement"), dated as of \_\_\_\_\_, 2010; and

WHEREAS, Lessee and Lessor desire to amend the Agreement with respect to the matters hereinafter specified.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessee and Lessor agree to amend the Agreement as follows:

1. Capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Agreement.
2. Section 20 of the Agreement is hereby amended by adding the following at the end:  
  
"This Agreement shall be subject to the cancellation provisions of A.R.S. § 38-511."
3. In the event of any conflict or inconsistency between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall control. Except as provided herein, the Agreement shall remain unchanged and in full force and effect in accordance with its terms. It is specifically understood and agreed that the foregoing shall not be deemed to be a waiver or amendment of any other provision of the Agreement or any of Lessor's rights or remedies under the Agreement.
4. This Amendment shall be effective as of the date first set forth above.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective duly authorized officers as of the date first set forth above.

Lessee:  
**GILA COUNTY, ARIZONA  
BOARD OF SUPERVISORS**

Lessor:  
**CATERPILLAR FINANCIAL  
SERVICES CORPORATION**

\_\_\_\_\_  
**Michael A. Pastor  
Chairman of the Board of Supervisors**

\_\_\_\_\_  
**Signature**

Date: \_\_\_\_\_

\_\_\_\_\_  
**Please Print Name**

**ATTEST:**

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

\_\_\_\_\_  
Marian Sheppard,  
Chief Deputy Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Bryan B. Chambers, Chief Deputy County Attorney  
*for* Daisy Flores, Gila County Attorney

## CATERPILLAR FINANCIAL SERVICES CORPORATION

EMPIRE SOUTHWEST, LLC  
1725 COUNTRY CLUB DRIVE  
P. O. BOX 2985  
PHOENIX AZ 85602

Reference: GILA COUNTY, AZ

We are requesting a copy of the minutes of the appropriation meeting during which the funds for this deal were allocated.

A copy of this information is necessary to complete the documentation package and to fund the deal. Your ability to return a complete package will ensure timely payment to you.

Thank you for your assistance.

CATERPILLAR FINANCIAL SERVICES CORPORATION  
DOCUMENTATION DEPARTMENT



**PURCHASE AGREEMENT**

This Purchase Agreement, Transaction Number 1731398, is between **EMPIRE SOUTHWEST, LLC** ("Vendor") and **Caterpillar Financial Services Corporation** ("Cat Financial"). Vendor agrees to sell to Cat Financial and Cat Financial agrees to buy from Vendor the equipment described below (the "Unit(s)"), subject to the terms and conditions set forth below and on the reverse side hereof.

<u>Description of Unit(s)</u>		<u>Serial#</u>	<u>Freight</u>	<u>Total Price</u>
(1)928Hz	Caterpillar Wheel Loader Documentation Fee	CXK00693	\$0.00	\$75,200.00 \$325.00

**Lessee:**  
**GILA COUNTY, AZ**  
  
**1400 E. ASH STREET**  
**ATTN PUBLIC WORKS**  
 «M\_205»  
 «M\_206»  
**GLOBE, AZ 85501**

**Subtotal** \$75,525.00  
**Tax** 0.00  
**Total Purchase Price** \$75,525.00

**Unit(s) Delivery Point:**  
**1400 E. ASH STREET**  
**GLOBE, AZ 85501, GILA**

**See next page for additional terms and conditions.**

**EMPIRE SOUTHWEST, LLC**

**Caterpillar Financial Services Corporation**

(Vendor)

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name (PRINT) \_\_\_\_\_

Name (PRINT) \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

## ADDITIONAL TERMS AND CONDITIONS

1. The lessee named on the front hereof (the "Lessee") has selected the Unit(s), instructed Cat Financial to purchase the Unit(s) from Vendor, and agreed to lease the Unit(s) from Cat Financial.

2. Cat Financial (or its assignee) will have no obligation hereunder (and any sums previously paid by Cat Financial to Vendor with respect to the Unit(s) shall be promptly refunded to Cat Financial) unless (a) all of the conditions set forth in Section 1.3 (if a master lease agreement) or Section 1 (if a non-master lease agreement) of the lease with the Lessee covering the Unit(s) have been timely fulfilled and (b) the Lessee has not communicated to Cat Financial (or its assignee), prior to "Delivery" (as hereinafter defined) of the Unit(s), an intent not to lease the Unit(s) from Cat Financial. All conditions specified in this paragraph shall be deemed timely fulfilled unless prior to Delivery of the Unit(s), Cat Financial (or its assignee) shall notify Vendor to the contrary in writing, which shall include fax or email. "Delivery" shall mean the later of the time (a) Cat Financial executes this Purchase Agreement or (b) the Lessee or its agent takes control and/or physical possession of the Unit(s).

