

**10. CONSIDERATION OF A RESOLUTION APPROVING
THE FINANCING OF SCHOOL BUSES**

Attached herewith please find a copy of the resolution consenting to and approving the financing of the school buses according to the terms you accepted last month from Capital One. While subject to annual appropriation, the resolution expresses your intention to make sufficient annual appropriations to the School Board to make the payments due under the equipment lease.

Based on an expected purchase price of \$81,268 each, the annual payment in FY 2014 is estimated at \$65,247 and will increase to \$69,908 each of the following six years – the lease will be fully paid on June 30, 2020.

MOTION REQUIRED: A motion is required to adopt the attached resolution.

Mike Johnson

From: Mike Johnson
Sent: Monday, July 08, 2013 3:49 PM
To: Dallas Jones; Ronnie West; Alan Edwards; Carl Faison; Bruce Phillips; Barry Porter (bporter@southamptoncounty.org); Glenn Updike
Cc: aparrish@mail.southampton.k12.va.us; Lynette Lowe; joyc@southampton.k12.va.us
Subject: School Buses
Attachments: School Board Resolution - Southampton 2013 School Bus Lease.pdf; Board of Supervisors Resolution - Southampton School Bus Lease.pdf; Equipment Lease Purchase Agreement - Southampton School Bus Lease.pdf; Acquisition Fund and Account Control Agreement - Southampton School Bus Lease.pdf; Preliminary Southampton Numbers 7 8 2013.pdf

Gentlemen,

Attached for your reference, please find advance draft copies of a number of the closing documents associated with purchase of the school buses. The School Board will be considering its resolution at tonight's meeting and the BOS resolution will be on your agenda for July 22. These are the mechanics of the transaction:

1. Your FY 2014 adopted budget included \$70,000 in the School Board Budget under category 67000 (Debt Service) for financing the school buses;
2. The School Board will consider and adopt the attached resolution agreeing to finance the buses in accordance with the terms presented to you last month by Capital One;
3. The School Board is the actual Lessee and will assume responsibility for making the lease payments;
4. The Board of Supervisors will consider and adopt its resolution on July 22 acknowledging its intention to appropriate sufficient funding to the School Board over the life of the agreement (7 years) to allow them to make the lease payments;
5. Upon closing, Capital One will deposit the loan proceeds into an "Acquisition Fund" which is administered by Deutsche Bank National Trust Company. These proceeds may be used only for paying the costs of issuance and for purchasing the buses;
6. The School Board will file a "Form of Disbursement Request" to pay the closing costs and to pay for the buses once they're delivered and accepted;
7. Deutsche will pay the closing costs and the bus vendor with proceeds in the Acquisition Fund once they receive a certified "Form of Disbursement Request" from the School Board;
8. The Board of Supervisors will appropriate the funding necessary to make the first year's payment when it adopts its semiannual appropriation resolution in December;
9. The School Board will make its first payment by June 30, 2014, currently estimated at \$65,247, and subsequent annual payments currently estimated at \$69,908 by June 30 each of the following 6 years;
10. The School Board takes title to the buses immediately, subject to a lien by Capital One until the loan is completely repaid.

Please let me know if you have any questions or concerns.

Michael W. Johnson
County Administrator
Southampton County
26022 Administration Center Drive
Courtland, VA 23837
(757) 653-3015
www.southamptoncounty.org

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SOUTHAMPTON, VIRGINIA APPROVING THE
FINANCING OF CERTAIN PUBLIC SCHOOL BUSES

WHEREAS, the Southampton County School Board (the "School Board") and the Board of Supervisors of the County of Southampton, Virginia (the "County") have determined that it is advisable to acquire certain public school buses (the "Equipment") pursuant to an Equipment Lease Purchase Agreement (the "Equipment Lease") to be entered into between Capital One Public Funding, LLC (the "Lessor") and the School Board to finance the cost of the Equipment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SOUTHAMPTON, VIRGINIA:

1. Lease Financing. The Board of Supervisors consents to and approves the financing of the Equipment substantially on the terms set forth in the proposal of the Lessor, dated June 21, 2013 with such modifications as the Chairman of the Board of Supervisors and the County Administrator, or either of them, deems necessary or desirable (the "Proposal").

2. Authorization and Execution of Documents. The County Administrator and the Chairman of the Board of Supervisors, or either of them, or such officers as either of them may designate are authorized to execute and deliver on behalf of the County such escrow agreement or similar agreement providing for the deposit and expenditure of proceeds of the Equipment Lease and such instruments, agreements, consents, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution; and all of the foregoing previously done or performed by such officers or agents of the County, are approved, ratified and confirmed.

3. Appropriations to School Board. While recognizing that it is not empowered to make any binding commitment beyond the current fiscal year of the County, it is the current intention of the Board of Supervisors to make sufficient annual appropriations to the School Board to enable the School Board to make all payments due under the Equipment Lease. The Board of Supervisors directs the County Administrator or other officer charged with the responsibility of preparing the County's budget to include in the budget for each fiscal year of the County during the term of this Agreement a request that the Board of Supervisors appropriate to the School Board in the fiscal year the amount of payments due under the Equipment Lease during such fiscal year.

4. Nature of Obligations. Nothing in this Resolution or the Equipment Lease shall constitute a debt of the County and the School Board shall not be obligated to make any payments under the Equipment Lease except from amounts appropriated therefor. Nothing in this Resolution or the Equipment Lease shall constitute a pledge of the full faith and credit of the County.

5. Effective Date. This Resolution shall take effect immediately.

At a regular meeting of the Board of Supervisors of Southampton County, Virginia, held on the 22nd day of July, 2013, the following Board of Supervisors members were recorded as present:

PRESENT:

On motion by _____, seconded by _____, the foregoing Resolution was adopted by a majority of the members of the Board of Supervisors by the following recorded vote:

MEMBER

VOTE

Clerk, Board of Supervisors, County of
Southampton, Virginia

EQUIPMENT LEASE PURCHASE AGREEMENT

THIS EQUIPMENT LEASE PURCHASE AGREEMENT, (as amended or supplemented from time to time, this "Agreement") is dated July 24, 2013 between CAPITAL ONE PUBLIC FUNDING, LLC, (the "Lessor") and the SCHOOL BOARD OF THE COUNTY OF SOUTHAMPTON, VIRGINIA, a governmental organization, the Lessee ("the Lessee").

WITNESSETH:

WHEREAS, the Lessee proposes to enter into this Agreement to finance the cost of the acquisition of public school buses;

NOW, THEREFORE, for and in consideration of the premises and of the covenants hereinafter contained, and other good and valuable considerations, the mutual parties hereto agree as follows:

SECTION 1 - DEFINITIONS

For purposes of this Agreement and any related documents, the following definitions will apply:

1.1 Acquisition Fund. The account created pursuant to the Acquisition Fund Account and Control Agreement, dated the date hereof among the Lessor, the Lessee and Deutsche Bank Trust Company Americas, as escrow agent.

1.2 Acquisition Fund Custodian. Deutsche Bank Trust Company Americas, its successors and assigns.

1.3 Bond Counsel. The law firm of McGuireWoods LLP, or such other nationally recognized bond counsel as may be selected by the Lessee and reasonably acceptable to the Lessor.