3. Upon timely satisfaction of the conditions specified in Paragraph 2 above, ownership, title and risk of loss to the Unit(s) shall transfer to Cat Financial (or its assignee) upon Delivery of the Unit(s).

4. Vendor warrants that (a) upon Delivery of the Unit(s), Cat Financial (or its assignee) will be the owner of and have absolute title to the Unit(s) free and clear of all claims, liens, security interests and encumbrances and the description of the Unit(s) set forth herein is correct and (b) the Unit Transaction Price set forth on the front hereof for each unit of Unit(s) leased under a lease is equal to such Unit(s)'s fair market value.

5. Vendor shall forever warrant and defend the sale of the Unit(s) to Cat Financial (or its assignee), its successors and assigns, against any person claiming an interest in the Unit(s).

6. Provided that no event of default exists under any agreement between Lessee and Cat Financial and upon timely satisfaction of the conditions specified in Paragraph 2 above, and unless otherwise agreed to in this Purchase Agreement, Cat Financial (or its assignee) shall pay Vendor the total Purchase Price set forth on the front hereof for the Unit(s) within three business days following (a) the receipt and approval by Cat Financial of all documentation deemed necessary by Cat Financial in connection with the lease transaction and (b) all credit conditions have been satisfied.

7. Vendor shall deliver the Unit(s) to the Lessee at the delivery point set forth on the front hereof.

8. This Purchase Agreement may be assigned by Cat Financial to a third party. Vendor hereby consents to any such assignment.

9. This Purchase Agreement shall become effective only upon execution by Cat Financial.

**Caterpillar Financial Services Corporation**

**Finance Proposal**

**CUSTOMER**

Name: GILA COUNTY EQUIP PURCHASE

Address .....  
 City .....  
 State .....  
 Zip code .....  
 County .....

Good if:  
 Acknowledged by ..... Dec-15-10  
 Funded by ..... Dec-15-10

**DEALER**

EMPIRE SOUTHWEST, LLC  
 Sales person .....  
 Dealer contact .....  
 Telephone .....

Quote number ..... 315-4830  
 Fax number .....  
 Quote date ..... 09/15/2010  
 Quote time ..... 18:22:54

**FINANCE PROPOSAL**

This is Caterpillar Financial Services Corporation's confirmation of the following finance proposal. This is a proposal only and is subject to credit approval, execution of documentation, and execution and approval of the application survey.

Financing type ..... GOVERNMENTAL  
 Number of payments ..... 36 Monthly  
 Payments ..... in Arrears

Quoted by ..... h160cet  
 Report created by ..... h160cet

	Model	Ann. Hours	Qty	Sale Price	Down Payment	Amount Financed	Payment	Balloon	Fixed Rate
RC	928Hz	1000	1	125,900.00	50,700.00	75,525.00	2,213.01	1.00	3.5000
	Model	Insurance	Payment w/Insurance						
RC	928Hz	132.30	2,345.31						

The estimate for insurance is provided through Caterpillar Insurance Company (Provided by Westchester Insurance Company in Rhode Island) and is not an offer to contract for insurance.

**CONDITIONS**

- Insurance:** The customer must provide evidence of physical damage and liability insurance in an amount and from an insurance carrier satisfactory to CFSC. CFSC must be named on the policies, as loss payee and additional insured, as applicable, and a certificate of insurance, in form and substance acceptable to CFSC, must be provided to CFSC.
- Taxes:** All taxes are the responsibility of the customer and may or may not be included in the above payment amount.
- Equipment:** The equipment cannot be delivered until all documents are executed by CFSC. All equipment must reside in the United States at all times.
- Approval:** This proposal is subject to, among other things, final pricing, credit approval and document approval by CFSC.

The terms and conditions outlined herein are not all-inclusive and are based upon information provided to date. This proposal may be withdrawn or modified by Lessor at anytime. This proposal does not represent an offer or commitment by CFSC to enter into a transaction or to provide financing, and does not create any obligation for CFSC. A commitment to enter into the transaction described herein may only be extended by CFSC after this transaction has been approved by all appropriate credit and other authorities within CFSC.

Please indicate your acceptance of this proposal by executing this proposal and returning it to my attention along with the Proposal Fee at the address below. Please be sure to indicate which financing option you have accepted.

Caterpillar Financial Services Corporation  
 2120 West End Avenue, Nashville, TN 37203  
 (615)-341-1000

We appreciate the opportunity to provide you a proposal for this transaction.

Proposed by:

Acknowledged by:

\_\_\_\_\_  
 Caterpillar Financial Services Corporation

\_\_\_\_\_  
 GILA COUNTY EQUIP PURCHASE

\_\_\_\_\_  
 Date

**EXHIBIT 2**  
**Concluding Payment Schedule to**  
**Governmental Agreement**

Quote number ..... 315-4830

Dated \_\_\_\_\_, 20\_\_

between  
**Caterpillar Financial Services Corporation**  
 and  
**GILA COUNTY EQUIP PURCHASE**

**Description of Unit: 1 Caterpillar 928Hz serial # CXK00693**

Number of Payments Made	Beginning Balance	Payment Amount	Balloon	Interest 3.50000%	Concluding Payment (*)
0	75,525.00	0.00	0.00	0.00	75,525.00
1	75,525.00	2,213.01	0.00	220.28	73,532.27
2	73,532.27	2,213.01	0.00	214.46	71,533.72
3	71,533.72	2,213.01	0.00	208.64	69,529.35
4	69,529.35	2,213.01	0.00	202.79	67,519.13
5	67,519.13	2,213.01	0.00	196.93	65,503.05
6	65,503.05	2,213.01	0.00	191.05	63,481.09
7	63,481.09	2,213.01	0.00	185.15	61,453.23
8	61,453.23	2,213.01	0.00	179.23	59,419.45
9	59,419.45	2,213.01	0.00	173.31	57,379.75
10	57,379.75	2,213.01	0.00	167.35	55,334.09
11	55,334.09	2,213.01	0.00	161.39	53,282.47
12	53,282.47	2,213.01	0.00	155.40	51,224.86
13	51,224.86	2,213.01	0.00	149.40	49,161.25
14	49,161.25	2,213.01	0.00	143.39	47,091.63
15	47,091.63	2,213.01	0.00	137.35	45,015.97
16	45,015.97	2,213.01	0.00	131.29	42,934.25
17	42,934.25	2,213.01	0.00	125.22	40,846.46
18	40,846.46	2,213.01	0.00	119.13	38,752.58
19	38,752.58	2,213.01	0.00	113.03	36,652.60
20	36,652.60	2,213.01	0.00	106.90	34,546.49
21	34,546.49	2,213.01	0.00	100.76	32,434.24
22	32,434.24	2,213.01	0.00	94.59	30,315.82
23	30,315.82	2,213.01	0.00	88.42	28,191.23
24	28,191.23	2,213.01	0.00	82.22	26,060.44
25	26,060.44	2,213.01	0.00	76.01	23,923.44
26	23,923.44	2,213.01	0.00	69.77	21,780.20
27	21,780.20	2,213.01	0.00	63.52	19,630.71
28	19,630.71	2,213.01	0.00	57.26	17,474.96
29	17,474.96	2,213.01	0.00	50.96	15,312.91
30	15,312.91	2,213.01	0.00	44.66	13,144.56
31	13,144.56	2,213.01	0.00	38.34	10,969.89
32	10,969.89	2,213.01	0.00	31.99	8,788.87
33	8,788.87	2,213.01	0.00	25.63	6,601.49
34	6,601.49	2,213.01	0.00	19.25	4,407.73
35	4,407.73	2,213.01	0.00	12.85	2,207.57
36	2,207.57	2,214.01	1.00	6.44	0.00
		<u>79,669.36</u>	<u>1.00</u>	<u>4,144.36</u>	

(\*) Does not include any rent payment or other amount then due.

Initialed: \_\_\_\_\_  
 (Lessee)



Quote ID :3154830 Official Conforming Date Created : September 15, 2010 Quote Description : GILA COUNTY EQUIP PURCHASE  
 Model(s) / Serial Number(s): 928Hz CXX / CXX00693

**Asset Finance**

Reference Number:3154830 Asset Model: 928Hz CXX  
 Quote Status: Official Conforming Asset Description:Wheel Loader  
 Quote Description: GILA COUNTY EQUIP PURCHASE Asset Quantity: 1  
 Balloon: \$1.00 [Residual based on (1) model(s)]