1.4 Agreement. This Equipment Lease Purchase Agreement dated July __, 2013.

1.5 Code. The Internal Revenue Code of 1986, as amended.

1.6 County. The County of Southampton, Virginia.

1.7 Commencement Date. The date a sum equal to the Costs of the Equipment is deposited in the Acquisition Fund by the Lessor.

1.8 Costs of the Equipment. The total cost of financing the Equipment, including the costs of preparation of this Agreement.

1.9 Equipment. The personal property described in Schedule A to this Agreement that is now or may hereafter from time to time become attached hereto and incorporated herein by reference, together and with any and all additions, modifications, attachments, replacements and parts thereof.

1.10 Lease Term. The period of time described in Section 3 of this Agreement.

SECTION 2 - LEASE

The Lessor hereby rents and leases to the Lessee, and the Lessee hereby rents and leases from the Lessor, the Equipment listed on Schedule A attached hereto and incorporated herein by reference. The Lessee shall be entitled to possession of each piece of the Equipment constituting a part of the Equipment and may retain possession of the Equipment so long as the Lessee is not in default under this Agreement and the Lessee has not failed to appropriate any amounts required to be paid by it hereunder. THIS LEASE IS NOT A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY OF SOUTHAMPTON, VIRGINIA, AND DOES NOT CREATE ANY OBLIGATION ON THE PART OF THE LESSEE EXCEPT AS SPECIFICALLY STATED HEREIN. THE LESSEE HAS NO TAXING POWER.

SECTION 3 - LEASE TERM

The lease term shall commence on the date hereof and shall terminate, except as otherwise expressly provided herein, on July 24, 2020, unless sooner terminated pursuant to the provisions of Section 14.1(c) of this Agreement or upon payment by the Lessee of the outstanding principal balance as provided for in Section 17 hereafter.

SECTION 4 - RENTAL PAYMENTS

4.1 Amount and Times of Payment. As rental for the Equipment, the Lessee hereby agrees to pay the Lessor the annual installments in the amounts and on the dates shown on Schedule I.

4.2 Place of Payments. All rental payments required to be made to the Lessor hereunder shall be made at the Lessor's principal office or as may be otherwise directed by the Lessor or its assignee by draft, debit or wire transfer.

4.3 Abatement of Rental Payments. There will be no abatement or reduction of rental payments by the Lessee for any reason, including but not limited to, any defense, recoupment, set off, counterclaim, or any claim arising out of or related to any defects, damages, malfunctions, breakdowns or infirmities of the Equipment. The Lessee assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, it being the intention of the parties that the rental payments shall be made in all events unless the obligation to make rental payments is terminated as otherwise provided herein.

4.4 Allocation of Interest. A portion of each rental payment shall be allocated to interest as set forth on Schedule I, with the imputed interest based on a 360 day year and twelve 30-day months.

SECTION 5 - ACQUISITION FUND

On the date hereof, an amount equal to the Costs of the Equipment will be deposited by the Lessor into the Acquisition Fund. Amounts on deposit in the Acquisition Fund will be

invested at the direction of the Lessee and will be used by the Acquisition Fund Custodian to pay the Costs of the Equipment and to pay associated financing costs upon submission to the Lessor and the Acquisition Fund Custodian of a written request therefor accompanied by an appropriate invoice. Any moneys remaining in the Acquisition Fund after payment of the Costs of the Equipment and financing costs shall be used by the Lessee to purchase such additional equipment as may be approved by the Lessor or to make rental payments under this Agreement.

SECTION 6 - RESPONSIBILITIES OF LESSEE

6.1 Care and Use. The Lessee shall use the Equipment in a careful and proper manner, in compliance with all applicable laws and regulations, and at its sole cost and expense, service, repair and maintain the Equipment so as to keep the Equipment in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted, and shall replace any part of the Equipment as may from time to time become worn out, lost, stolen, destroyed or damaged or is unfit for use. Any and all additions to or replacements of the Equipment and all parts thereof shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement. If requested by the Lessor, the Lessee shall enter into or cause to be entered into, and maintained in full force and effect during the term of this Agreement, standard maintenance contracts satisfactory to the Lessor covering the Equipment and shall comply with all its obligations thereunder. The Lessee shall furnish evidence to the Lessor of any such signed maintenance agreement at or prior to the date of this Agreement and the payment of all charges and premiums therefor. Upon the early termination of this Agreement pursuant to Sections 13 or 14, the Lessee shall permit the Lessor to remove the Equipment from the premises in the same condition as originally received, ordinary wear and tear excepted, and in such a condition which will permit the Lessor to be eligible for any applicable standard maintenance contract without incurring any expense to repair or rehabilitate the Equipment.

6.2 Inspection. The Lessor shall have the right upon reasonable prior notice to the Lessee to enter into and upon the premises where the Equipment is located to inspect the Equipment and observe its use during normal business hours.

6.3 Utilities. The Lessee shall pay all charges for gas, water, steam, electricity, light, heat or power, telephone or other utility service, if any, furnished to or used in connection with the Equipment during the term of this Agreement. There shall be no abatement of rental payments on account of interruption of any such services.

6.4 Taxes. The Lessee agrees to pay when due any and all taxes relating to the Equipment and the Lessee's obligations hereunder, including but not limited to, all license or registration fees, gross receipts tax, sales and use tax, if applicable, license fees, documentary stamp taxes, rental taxes, assessments, charges, ad valorem taxes, excise taxes, and all other taxes, licenses and charges imposed on the ownership, possession or use of the Equipment by any governmental body or agency, together with any interest and penalties, other than taxes on or measured by the net income of the Lessor.

6.5 Alterations. Without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, the Lessee shall not make any alterations, modifications or

attachments to the Equipment which cannot be removed without materially damaging the functional capabilities or economic value of the Equipment. Upon return of the Equipment and at the Lessor's request, the Lessee at its sole cost and expense, will remove all alterations, additions and attachments and repair the Equipment as necessary to return the Equipment to the condition in which it was furnished, ordinary wear and tear excepted.

6.6 Transportation and Installation Charges. The Lessee shall be responsible for all charges relating to the transportation of the Equipment to the Lessee's location and the installation at such location.

6.7 Insurance. The Lessee shall continuously maintain at its sole cost and expense insurance on the Equipment covering such risks as are customarily insured against by reasonable and prudent government bodies of like size for such equipment, and in such amounts at a minimum equal to the outstanding principal amount under this Agreement with such deductibles as required, and with such insurance companies as shall be reasonably satisfactory to the Lessor. All insurance for loss or damage shall provide that losses if any, shall be payable to the Lessor. Reasonable evidence of all required liability insurance shall be provided to the Lessor. The Lessee shall pay the premiums therefor and deliver to the Lessor the policies of insurance or duplicates thereof or other evidence reasonably satisfactory to the Lessor of such insurance coverage. Each insurer shall also agree by endorsement upon the policy or policies issued by it that it will give thirty (30) days prior written notice to the Lessor of cancellation, non-renewal, or material modification of such policy and ten (10) days prior written notice for nonpayment of premium. The proceeds of such insurance, at the option of the Lessor, shall be applied: (a) toward the replacement, restoration or repair of the Equipment, or (b) toward payment of the obligations of the Lessee hereunder. The Lessee hereby appoints the Lessor as the Lessee's attorney-in-fact to make claim for, receive payment of, and execute all documents, checks or drafts received in payment of loss or damage under any such insurance policy. If all or any part of the Equipment constitutes motor vehicles, such required insurance shall include without limitation comprehensive automobile liability coverage, medical payments coverage, uninsured motorist coverage and physical damage coverage to include comprehensive and collision and any other insurance as may be required from time to time by any government authority as a condition or in connection with Lessee's use of the Equipment. In lieu of the insurance policies described above, and with the consent of the Lessor, which consent shall not be unreasonably withheld, the Lessee may self-insure the Equipment by means of a self-insurance program whereby funds are set aside and maintained for the purpose of self-insuring the property of the Lessee.

6.8 Risk of Loss. The Lessee shall bear all risk of loss to the Equipment, and in the event of loss or damage thereto, the Lessee shall, subject to Section 14, continue to make the rental payments due hereunder and repair or replace the Equipment as mutually agreed between the Lessee and the Lessor.

6.9 Performance by the Lessor of the Lessee's Responsibilities. Any performance required of the Lessee or any payments required to be made by the Lessee, if not timely performed or paid, may be performed or paid by the Lessor, and in that event, the Lessor shall be immediately reimbursed by the Lessee for these payments and for any costs and expense, legal or otherwise, associated with the payments or other performance by the Lessor, with interest thereon at such reasonable rate of interest as may be determined by the Lessor.

6.10 Financial Statements. The Lessee and the County agree that they will furnish the Lessor at such reasonable times as the Lessor shall request current financial statements of the Lessee and the County (including without limitation the Lessee's and the County's annual budgets as submitted or approved), and permit the Lessor or its agents and representatives to inspect the Lessee's and the County's books and records and make extracts therefrom. The Lessee represents and warrants to the Lessor that all financial information which has been delivered to the Lessor, if any, accurately reflects the Lessee's financial condition and there has been no material adverse change in Lessee's financial condition as reflected in the information since the date thereof. The County represents and warrants to the Lessor that all financial information which has been delivered to the Lessor, if any, accurately reflects the County's financial condition and there has been no material adverse change in County's financial condition as reflected in the information since the date thereof.

SECTION 7 - EQUIPMENT

7.1 Title. Title to the Equipment and any and all additions, repairs, replacements or modifications thereto, shall be deemed to be vested in the Lessee subject to the rights of the Lessor hereunder from and after the date of the acceptance of the Equipment so long as the Lessee shall not be in default hereunder and/or this Agreement shall not have been terminated pursuant to the provisions of Section 14 hereof, and shall vest permanently in the Lessee upon the payment of all rental payments, free and clear of any lien or security interest of the Lessor therein. Immediately upon the occurrence of an event of default by the Lessee hereunder or the termination of this Agreement under Section 14, title to the Equipment (and all additions, repairs, replacements or modifications thereto) shall revert to the Lessor, free and clear of any right, title or interest of the Lessee unless the Lessor elects otherwise, without the necessity of any further action or the execution of any documents by the parties.

7.2 Security Agreement. To secure all obligations of the Lessee hereunder, the Lessee hereby grants to the Lessor a security interest in any and all of the Lessee's right, title and interest in and to this Agreement, the Equipment, all additions, attachments, accessions, substitutions and replacements thereto, and rental payments due or to become due hereunder, and any and all proceeds thereof, including without limitation, the proceeds of insurance thereon. The Lessee agrees to execute and deliver all documents, instruments and financing statements necessary or appropriate to perfect or maintain the security interest granted hereby. At the request of the Lessor, the Lessee will keep and maintain a conspicuous marking or tag on the Equipment that a security interest therein is held by the Lessor.

7.3 Personal Property. The Equipment is, and shall at all times be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to, or imbedded in, or permanently resting upon, real property or any building thereon or any fixtures, or attached in any manner to what is permanent by any means of cement, plaster, nails, bolts, screws or otherwise. Upon request of the Lessor, Lessee shall obtain, as to any place where the Equipment is located, a waiver from the landlord and mortgagee thereof with respect to any rights they may have in and to the Equipment or the rights of levy or seizure thereon.

7.4 Liens. The Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, security interest, encumbrance or claim on or with respect to the Equipment or any interest therein, except for the lien and security interest of the Lessor therein created under this Agreement. The Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, security interest, charge, encumbrance, or claim if the same shall arise at any time.

7.5 Acceptance of Equipment. As each item of Equipment is delivered to the Lessee, the Lessee will inspect such Equipment and deliver to the Lessor an acceptance certificate in form and substance acceptable to the Lessor.

SECTION 8 - WARRANTIES AND REPRESENTATIONS OF THE LESSEE

The Lessee warrants and represents to the Lessor as follows, which representations and warranties shall be continuing.

(a) The Lessee is a political subdivision within the meaning of Section 103(c) of the Code and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such.

(b) The Lessee is authorized under the Constitution and laws of the Commonwealth of Virginia to enter into this Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder.

(c) The execution and delivery of this Agreement by or on behalf of the Lessee has been duly authorized by all necessary action of the governing body of the Lessee, and the Lessee has obtained such other approvals and consents as are necessary to consummate this Agreement. The Lessee further represents and warrants that all requirements have been met and procedures have been followed in order to ensure the enforceability of this Agreement.

(d) The Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition of the Equipment hereunder, including without limitation, the provisions of the Virginia Public Procurement Act.

(e) The Lessee shall cause to be executed and delivered to the Lessor an opinion of Bond Counsel and an incumbency certificate in form and substance reasonably satisfactory to the Lessor.

(f) The Lessee has an immediate need for, and expects to make immediate use of all of the Equipment which need is not temporary or expected to diminish during the term of this Agreement.

(g) The execution, delivery and performance of this Agreement and transactions contemplated herein will not violate any judgment, order, law or regulation applicable to the Lessee or result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bond, loan or credit agreement or other instrument to which the Lessee is a party or by which it is bound.

(h) There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee in any court or before any governmental commission, board or authority which, if adversely determined, would have a material adverse effect on the ability of the Lessee to perform its obligations hereunder.

(i) The Equipment is essential to and will be used only for the purpose of performing one or more governmental functions of the Lessee consistent with the scope of the Lessee's authority and will not be used in a trade or business of any person or entity.

(j) The Equipment is, and shall remain during the term of this Agreement, personal property.

(k) The Lessee will promptly and duly execute and deliver to the Lessor such further documents, instruments and assurances and take such further action as the Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor hereunder.

(l) The aggregate amount of the rental payments due under this Agreement during the current fiscal year of the Lessee have been, and are, included in the Lessee's budget for such fiscal year for which an appropriation has been made by the Lessee.

SECTION 9 - WARRANTIES AND REPRESENTATIONS OF THE LESSOR

The Lessor warrants and represents to the Lessee as follows, which representations and warranties shall be continuing.

(a) The Lessor is a financial institution duly incorporated and in good standing with the Commonwealth of Virginia and is duly authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

(b) The Lessor has full power and authority to enter into this Agreement and this Agreement constitutes a valid, legal and binding obligation of the Lessor, enforceable in accordance with its terms.

SECTION 10 - TAX COVENANTS

(a) The parties assume that the Lessor can exclude the interest component of the rental payments from Federal gross income. The Lessee covenants and agrees that it will not permit the Equipment to be directly or indirectly used for a private business use within the meaning of Section 141 of the Code and comply with all provisions and regulations applicable to excluding interest from federal gross income pursuant to Section 103 of the Code.

(b) The Lessee further covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest portion of the rental payments made hereunder under Section 103 of the Code. The Lessee will not directly or indirectly use or permit the use of any proceeds available from the Lessor or any other funds of the Lessee, or take or omit to take any action that

would cause the lease purchase obligation evidenced by this Agreement to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. To that end, the Lessee will comply with all requirements of Section 148 of the Code to the extent applicable to this Agreement.

SECTION 11 - GENERAL INDEMNIFICATION

To the extent permitted by law, the Lessee hereby agrees to indemnify, protect and save the Lessor harmless from all liability, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including attorneys' fees, arising out of, connected with, or resulting directly or indirectly from the Equipment, including without limitation, the manufacture, selection, delivery, possession, condition, lease, use, operation or return of the Equipment. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations due under this Agreement. Notwithstanding the foregoing, the Lessee does not waive any sovereign immunity or other defense which may be available to it under applicable law and any payments required hereunder shall be subject to appropriation of moneys by the School Board and the County for such purpose.

SECTION 12 - DISCLAIMER OF WARRANTIES

12.1 No Representations by the Lessor. The Lessee acknowledges and agrees that it has selected each item, type, quality, quantity and supplier of Equipment based upon information available to it and disclaims any reliance upon any statements or representations made by the Lessor, and agrees that the Equipment is of a design, size, quality and capacity required by the Lessee and is suitable for its purposes.

12.2 Disclaimer. THE LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE EQUIPMENT OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT, AND, AS TO THE LESSOR, THE LESSEE LEASES THE EQUIPMENT FROM THE LESSOR AS IS.

12.3 Assignment of Manufacturer's Warranties. Notwithstanding the foregoing, the Lessor hereby agrees to assign to the Lessee, solely for the purpose of making and prosecuting any such claim, all of the Lessor's rights, if any, against the manufacturer or supplier of the Equipment for breach of warranty or other representation respecting the Equipment to the extent the same are assignable.

SECTION 13 - DEFAULT AND REMEDIES

13.1 Definition of Default. The Lessee shall be deemed to be in default hereunder upon the happening of any of the following events of default, which default (other than a default under Section 13.1(a)) is not cured within thirty (30) days after receipt of written notice thereof (an "Event of Default").

(a) The Lessee shall fail to make any rental payment or pay any other sum under this Agreement within ten (10) days after its due date.

(b) The Lessee shall fail to perform or observe any term or condition or covenant of this Agreement.

(c) Proceedings under any bankruptcy, insolvency, reorganization or similar litigation shall be instituted by or against the Lessee, or a receiver, custodian or similar officer shall be appointed for the Lessee or any of its property, and such proceedings or appointments shall not be vacated, or fully stayed, within sixty (60) days after the institution or occurrence thereof.

(d) Any warranty, representation or statement made by the Lessee is found to be incorrect or misleading in any material respect on the date made.

(e) An attachment, levy or execution is levied upon or against the Equipment.

(f) Any insurance carrier cancels any insurance on the Equipment which is required hereunder without the Lessee first providing replacement coverage.

(g) The Equipment or any part thereof is abused, illegally used, misused, lost, destroyed or damaged beyond repair.

13.2 Remedies on Default. Upon the occurrence of any Event of Default, the Lessor may exercise any one or more of the following remedies as the Lessor in its sole discretion shall elect.

(a) Declare the entire amount of rental payments hereunder immediately due and payable as to any or all items of Equipment without notice or demand to the Lessee.

(b) Proceed by appropriate court action to enforce performance by the Lessee of the applicable covenants of this Agreement or to recover for the breach thereof including the payment of rental payments due or to become due hereunder or any deficiency therefor following disposition of the Equipment.

(c) Reenter and take possession of the Equipment wherever situated without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the Lessee, and apply the proceeds of any such sale, lease, sublease, or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under this Agreement.

(d) Terminate this Agreement as to all or any part of the Equipment and use, operate, lease or hold the Equipment as the Lessor in its sole discretion may decide.

13.3 Further Remedies. A termination hereunder shall occur only upon notice by the Lessor to the Lessee and only with respect to such portion or portions of the Equipment as the Lessor specifically elects to terminate in such notice. Except as to those parts of the Equipment with respect to which there is a termination, this Agreement shall remain in full force and effect and the Lessee shall be and remain liable for the full performance of all its obligations hereunder.

All remedies of the Lessor are cumulative and may be exercised concurrently or separately. The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy.

SECTION 14 - NON-APPROPRIATION

14.1 Nature of Obligations of the Lessee.

(a) Except as otherwise provided in this Section, the obligation of the Lessee to make rental payments and all other payments provided for in this Agreement and to perform its obligations under this Agreement will be absolute and unconditional, and such rental payments and other amounts will be payable without any rights of set-off, recoupment or counterclaim that the Lessee might have against the Lessor or any other person and whether or not the Equipment is used by the Lessee or available for use by the Lessee.

(b) While recognizing that it is not empowered to make any binding commitment beyond the current fiscal year of the Lessee, it is the current intention of the Lessee to make sufficient annual appropriations during the Lease Term to pay all rental payments and other amounts required to be paid by the Lessee under this Agreement. Notwithstanding anything in this Agreement to the contrary, the Lessee's obligation to pay the cost and expense of performing its obligations under this Agreement, including without limitation its obligations to pay all rental payments and all other amounts required to be paid by the Lessee under this Agreement, are subject to and dependent upon appropriations being made from time to time by the County and the Lessee for such purpose. The Lessee directs the Superintendent or other officer charged with the responsibility of preparing the Lessee's budget to include in the budget for each fiscal year of the Lessee during the Lease Term a request that Board of Supervisors of the County and the Lessee appropriate in the fiscal year the amount of rental payments and other payments due under this Agreement during such fiscal year. The Lessee shall notify the Lessor in writing each year during the Lease Term that such budget request has been made as soon as practicable following the approval of the Lessee's annual budget. If at any time during any fiscal year of the Lessee, the amount appropriated in the budget of the Lessee for the fiscal year is insufficient to pay when due the rental payments and other amounts due under this Lease, the Lessee directs the Superintendent (or other officer charged with responsibility for preparing the Lessee's budget) to submit to the Lessee or the County, as appropriate, at its next scheduled meeting, or as promptly as practicable, but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficit. The Lessor acknowledges that the Lessee has no taxing power and the Lessee's ability to appropriate moneys to make payments hereunder is dependent upon receipt of sufficient appropriations from the Board of Supervisors of the County.

(c) Failure to make any payments hereunder as a result of non-appropriation shall not be deemed to be an Event of Default, but such failure shall entitle the Lessor to exercise any one or more of the remedies set forth in Sections 13.2(b), (c) or (d).

14.2 Notice of Appropriation. The Lessee shall give notice to the Lessor by no later than June 30 of each year of the amount budgeted and appropriated by this Lessee for all payments required to be made by the Lessee under this Agreement in the Fiscal Year

commencing on the immediately succeeding July 1 and whether such amount is sufficient to meet all such required payments during such period.

SECTION 15 - ASSIGNMENT

15.1 Assignment By Lessee. The Lessee agrees not to sell, assign, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance upon or against any interest in this Agreement or the Equipment (except for the lien and security interest of the Lessor therein) or to remove the Equipment from its place of installation without the Lessor's prior written consent which shall not be unreasonably withheld.

15.2 Assignment By The Lessor. The Lessor may, at any time and from time to time, assign all or any part of its interest in the Equipment or this Agreement, including without limitation, the Lessor's rights to receive the rental payments and any additional payments due and to become due hereunder. The Lessee agrees that this Agreement may become part of a pool of agreement obligations at the Lessor's or its assignee's option. The Lessor or its assignees may assign or reassign either the entire pool or any partial interest herein. Notwithstanding the foregoing, no assignment or reassignment in the Equipment or this Agreement shall be effective unless and until the Lessee shall receive a duplicate original counterpart of the document by which such assignment or reassignment is made disclosing the name and address of each such assignee. The Lessee agrees to execute any document reasonably required by the Lessor in connection with any assignment. The Lessor agrees that it will not make any assignment of its interest in this Agreement that constitutes a "distribution" for purposes of any securities or blue sky laws or that would result in more than a single payee unless it obtains the prior written consent of the Lessee and complies with any such applicable laws or regulations.

After the giving of notice described above to the Lessee, the Lessee shall make all payments in accordance with the notice to the assignee named therein and shall, if so requested, acknowledge such assignment in writing, but such acknowledgment shall in no way be deemed necessary to make the assignment effective.

SECTION 16 - NATURE OF AGREEMENT

The Lessor and the Lessee agree that it is their intention that, for federal income tax purposes, the interest of the Lessor in the Equipment is as a secured party and the interest of the Lessee is as a debtor, and that the Lessor neither has nor will have any equity in the Equipment. It is the agreement of the Lessor and the Lessee that the aggregate rental payments provided for hereunder constitute the purchase price of the Equipment together with the interest on the unamortized amount thereof over the term of this Agreement, that each installment of rent constitutes principal and interest, which fully amortizes the purchase price of the Equipment, together with interest, over the term of this Agreement, and that upon the due and punctual payment and performance of the rental payments and other amounts and obligations under this Agreement, title to the Equipment shall vest permanently in Lessee as provided in this Agreement, free and clear of any lien or security of the Lessor therein.

SECTION 17 - OPTION TO PURCHASE

The Lessee is granted a non-assignable option to purchase on an as is and where is basis all of the Equipment at anytime, thereby vesting title to the purchased Equipment permanently in Lessee, for a purchase price as set forth below. Upon payment of such purchase price, the Lease Term and this Agreement shall terminate.

This option to purchase may be exercised by the Lessee anytime during the Lease Term and is conditioned upon:

(a) the Lessee's having performed all of the terms and conditions of the Agreement between the parties other than the payment of monies not yet due and payable under this Agreement;

(b) the Lessee's giving written notice to the Lessor of its election to exercise the option not less than thirty (30) days prior to the date of exercise of the option by the Lessee; and

(c) the Lessee's payment of an amount equal to 102% of the unpaid principal components shown in Schedule I plus all unpaid interest components including any pro rata portion thereof to the payment date.

SECTION 18 - MISCELLANEOUS

18.1 Waiver. No covenant or condition of this Agreement can be waived except by the written consent of the Lessor. Any failure of the Lessor to require strict performance by the Lessee or any waiver by the Lessor of any terms, covenants or agreements herein shall not be construed as a waiver of any other breach of the same or of any other term, covenant or agreement herein.

18.2 Severability. In the event any portion of this Agreement shall be determined to be invalid under any applicable law, such provision shall be deemed void and the remainder of this Agreement shall continue in full force and effect.

18.3 Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the Commonwealth of Virginia.

18.4 Notice. All notices made or required to be given pursuant to this Agreement shall be in writing and shall be deemed duly served if and when mailed, certified or registered mail, postage prepaid, return receipt requested, to the other party at its address set forth above or at such other address as such party shall hereafter designate in writing.

If to the Lessor, address to:

Capital One Public Funding, LLC
275 Broadhollow Road, 4th Floor
Melville, New York 11747
Attention: Cathy DeLuca

If to the Lessee, address to:

School Board
Southampton County Schools
21308 Plank Road
P.O. Box 96
Courtland, Virginia 23837
Attention: Superintendent

18.5 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

18.6 Entire Agreement. This Agreement, together with any schedules hereto, constitutes the entire agreement between the parties and shall not be modified, amended, altered or changed except by written agreement signed by the parties.

18.7 Binding Effect. Subject to the specific provisions of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

18.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

18.9 No Third Party Beneficiaries. This Agreement and any documents or certificates executed in connection with, or pursuant to, it are intended only for the benefit of the Lessor and the Lessee, and no rights are intended, or shall be deemed to be, granted to any other parties thereby.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

LESSOR:

CAPITAL ONE PUBLIC FUNDING, LLC

By: _____
Title:

LESSEE:

**SCHOOL BOARD OF THE COUNTY OF
SOUTHAMPTON, VIRGINIA**

By: _____
Title: Superintendent

ACKNOWLEDGED AND AGREED TO:

COUNTY OF SOUTHAMPTON, VIRGINIA

By: _____
Title: County Administrator

SCHEDULE A

DESCRIPTION OF EQUIPMENT

SCHEDULE I

PRINCIPAL AND INTEREST COMPONENTS

ACQUISITION FUND AND ACCOUNT CONTROL AGREEMENT

This Acquisition Fund and Account Control Agreement (this "Agreement"), dated July 24, 2013, by and among CAPITAL ONE PUBLIC FUNDING, LLC, a _____ corporation (together with its successors and assigns, hereinafter referred to as "Lessor"), the SCHOOL BOARD OF THE COUNTY OF SOUTHAMPTON, VIRGINIA (hereinafter referred to as "Lessee") and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation (hereinafter referred to as "Acquisition Fund Custodian").

Reference is made to that certain Equipment Lease Purchase Agreement, dated July 24, 2013, between Lessor and Lessee (the "Lease"), covering the acquisition and financing of certain Equipment described therein (the "Equipment"). Capitalized terms used herein not otherwise defined are used with the meanings given in the Lease. Lessee and Lessor have agreed that an amount equal to the Costs of the Equipment (\$_____) (the "Lease Proceeds") shall be deposited on the date of this Agreement into an account or accounts held by the Acquisition Fund Custodian under terms satisfactory to Lessor, for the purpose of fully funding the Lease, and providing a mechanism for the application of such amounts to the purchase of and payment for the Equipment or the costs of issuing the Lease (the "Costs of Issuance").

The parties agree as follows:

1. Creation of Acquisition Fund.

(a) The Acquisition Fund Custodian shall establish an account or accounts for the purposes stated herein, into which the Lease Proceeds shall be deposited and invested for the benefit of Lessor and Lessee, which account shall be held, disbursed and returned in accordance with the terms hereof (the "Acquisition Fund"). The parties acknowledge and agree that all amounts in the Acquisition Fund are deposits of public funds and shall be held by the Acquisition Fund Custodian and all intermediaries in accordance with applicable federal and state law and regulations.

(b) The Acquisition Fund Custodian shall invest and reinvest moneys on deposit in the Acquisition Fund in Qualified Investments in accordance with written instructions received from Lessee. Initially, the Acquisition Fund Custodian shall invest and reinvest moneys on deposit in the Acquisition Fund in _____, until otherwise notified in writing by the Lessee to invest in another Qualified Investment. Lessee shall be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Acquisition Fund Custodian for the reinvestment of any maturing investment. Accordingly, neither the Acquisition Fund Custodian nor Lessor shall be responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Acquisition Fund, and Lessee agrees to and does hereby release the Acquisition Fund Custodian and Lessor from any such liability, cost, expenses, loss or claim. Interest on the Acquisition Fund shall become part of the Acquisition Fund, and gains and losses on the investment of the moneys on deposit in the Acquisition Fund shall be borne by the Acquisition Fund. "Qualified Investments" means

investments permitted for funds of a local government under the laws of the Commonwealth of Virginia, including, but not limited to, the Virginia State Non-Arbitrage Program.

(c) Unless the Acquisition Fund is earlier terminated in accordance with the provisions of paragraph (d) below, amounts in the Acquisition Fund shall be disbursed by the Acquisition Fund Custodian in payment of amounts described in Section 2 hereof upon receipt of written authorization(s) from Lessor, as is more fully described in Section 2 hereof. If the amounts in the Acquisition Fund are insufficient to pay such amounts, Lessee shall provide any balance of the funds needed to complete the acquisition of the Equipment and to pay Costs of Issuance. The Acquisition Fund Custodian shall have no obligation to notify Lessor or Lessee of any such shortfall and it shall be the sole responsibility of Lessee to supplement the Acquisition Fund as necessary to complete the Equipment acquisition and the payment of the Costs of Issuance. Any moneys remaining in the Acquisition Fund after acquisition of the Equipment shall be applied as provided in Section 4 hereof. The Acquisition Fund Custodian shall not be responsible for any market decline in the value of the Acquisition Fund and has no obligation to notify Lessor or Lessee of any such decline or take any action with respect to the Acquisition Fund, except upon specific written directions stated herein. In the event that conflicting instructions as to the disposition of all or any portion of the Acquisition Fund are at any time given by Lessor and Lessee, the Acquisition Fund Custodian shall abide by the instructions or entitlement orders given by Lessor without consent of Lessee.

(d) The Acquisition Fund shall be terminated at the earlier of (i) the final distribution of amounts in the Acquisition Fund, or (ii) written notice given by Lessor of the occurrence of a default or of a termination of the Lease due to non-appropriation.

(e) The Acquisition Fund Custodian may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Acquisition Fund Custodian shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Acquisition Fund Custodian, and for the disposition of the same in accordance herewith.

(f) Lessor and Lessee agree that as long as the Acquisition Fund Custodian shall have acted (or refrained from acting) in good faith and in accordance with the instructions given to it by Lessor and Lessee, or, if conflicting instructions are given, then those given to it by Lessor, it shall not be liable for any error of judgment in any action taken, suffered or omitted by, or for any mistake of fact or law, unless such action or inaction constitutes gross negligence or willful misconduct. In no event shall the Acquisition Fund Custodian be liable for indirect, special or consequential damages of any kind whatsoever (including lost profits and lost business opportunities).

(g) Unless the Acquisition Fund Custodian is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee agrees (to the extent permitted by law) to and does hereby release and indemnify the Acquisition Fund Custodian and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in

equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Acquisition Fund Custodian under this Agreement; and in connection therewith, does to the extent permitted by law indemnify the Acquisition Fund Custodian against any and all expenses; including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

(h) If Lessee and Lessor shall be in disagreement about the interpretation of the Lease, or about the rights and obligations, or the propriety of any action contemplated by the Acquisition Fund Custodian hereunder, the Acquisition Fund Custodian may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Acquisition Fund Custodian shall be reimbursed by Lessee for all costs, including reasonable attorneys' fees, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under the Lease until a final judgment in such action is received.

(i) The Acquisition Fund Custodian may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel.

(j) Lessee shall reimburse the Acquisition Fund Custodian for all reasonable costs and expenses, including those of the Acquisition Fund Custodian's attorneys, agents and employees incurred for extra-ordinary administration of the Acquisition Fund and the performance of the Acquisition Fund Custodian's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Acquisition Fund, or otherwise related to the exercise of the Acquisition Fund Custodian's powers and duties hereunder.

(k) Upon the prior written agreement of Lessor and Lessee, a national banking association located in the United States or a state bank or trust company organized under the laws of a state of the United States, qualified as a depository for public funds, may be substituted to act as Acquisition Fund Custodian under this Agreement, and any substitution shall not be deemed to affect the rights or obligations of the parties hereto. Upon any such substitution, the Acquisition Fund Custodian agrees to assign to such substitute custodian its rights and obligations under this Agreement. The Acquisition Fund Custodian or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation, which shall be a date not less than 30 days after such notice is deposited in the United States mail with postage fully prepaid, unless an earlier resignation date and the appointment of a successor shall have been or are approved by Lessee and Lessor. Upon delivery of such notice, the Acquisition Fund Custodian shall be under no further obligation except to hold the Acquisition Fund in accordance with the terms of this Agreement, pending receipt of written instructions from Lessor regarding further disposition of the Acquisition Fund. Except as otherwise specifically provided herein, the Acquisition Fund Custodian may not delegate, transfer or assign any of the rights, duties, powers or remedies granted to the Acquisition Fund Custodian hereunder without the prior written consent of Lessee and Lessor.

(l) The Acquisition Fund Custodian shall have no discretion whatsoever with respect to the management, disposition or investment of the Acquisition Fund and is not a trustee or fiduciary to Lessee. The Acquisition Fund Custodian shall have no responsibilities,

obligations or duties other than those expressly set forth in this Agreement, and no fiduciary or implied duties, responsibilities or obligations shall be read into this Agreement.

(m) The Acquisition Fund Custodian shall be excused from failing to act or delay in acting, and no such failure or delay shall constitute a breach of this Agreement, or otherwise give rise to any liability of Acquisition Fund Custodian if (i) such failure or delay is caused by circumstances beyond Acquisition Fund Custodian's reasonable control, including, but not limited to legal constraint, emergency conditions, action or inaction of governmental, civil or military authority, fire, strike, lockout or other labor dispute, war, riot, theft, flood, earthquake or other natural disaster, breakdown of public or common carrier communications or transmission facilities, equipment failure, or gross negligence or willful misconduct of Lessor or Lessee, or (ii) such failure or delay resulted from Acquisition Fund Custodian's reasonable belief based upon the advice of counsel that the action would have violated any guideline, rule or regulation of any governmental authority.

2. Acquisition of Property.

(a) Acquisition Contracts. Lessee will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition of the Equipment, with moneys available in the Acquisition Fund. Lessee represents to Lessor that the estimated costs of the Equipment are within the funds estimated to be available therefor, and Lessor makes no warranty or representation with respect thereto. Lessor shall have no liability under any of the acquisition contracts. Lessee shall obtain all necessary permits and approvals, if any, for the acquisition, equipping and installation of the Equipment, and the operation and maintenance thereof.

(b) Authorized Acquisition Fund Disbursements. Disbursements from the Acquisition Fund shall be made for the purpose of paying (including the reimbursement to Lessee for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring the Equipment and paying for the Costs of Issuance. The Acquisition Fund Custodian shall not be responsible for monitoring the use of the funds disbursed from the Acquisition Fund.

(c) Lessee Requisition Procedure. No disbursement from the Acquisition Fund shall be made unless and until Lessor has approved such requisition. Prior to disbursement from the Acquisition Fund, there shall be filed with the Acquisition Fund Custodian a requisition for such payment in the form of Disbursement Request attached hereto as Schedule 1, stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due. Each such requisition shall be signed by an authorized representative of Lessee (an "Authorized Representative") and by Lessor, and shall be subject to the following:

1. Delivery to Lessor of a certificate of Lessee to the effect that:

- (i) an obligation in the stated amount has been incurred by Lessee, and that the same is a proper charge against the Acquisition Fund for costs relating to the Equipment identified in the Lease or for Costs of Issuance, and has not been paid; (ii) the Authorized Representative has no notice

of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made; (iii) such requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date of such certificate, entitled to retain; and (iv) the Equipment is insured in accordance with the Lease;

2. Delivery to Lessor of an Acceptance Certificate executed by Lessee, together with any bill of sale and invoice therefor as required by Section 7.5 of the Lease;
3. There shall exist no Event of Default (nor any event which, with notice or lapse of time or both, would become an Event of Default);
4. Lessee shall certify to Lessor that Lessee has lawfully budgeted and appropriated funds for the purpose of meeting its Rental Payment obligations under the Lease during Lessee's then current fiscal year; and
5. No material adverse change in Lessee's or County's financial condition shall have occurred since the date of the Lease.

The Acquisition Fund Custodian shall be under no obligation to verify that Lessee has complied with the requisition procedure described in this Section 2 or that any information set forth in the Disbursement Request is accurate and complete, and shall rely solely on Lessor's and Lessee's respective signatures on the Disbursement Request as evidencing Lessor's approval of the Disbursement Request and Lessor's and Lessee's authorization to make the disbursements to the payee or payees as described therein. The Acquisition Fund Custodian shall have a commercially reasonable time period to act on the instruction and disburse the funds as directed.

3. Deposit to Acquisition Fund. On the date of this Agreement, Lessor will cause the Lease Proceeds to be deposited in the Acquisition Fund. Lessee agrees to pay any costs with respect to the Equipment and Costs of Issuance in excess of amounts available therefor in the Acquisition.

4. Excess in Acquisition Fund. Following the final disbursement from the Acquisition Fund for payment of the Costs of the Equipment, including any additional Equipment to be acquired with Lease Proceeds pursuant to Section 5 of the Lease, or termination of the Acquisition Fund as otherwise provided herein, the Acquisition Fund Custodian shall transfer any remaining amounts in the Acquisition Fund to Lessor to be used to pay rental payments due under the Lease. Lessor shall be responsible for application of such remaining amounts to payment of Lessee's obligations owed under the Lease in accordance with Sections 4 and 5 of the Lease.

5. Security Interest. The Acquisition Fund Custodian and Lessee acknowledge and agree that the Acquisition Fund and all proceeds thereof are being held by Acquisition Fund Custodian for disbursement or return as set forth herein. Lessee hereby grants to Lessor a first

priority security interest in the Acquisition Fund, and all proceeds thereof, and all investments made with any amounts in the Acquisition Fund. If the Acquisition Fund, or any part thereof, is converted to investments as set forth in this Agreement to be held by Acquisition Fund Custodian, such investments shall be held by Acquisition Fund Custodian in the name of Lessee, and the Acquisition Fund Custodian hereby agrees to hold any such investments as bailee for Lessor so that Lessor is deemed to have possession of such investments for the purpose of perfecting its security interest.

6. Control of Acquisition Account. Lessor, Lessee and Acquisition Fund Custodian are entering into this Agreement in order to perfect Lessor's security interest in any portion of the Acquisition Fund held by Acquisition Fund Custodian by means of control as defined in Article 8 of the Uniform Commercial Code. In order to perfect Lessor's security interest by means of control in (i) the Acquisition Fund established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Acquisition Fund, (iii) all of Lessee's rights in respect of the Acquisition Fund, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), Lessor, Lessee and Acquisition Fund Custodian further agree as follows:

(a) All terms used in this Section 6 which are defined in the Commercial Code of the Commonwealth of Virginia ("Commercial Code") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) Acquisition Fund Custodian will comply with all written instructions and entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee. Receipt of written instructions from Lessor to disburse all or any portion of the Acquisition Fund in accordance with a Disbursement Request or entitlement order shall constitute authorization to the Acquisition Fund Custodian to redeem investments held with the Acquisition Custodian or its affiliates to the extent necessary to comply with such request, and shall constitute authorization to deliver the proceeds of such redemption to Lessee's deposit account with the Acquisition Fund Custodian or directly to the Lessor for disbursement in accordance with this Agreement.

(c) Acquisition Fund Custodian hereby represents and warrants (a) that the records of Acquisition Fund Custodian show that Lessee is the sole owner of the Collateral, (b) that Acquisition Fund Custodian has not received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Lessor's claim pursuant to this Agreement, and (c) that Acquisition Fund Custodian is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for written instructions and entitlement orders that Acquisition Fund Custodian is obligated to accept from Lessor under this Agreement and entitlement orders that Acquisition Fund Custodian, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Acquisition Fund Custodian will not enter into any agreement by which Acquisition Fund agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e)

below, Lessee, with respect to any portion or all of the Collateral. Acquisition Fund Custodian shall promptly notify Lessor if any person requests Acquisition Fund Custodian to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, Lessor hereby instructs Acquisition Fund Custodian to allow Lessee, if applicable, to effect sales, trades, transfers and exchanges of Collateral within the Acquisition Fund, but will not, without the prior written consent of Lessor, allow Lessee to withdraw any Collateral from the Acquisition Fund. Acquisition Fund Custodian acknowledges that Lessor reserves the right, by delivery of written notice to Acquisition Fund Custodian, to prohibit Lessee from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Acquisition Fund. Further, Acquisition Fund Custodian hereby agrees to comply with any and all written instructions delivered by Lessor to Acquisition Fund Custodian (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

(f) Lessee hereby irrevocably authorizes Acquisition Fund Custodian to comply with all instructions and entitlement orders delivered by Lessor in accordance with this Agreement to Acquisition Fund Custodian.

(g) Acquisition Fund Custodian will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Acquisition Fund Custodian will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever, except that Acquisition Fund Custodian may, from time to time, debit the Acquisition Fund for customary charges due to it for maintaining the account(s) related to the Acquisition Fund that have not been separately paid or reimbursed. Lessor and Lessee instruct Acquisition Fund Custodian to charge any and all account adjustments, returned deposit items and overdrafts associated with the Acquisition Fund to the Acquisition Fund; or, if sufficient collected and available funds do not exist in the Acquisition Fund to cover the account charges, any other of Lessee's accounts held by the Acquisition Fund Custodian. Promptly after, or contemporaneously with, Acquisition Fund Custodian's notice to Lessee that any of the account charges have not been paid or reimbursed, Acquisition Fund Custodian may seek reimbursement directly from the Lessee for all such amounts, which reimbursement shall be made immediately to the Acquisition Fund Custodian, without cost to the Acquisition Fund Custodian. The Acquisition Fund Custodian shall be vested with a lien on and is hereby granted a security interest in the Collateral subordinate in all respects to the first and prior lien of the Lessor, but only to the extent that it incurs (i) out of pocket costs, expenses, or other costs, expenses or losses for which it is indemnified by Lessee under this Agreement, (ii) reasonable attorneys' fees, court costs, for any suit, interpleader or otherwise in connection with the performance of its obligations under this Agreement, or (iii) any related expenses, fees or charges by reason of disputes arising between Lessee and Lessor as to the correct interpretation of this Agreement or the Lease and instructions given to the Acquisition Fund Custodian hereunder. Acquisition Fund

Custodian, regardless of the instructions aforesaid, shall have the right to hold the Collateral until and unless said additional expenses, fees and charges shall be fully paid.

(h) Acquisition Fund Custodian and Lessee hereby agree that any property held in the Acquisition Fund shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of the Uniform Commercial Code, notwithstanding any contrary provision of any other agreement to which Acquisition Fund Custodian may be a party.

(i) Acquisition Fund Custodian is hereby authorized and instructed, and hereby agrees, to send to Lessor at its address set forth in Section 8 below, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Acquisition Fund statements or reports issued or sent to Lessee with respect to all or any portion of the Acquisition Fund held by the Acquisition Fund Custodian.

7. Acquisition Fund Custodian's Fees and Expenses. The Lessee agrees to pay the fees and expenses of the Acquisition Fund Custodian as described in Schedule A appended to this Agreement for so long as any portion of the Acquisition Fund is held by the Acquisition Fund Custodian.

8. Information Required Under USA PATRIOT ACT. The Parties acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The Parties to this Agreement agree that they will provide to the Acquisition Fund Custodian such information as it may request, from time to time, in order for the Acquisition Fund Custodian to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

9. Miscellaneous. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. This Agreement may not be amended except in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns permitted hereunder and under the Lease. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below, or such other address as shall be specified in written notice to the other party:

If to Lessor:

Capital One Public Funding, LLC
275 Broadhollow Road, 4th Floor
Melville, New York 11747
Attn: Cathy DeLuca

If to Lessee:

Southampton County School Board
21308 Plank Road
P.O. Box 96
Courtland, Virginia 23837
Attn: Superintendent
Fax: (757) 653-9422

If to Acquisition Fund Custodian:

Deutsche Bank Trust Company Americas
Trust & Securities Services
60 Wall Street, 27th Floor
New York, New York 10005
Attn: Tony Gomez
Tel: 212-250-6633
e-mail: dbny-mpescrow@list.db.com

IN WITNESS WHEREOF, the parties have executed this Acquisition Fund and Account Control Agreement as of the date first above written.

CAPITAL ONE PUBLIC FUNDING, LLC,
as Lessor

**SCHOOL BOARD OF THE COUNTY OF
SOUTHAMPTON, VIRGINIA,**
as Lessee

By: _____

By: _____

Title: _____

Title: Superintendent

**DEUTSCHE BANK TRUST COMPANY
AMERICAS,** as Acquisition Fund Custodian

Acknowledged and agreed to by the Treasurer of the County of Southampton, Virginia for purposes of authorizing and consenting to the deposit, investment and expenditure of Lease Proceeds to the extent required by the Code of Virginia of 1950, as amended.

By: _____

Treasurer, County of Southampton, Virginia

Title: _____

By: _____

Title: _____

SCHEDULE 1

FORM OF DISBURSEMENT REQUEST

Re: Equipment Lease Purchase Agreement, dated July __, 2013 by and between Capital One Public Funding, LLC, as Lessor and the School Board of the County of Southampton, Virginia, as Lessee (the "Lease")

In accordance with the terms of the Acquisition Fund and Account Control Agreement dated July __, 2013 (the "Acquisition Fund and Account Control Agreement") by and among Capital One Public Funding, LLC ("Lessor"), the School Board of the County of Southampton, Virginia ("Lessee") and Deutsche Bank Trust Company Americas (the "Acquisition Fund Custodian"), the undersigned hereby requests that Lessor instruct the Acquisition Fund Custodian to pay the following persons the following amounts from the Acquisition Fund created under the Acquisition Fund and Account Control Agreement (the "Acquisition Fund") for the following purposes.

Payee's Name and Address	Invoice Number	Dollar Amount	Purpose

The undersigned hereby certifies as follows:

(i) An obligation in the stated amount has been incurred by Lessee, and the same is a proper charge against the Acquisition Fund for costs relating to the Equipment identified in the Lease or to Costs of Issuance, and has not been paid or has been paid by the Lessee and the Lessee is entitled to be reimbursed therefor. Attached hereto is the original invoice with respect to any obligation that is to be paid to the vendor or provider and evidence of payment of the requested amount with respect to any reimbursement to the Lessee.

(ii) The undersigned, as Authorized Representative, has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made

(iii) This requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date hereof, entitled to retain

(iv) The Equipment is insured in accordance with the Lease

(v) No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default, under the Lease has occurred and is continuing at the date hereof.

(vi) Lessee has lawfully budgeted and appropriated funds for the purpose of meeting its Rental Payment obligations under the Lease during the current fiscal year

(vii) No material adverse change in Lessee's or the County's financial condition shall have occurred since the date of the Lease.

Dated: _____

**School Board of the County of Southampton,
Virginia**, as Lessee under the Lease

By: _____
Authorized Representative

Disbursement of funds from the Acquisition Fund in accordance with the foregoing Disbursement Request hereby is authorized

Capital One Public Funding, LLC,
as Lessor under the Lease

By: _____
Name: _____
Title: _____

Schedule A

Our annual fees to serve as escrow agent are calculated as follows:

Acceptance Fee: waived

Annual Administrative Fee:
Escrow Agent \$_____

Disbursement Fee: \$_____ per disbursement

Office Information

Office Name and Address: Deutsche Bank Trust Company Americas
Trust & Securities Services
60 Wall Street, 27th Floor
New York, New York 10005

Administrator Contact Person

Telephone Number: Tony Gomez
(212) 250-6633
Fax Number: (212) 797-8600
E-Mail: dbny-mpescrow@list.db.com

Legal Counsel: N/A

**Southampton County, Virginia
School Bus Lease
Capital One 7 Year Rate of 1.98%
5 School Buses at \$81,268**

<u>Year</u>	<u>Principal*</u>	<u>Interest*</u>	<u>Total*</u>
6/30/2014	\$57,657	\$7,590	\$65,247
6/30/2015	62,149	7,759	69,908
6/30/2016	63,380	6,528	69,908
6/30/2017	64,634	5,273	69,908
6/30/2018	65,914	3,993	69,908
6/30/2019	67,219	2,688	69,908
6/30/2020	68,550	1,357	69,908
Total	\$449,504	\$35,188	\$484,692

**Preliminary, subject to change.*

Note: Assumes \$43,163.86 total costs of issuance.