	Financed	Non Financed	Amount To Dealer
Asset Price:	\$125,900.00		
Attachments Price:	\$0.00		
Total Asset Price:	\$125,900.00		
Cash Down Payment (-):	\$28,700.00		
Net Trade In (-):	\$22,000.00		
Rentals Allowed (-):			
Rental Interest (+):			
Net Rental (-):	\$0.00		
Repairs (+):			
Other Expenses (+):			
Total Down Payment (-):	\$50,700.00		
Sales Tax:			
Property Tax:			
Other Tax:			
Total Tax:	\$0.00	\$0.00	\$0.00
Document Fee:	\$325.00		\$175.00
Filing Fee:			
Stamp Fee:			
Freight Fee:			
Fee Totals:	\$325.00	\$0.00	\$175.00
Amount Per Unit:	\$75,525.00	\$0.00	
Amount For All Units:	\$75,525.00	\$0.00	

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)

► See separate instructions.

OMB No. 1545-0720

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 <b>GILA COUNTY - ARIZONA</b>		2 Issuer's employer identification number (EIN) <b>8616000444</b>
3 Number and street (or P.O. box if mail is not delivered to street address) <b>1400 E. ASH ST.</b>	Room/suite	4 Report number (For IRS Use Only) <b>3</b>
5 City, town, or post office, state, and ZIP code <b>GLOBE, AZ 85501</b>		6 Date of issue
7 Name of issue <b>NOT TAX EXEMPT</b>		8 CUSIP number
9 Name and title of officer of the issuer or other person whom the IRS may call for more information		10 Telephone number of officer or other person ( )

Part II Type of Issue (enter the issue price) See 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**

- |            |  |  |
|------------|--|--|
| <b>35</b>  |  |  |
| <b>36a</b> |  |  |
| <b>37a</b> |  |  |
- 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 ▶ \_\_\_\_\_
- 37** Pooled financings: **a** Proceeds of this issue that are to be used to make loans to other governmental units . . . . .
- b** If this issue is a loan made from the proceeds of another tax-exempt issue, check box  and enter the name of the issuer ▶ \_\_\_\_\_ and the date of the issue ▶ \_\_\_\_\_
- 38** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . .
- 39** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . .
- 40** If the issuer has identified a hedge, check box . . . . .

**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.

▶ *Shannon E. Coons*      10-6-2010      ▶ SHANNON E. COONS  
 Signature of issuer's authorized representative      Date      P.W. Fiscal Svc Manager  
 Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code ▶	EIN :		Phone no. ( )

Caterpillar Financial Services Corporation  
This information completes the document set.  
ID: 3154830 10/05/2010 4:56 PMCT

\*\*\*\*\*

GILA COUNTY, AZ  
1400 E. ASH STREET  
ATTN PUBLIC WORKS  
GLOBE AZ 85501  
County:

EMPIRE SOUTHWEST, LLC  
1725 COUNTRY CLUB DRIVE  
P. O. BOX 2985  
PHOENIX, AZ 85602

Description of Equipment:  
(1) 928Hz

Caterpillar Wheel Loader

CXK00693

**For questions regarding the filing of UCC(s) please contact your CFSC representative.**

Federal Tax ID# CFSC: 37-1105865

Federal Tax ID# Dealer:

Federal Tax ID# Customer: 86-6000444

\*\*\*\*\*

**FOR CUSTOMERS CLAIMING EXEMPTION FROM SALES AND USE TAX:**

AN EXEMPTION CERTIFICATE MUST BE ATTACHED OR ON FILE WITH CFSC. THE CERTIFICATE MUST BE MADE OUT TO "CATERPILLAR FINANCIAL SERVICES CORPORATION"; INCLUDE THE REGISTRATION NUMBER OF THE CUSTOMER FOR THE STATE IN WHICH THE EQUIPMENT IS LOCATED; STATE THE REASON FOR THE EXEMPTION; AND BE SIGNED AND DATED BY A CORPORATE OFFICER OR AUTHORIZED PERSONNEL WITH THE CUSTOMER. TO VERIFY THAT A CERTIFICATE IS ON FILE, CONTACT THE CFSC TAX DEPARTMENT ON 615-341-8451.

\*\*\*\*\*

List of documents and quantities included in this package:

(1)RPGVCKLST, (1)GOVLEASE, (1)CISCICSF, (1)CUVER, (1)EXPTRKLT, (1)GOVACCEPT, (1)GOVAUTH, (1)GOVINS, (1)GOVOPCO, (1)LTR043, (1)PA0010STD

Comments: