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LEASE-PURCHASE AGREEMENT

between the

CITY OF SOUTH ST. PAUL, MINNESOTA

As Lessor

and

SOUTH METRO FIRE DEPARTMENT

As Lessee

Dated as of [\_\_\_\_\_], 2019

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**TABLE OF CONTENTS**

**ARTICLE I DEFINITIONS AND EXHIBITS ..... 2**  
    Section 1.1. Definitions..... 2  
    Section 1.2. Exhibits..... 3  
    Section 1.3. Rules of Interpretation..... 4

**ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES..... 5**  
    Section 2.1. Representations, Covenants and Warranties of Lessee..... 5  
    Section 2.2. Representations Covenants and Warranties of Lessor ..... 6

**ARTICLE III AGREEMENT TO LEASE ..... 7**  
    Section 3.1. Lease..... 7  
    Section 3.2. Possession and Enjoyment ..... 7  
    Section 3.3. Lessor Access to Equipment ..... 7

**ARTICLE IV TERM OF LEASE ..... 7**  
    Section 4.1. Term of Lease..... 7  
    Section 4.2. Termination of Lease Term..... 7

**ARTICLE V RENTAL PAYMENTS ..... 8**  
    Section 5.1. Rental Payments..... 8  
    Section 5.2. General Obligation Pledge ..... 8  
    Section 5.3. Rental Payments to be Unconditional ..... 8

**ARTICLE VI [RESERVED] ..... 8**

**ARTICLE VII MAINTENANCE, TAXES, INSURANCE, AND OTHER MATTERS..... 9**  
    Section 7.1. Maintenance and Modification of Equipment by Lessee..... 9  
    Section 7.2. Use; Permits ..... 9  
    Section 7.3. Taxes, Other Government Charges and Utility Charges..... 9  
    Section 7.4. Liability Insurance..... 10  
    Section 7.5. Property Insurance..... 10  
    Section 7.6. Worker’s Compensation Insurance ..... 10  
    Section 7.7. Requirements for All Insurance ..... 11  
    Section 7.8. Indemnification ..... 11  
    Section 7.9. Advances ..... 11  
    Section 7.10. Liens ..... 11  
    Section 7.11. Arbitrage and Rebate..... 12

**ARTICLE VIII DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET  
PROCEEDS     12**  
    Section 8.1. Damage or Destruction of Equipment..... 12  
    Section 8.2. Cooperation of Lessor ..... 12

**ARTICLE IX LESSEE’S EQUIPMENT; WARRANTIES..... 12**  
    Section 9.1. Installation of Lessee’s Equipment ..... 12  
    Section 9.2. Selection of Equipment ..... 13

Section 9.3.	Installation and Maintenance of Equipment.....	13
Section 9.4.	Personal Property .....	13
Section 9.5.	Warranties .....	13
Section 9.6.	Patent Infringement .....	13
Section 9.7.	Disclaimer of Warranties .....	14
<b>ARTICLE X OPTION TO PURCHASE.....</b>		<b>14</b>
Section 10.1.	When Available.....	14
Section 10.2.	Exercise of Option.....	14
Section 10.3.	Release of Lessor’s Interest.....	14
Section 10.4.	Defeasance .....	14
<b>ARTICLE XI ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING.....</b>		<b>15</b>
Section 11.1.	Assignment by Lessor .....	15
Section 11.2.	Assignment and Subleasing by Lessee.....	15
Section 11.3.	Restriction on Mortgage or Sale of Project by Lessee .....	15
<b>ARTICLE XII EVENTS OF DEFAULT AND REMEDIES.....</b>		<b>15</b>
Section 12.1.	Events of Default Defined.....	15
Section 12.2.	Remedies on Default .....	16
Section 12.3.	Return of Equipment .....	17
Section 12.4.	Delay; Notice.....	17
Section 12.5.	No Remedy Exclusive.....	17
Section 12.6.	Agreement to Pay Attorneys’ Fees and Expenses.....	18
Section 12.7.	No Additional Waiver Implied By One Waiver.....	18
<b>ARTICLE XIII TITLE.....</b>		<b>18</b>
Section 13.1.	Title to Equipment.....	18
Section 13.2.	Security Interest.....	18
<b>ARTICLE XIV ACQUISITION OF EQUIPMENT .....</b>		<b>19</b>
Section 14.1.	Equipment Documents .....	19
Section 14.2.	<b>[Agreement to Acquire Equipment .....</b>	<b>19</b>
Section 14.3.	Project Fund .....	19
Section 14.4.	Sums for Completion .....	19
Section 14.5.	Inspection and Access .....	20
Section 14.6.	Establishment of Completion Date .....	20
Section 14.7.	Lessee’s Liability .....	20
Section 14.8.	Remedies to be Pursued Against Contractors and Subcontractors and Their Sureties	20
<b>ARTICLE XV ADMINISTRATIVE PROVISIONS.....</b>		<b>21</b>
Section 15.1.	Notices.....	21
Section 15.2.	Binding Effect .....	21
Section 15.3.	Severability.....	21
Section 15.4.	Amendments, Charges and Modifications .....	21
Section 15.5.	Further Assurances and Corrective Instruments .....	21

Section 15.6. Execution in Counterparts .....	21
Section 15.7. Applicable Law .....	21
Section 15.8. Lessor and Lessee Representatives .....	22
Section 15.9. Captions.....	22
<b>EXHIBIT A DESCRIPTION OF EQUIPMENT .....</b>	<b>1</b>
<b>EXHIBIT B BASE RENTAL PAYMENT SCHEDULE .....</b>	<b>1</b>
<b>EXHIBIT C       1</b>	
<b>CERTIFICATE OF ACCEPTANCE .....</b>	<b>1</b>

**EXHIBIT A DESCRIPTION OF EQUIPMENT**

**EXHIBIT B RENTAL PAYMENT SCHEDULE**

**EXHIBIT C CERTIFICATE OF ACCEPTANCE**

**THIS LEASE-PURCHASE AGREEMENT**, dated as of [\_\_\_\_\_], 2019, by and between the CITY OF SOUTH ST. PAUL as lessor (together with its successors and assigns, the “Lessor”), whose address is 125 Third Avenue North, South St. Paul, Minnesota 55075, and SOUTH METRO FIRE DEPARTMENT, as lessee (together with its successors and assigns, the “Lessee”), whose address is 1616 Humboldt Avenue, West St. Paul, Minnesota 55118.

WITNESSETH:

WHEREAS, Lessee is a joint powers entity whose members are the City of South St. Paul, Minnesota and the City of West St. Paul, Minnesota (together, the “Cities”); and

WHEREAS, Lessee is authorized by law to acquire such items of personal property as are needed to carry out its governmental and proprietary functions, and to acquire such personal property by entering into lease-purchase agreements; and

WHEREAS, Lessee has determined that it is necessary and desirable for it to acquire under this Lease certain items of personal property described herein as Equipment, for the benefit of Lessee; and

WHEREAS, Lessor has agreed to finance the acquisition of such Equipment described on Exhibit A hereto and to lease such Equipment to Lessee, pursuant to the terms and conditions of this Lease; and

WHEREAS, Lessor and Lessee have the authority under applicable State of Minnesota laws, including Section 471.64 thereof, to enter into this Lease;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

## ARTICLE I

### DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified.

Bond Resolution: The resolution adopted by the Lessor on May 6, 2019, authorizing the issuance and prescribing the form of the Bonds.

Bonds: The portion equal to \$[\_\_\_\_\_] in principal amount of the Lessor's General Obligation Bonds, Series 2019A, which will be issued by Lessor to finance the acquisition of the Equipment.

Cities: the City of West St. Paul, Minnesota, and the Lessor.

Code: The Internal Revenue Code of 1986, as now or hereafter amended, and the regulations and revenue rulings and procedures issued pursuant thereto from time to time.

Contractor: Each of the manufacturers or vendors from whom Lessee (or Lessor at Lessee's request) have ordered or will order or with whom Lessee (or Lessor at Lessee's request) have contracted or will contract for the manufacture, delivery and/or installation of the Equipment.

Equipment: The personal property described in the attached Exhibit A which is being leased by Lessor to Lessee with option to purchase by Lessee pursuant to this Lease.

Fiscal Year: Each twelve month fiscal period of Lessee commencing on January 1 of any year and ending on the following December 31.

Independent Counsel: An attorney duly admitted to the practice of law before the highest court of the State who is not a full-time employee of Lessor or Lessee or an assignee thereof.

Lease: This Lease-Purchase Agreement, and any duly authorized and executed amendment hereto.

Lessee: The South Metro Fire Department, a joint powers entity of the Cities, duly organized under the laws of the State of Minnesota.

Lessee Representative: The Chair or Secretary of Lessee.

Lessor Representative: The Mayor, Administrator, Manager or Finance Director of the Lessor.

Net Proceeds: Any insurance proceeds or condemnation award paid with respect to the Equipment, remaining after payment therefrom of all expenses incurred in the collection thereof.

Payment Date: The date upon which any base Rental Payment is due and payable as provided in the attached Exhibit B.

Permitted Encumbrances: As of any particular time: (i) liens for taxes and assessments not then delinquent, or which Lessee may, pursuant to provisions of Article VII hereof, permit to remain unpaid; (ii) this Lease and amendments hereto; (iii) Lessor's interest in the Equipment; and (iv) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right not filed or perfected in the manner prescribed by law, other than any lien arising through a Contractor or which Lessee may, pursuant to provisions of Article VII hereof, permit to remain unpaid; and (v) any liens or encumbrances specifically listed as such on Exhibit A attached hereto.

Purchase Option Price: The amount necessary to defease to the earliest permissible redemption date the remaining outstanding principal amount of Bonds, together with an amount equal to the Lessor's fees and expenses in connection with such defeasance and redemption.

Rental Payment: Any payment due from Lessee to Lessor under Section 5.1 of this Lease.

Specifications: The bid specifications and/or purchase order pursuant to which Lessee has ordered the Equipment from a Contractor.

State: The State of Minnesota.

State and Federal Law or Laws: The Constitution and laws of the State, any ordinance, rule or regulation of any agency or political subdivision of the State; and any law of the United States, and any rule or regulation of any federal agency.

Term of this Lease or Lease Term: The period during which this Lease remains in effect as specified in Sections 4.1 and 4.2.

Section 1.2. Exhibits.

The following Exhibits are attached to and by reference made a part of this Lease:

Exhibit A: A description of the Equipment being leased by Lessee pursuant to this Lease, including the serial or identification number thereof which shall be inserted when available.

Exhibit B: The schedule of base Rental Payments to be paid by Lessee to Lessor, showing the date and amount of each base Rental Payment.

Exhibit C: A Certificate of Acceptance of Lessee indicating that the Equipment has been delivered and installed in accordance with the Specifications, and has been accepted by Lessee, [the date on which base Rental Payments shown in Exhibit B shall commence], and that certain other requirements have been met by Lessee.

Section 1.3. Rules of Interpretation. This Lease shall be interpreted in accordance with and governed by the laws of the State of Minnesota.



## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Lessee. The Lessee represents, covenants and warrants on its behalf as follows:

(a) Lessee is a joint powers entity of the Cities, duly organized under the laws of the State of Minnesota, and authorized to act as agent of the Cities.

(b) State and Federal Law authorize Lessee to acquire the Equipment; to enter into this Lease and the transactions contemplated hereby; and to carry out its obligations under this Lease.

(c) The officers of Lessee executing this Lease and the documents contemplated hereby have been duly authorized to execute and deliver this Lease and such documents under the terms and provisions of a resolution of Lessee's governing body or by other appropriate official action.

(d) Lessee has complied with all open meeting laws, all public bidding laws and all other State and Federal Laws applicable to this Lease and the acquisition of the Equipment by Lessee.

(e) Except as provided under the terms of this Lease, Lessee will not transfer, lease, assign, mortgage or encumber this Lease, or its duties and obligations hereunder to any other person, firm or corporation.

(f) Lessee will use the Equipment during the Lease Term only to perform the essential government functions of providing fire protection services.

(g) During the Term of this Lease, Lessee will not take or permit to be taken any action with respect to the Lease or the Equipment which would cause the interest received by the holders of the Bonds to become includable in gross income of such recipients for federal income tax purposes under the Code, and Lessee will take all actions necessary to ensure that such interest remains not includable in gross income of such recipients for federal income tax purposes under the Code, insofar as it has the power and authority to do so.

(h) Lessee may accomplish any of its obligations herein by an agent.

(i) Upon delivery and installation of the Equipment, Lessee will provide to Lessor a completed and executed copy of the Certificate of Acceptance attached hereto as Exhibit C.

(j) The execution and delivery hereof, the compliance with the terms and conditions hereof, and the consummation of the transactions contemplated hereby, do not and will not conflict with or result in a breach of the terms, conditions, and provisions of

any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitute a default under any of the foregoing.

(k) There is no litigation, action, suit or proceeding pending (or to the best of Lessee's knowledge, threatened) before any court, administrative agency, arbitrator or governmental body that challenges (1) the organization or existence of Lessee, (2) the authority of Lessee or its officers or its employees to enter into this Lease, (3) the proper authorization, approval and execution of this Lease and other documents contemplated thereby, or (4) the ability of Lessee otherwise to perform its obligations under this Lease and the transactions contemplated hereby.

(l) The Lessee covenants, notwithstanding any termination of this Lease (whether arising pursuant to an Event of Default or otherwise), that it will use its best efforts to assist the Lessor in re-leasing or selling the Equipment.

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

(a) Lessor is duly organized and validly existing as a municipal corporation under the Constitution and laws of the State of Minnesota; has full and complete power to issue the Bonds and to enter into this Lease and to enter into and carry out the transactions contemplated hereby, and to carry out its obligations under this Lease; is possessed of full power to own and hold real and personal property, and to lease the same; and has duly authorized the issuance and delivery of the Bonds and the execution and delivery of this Lease.

(b) Neither the issuance and delivery of the Bonds nor the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any law, regulation, restriction or any agreement or instrument to which Lessor is now a party or by which Lessor or its property is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessor, or upon the Equipment, except Permitted Encumbrances.

(c) There is no litigation pending or to the best of Lessor's knowledge threatened against Lessor relating to the acquisition or installation of the Equipment or to the Bonds or to this Lease or questioning the organization, powers or authority of Lessor.

(d) Upon payment by Lessee of all Rental Payments described in Section 5.1 hereto or the defeasance of Lessee's obligations hereunder pursuant to Article X hereof, Lessor will deliver to Lessee all documents which are or may be necessary to vest all of Lessor's right, title and interest in and to the Equipment in Lessee, and will release all liens and encumbrances created under this Lease.

(e) During the Term of this Lease, Lessor will not take or permit to be taken any action with respect to the Lease or the Project which would cause the interest received by the holders of the Bonds to become includable in gross income of such recipients for

federal income tax purposes under the Code, and Lessee will take all actions necessary to ensure that such interest remains not includable in gross income of such recipients for federal income tax purposes under the Code, insofar as Lessee has the power and authority to do so.

### **ARTICLE III**

#### **AGREEMENT TO LEASE**

Section 3.1. Lease. Lessor hereby leases with option to purchase the Equipment to Lessee, and Lessee hereby leases with option to purchase the Equipment from Lessor, upon the terms and conditions set forth in this Lease.

Section 3.2. Possession and Enjoyment. Lessor hereby covenants with respect to the Equipment to provide Lessee during the Term of this Lease with quiet use and enjoyment of the Equipment, and Lessee shall during such Lease Term peaceably and quietly have and hold and enjoy the Equipment, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Lease. Lessor will, at the request of Lessee and at Lessee's cost, join in any legal action in which Lessee assert its right to such possession and enjoyment to the extent Lessor may lawfully do so.

Section 3.3. Lessor Access to Equipment. During the Term of this Lease, Lessee agrees that the Equipment shall be used solely for fire protection services. Lessee agrees that Lessor shall have the right during Lessee's normal working hours on Lessee's normal working days to examine and inspect the Equipment for the purpose of assuring that the Equipment is being properly used, maintained, preserved and kept in good repair and condition. Lessee further agrees that Lessor shall have such rights of access to the Equipment as may be reasonably necessary to cause the proper maintenance of the Equipment in the event of failure by Lessee to perform its obligations hereunder.

#### **TERM OF LEASE**

Section 4.1. Term of Lease. This Lease shall be and remain in effect with respect to the Equipment for a Lease Term commencing on the date of execution hereof and continuing until terminated as provided in Section 4.2.

Section 4.2. Termination of Lease Term. The Term of this Lease will terminate upon the occurrence of the first of the following events:

(a) the exercise by Lessee of its option to purchase Lessor's interest in the Equipment or to defease its obligations hereunder pursuant to Article X;

(b) a default by Lessee and Lessor's election to terminate this Lease pursuant to Article XII; or

(c) the payment by Lessee of all Rental Payments required to be paid by Lessee hereunder.

## ARTICLE V

### RENTAL PAYMENTS

Section 5.1. Rental Payments. The Lessee agrees to pay the semiannual base Rental Payments with respect to the Equipment during the Term of this Lease, in the amounts and on the dates specified in Exhibit B, which amounts shall be sufficient to pay principal of and interest on the Bonds when due. Lessee shall receive credit against Rental Payments otherwise due for any amounts already on deposit in the debt service fund for the Bonds prior to the Payment Date. As additional Rental Payments during the entire Lease Term, the Lessee shall pay when and as due all expenses of the operation, administration and maintenance of the Equipment, and the following amounts to the following persons as additional Rental Payments under this Lease: (1) all fees and charges of paying agents, counsel, accountants, engineers and others incurred in the performance on request of the Lessor of services hereunder and under the Bond Resolution for which the Lessor and such other persons are entitled to payment or reimbursement, provided that the Lessee may, without creating a default hereunder, contest in good faith the necessity or reasonableness of any such services, fees or expenses; and (2) to the Lessor, all reasonable expenses incurred by the Lessor in relation to the Equipment which are not otherwise required to be paid by the Lessee under the terms of this Lease, including all permit and license fees required under regulations or codes of the Lessor. All Rental Payments shall be paid to Lessor at its offices at the address specified in the first paragraph of this Lease. [Interest shall accrue from the first day of the calendar month in which the Certificate of Acceptance is executed].

Section 5.2. Reserved.

Section 5.3. Rental Payments to be Unconditional. The obligation of Lessee to make Rental Payments due with respect to the Equipment or any other payments required hereunder shall be absolute and unconditional in all events. Notwithstanding any dispute between Lessee and Lessor or any other person, Lessee shall make all Rental Payments and other payments required hereunder when due and shall not withhold any Rental Payment or other payment pending final resolution of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make such Rental Payments or other payments required under this Lease. Lessee's obligation to make Rental Payments or other payments during the Lease Term shall not be abated through accident or unforeseen circumstances. However, nothing herein shall be construed to release Lessor from the performance of its obligations hereunder, and if Lessor should fail to perform any such obligation, Lessee may institute such legal action against Lessor as Lessee may deem necessary to compel the performance of such obligation or to recover damages therefor.

## ARTICLE VI

[RESERVED]

## ARTICLE VII

### MAINTENANCE, TAXES, INSURANCE, AND OTHER MATTERS

Section 7.1. Maintenance and Modification of Equipment by Lessee. Lessee shall, at its own expense, maintain, preserve and keep the Equipment in good repair, working order and condition, and shall from time to time make all repairs and replacements necessary to keep the Equipment in such condition. Lessor shall have no responsibility for any of these repairs or replacements. In addition, Lessee shall, at its own expense, have the right to make repairs to the Equipment, and to make repairs, replacements, substitutions and modifications to all or any of the parts thereof. All such work and any part or component used or installed to make a repair or as a replacement, substitution or modification, shall thereafter comprise part of the Equipment and be subject to the provisions of this Lease. Such work shall not in any way damage the Equipment or cause it to be used for purposes other than those authorized under the provisions of State and Federal Law or those contemplated by this Lease; and the Equipment, upon completion of any such work shall be of a value which is not less than the value of the Equipment immediately prior to the commencement of such work. Any property for which a substitution or replacement is made pursuant to this Section may be disposed of by Lessee in such manner and on such terms as are determined by Lessee. Lessee will not permit any mechanic's or other lien to be established or remain against the Equipment for labor or material furnished in connection with any repair, replacement, substitution or modification made by Lessee pursuant to this Section; provided that if any such lien is established and Lessee shall first notify Lessor of Lessee's intention to do so, Lessee may in good faith contest any lien filed or established against the Equipment, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless Lessor notifies Lessee that, in the opinion of Independent Counsel, by nonpayment of such item the interest of Lessor in the Equipment will be materially endangered or the Equipment or any part thereof will be subject to loss or forfeiture, in which event Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide Lessor with full security against any such loss or forfeiture, in form satisfactory to Lessor. Lessor will cooperate fully with Lessee in any such contest, upon the request and at the expense of Lessee.

Section 7.2. Use; Permits. Lessee shall exercise due care in the installation, use, operation and maintenance of the Equipment, and shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any State and Federal Law or for a purpose or in a manner contrary to that contemplated by this Lease. Lessee shall obtain all permits and licenses necessary for the installation, operation, possession and use of the Equipment. Lessee shall comply with all State and Federal Laws applicable to the installation, use, possession and operation of the Equipment, and if compliance with any such State and Federal Law requires changes or additions to be made to the Equipment, such changes or additions shall be made by Lessee at its expense.

Section 7.3. Taxes, Other Government Charges and Utility Charges. Lessee shall pay when due all charges incurred in the operation, maintenance, use and upkeep of the Equipment. Lessee shall also pay all excise taxes and governmental charges of any kind

whatsoever which may at any time be lawfully assessed or levied against or with respect to the Equipment or any part thereof, or which become due during the Term of this Lease with respect thereto, whether assessed against Lessee or Lessor, and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Equipment; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due. Lessee shall not be required to pay any federal, State or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by Lessor, its successors or assigns, unless such tax is made in lieu of or as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section.

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

Section 7.4. Liability Insurance. Upon receipt of possession of the Equipment, Lessee shall take such measures as may be necessary to ensure that any liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation of the Equipment or any part thereof, is covered by a blanket or other general liability insurance policy maintained by Lessee. The Net Proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which any Net Proceeds may be paid.

Section 7.5. Property Insurance. Upon receipt of possession of the Equipment, Lessee shall have and assume the risk of loss with respect thereto. Lessee shall procure and maintain continuously in effect during the Term of this Lease, all-risk insurance, subject only to the standard exclusions contained in the policy, in such amount as will be at least sufficient so that a claim may be made for the full replacement cost of any part thereof damaged or destroyed and to pay the applicable Purchase Option Price of the Equipment. Such insurance may be provided by a rider to an existing policy or under a separate policy. Such insurance may be written with customary deductible amounts. The Net Proceeds of insurance required by this Section shall be applied to the prompt repair, restoration or replacement of the Equipment, or to the purchase of the Equipment, as provided in Section 8.1. Any Net Proceeds not needed for those purposes shall be paid to Lessee.

Section 7.6. Worker's Compensation Insurance. If required by State law, Lessee shall carry worker's compensation insurance covering all employees on, in, near or about

the Equipment, and upon request, shall furnish to Lessor certificates evidencing such coverage throughout the Term of this Lease.

Section 7.7. Requirements for All Insurance. All insurance policies (or riders) required by this Article shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten (10) days before the cancellation or revision becomes effective. Lessee shall deposit with Lessor policies (and riders) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), Lessee shall furnish to Lessor evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article, unless such insurance is no longer obtainable in which event Lessee shall notify Lessor of this fact.

Section 7.8. Indemnification. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Equipment or any portion thereof and for injury to or death of any person or damage to any property, in any manner arising out of or incident to any possession, use, operation or condition of the Equipment or any portion thereof, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others, which is proximately caused by the negligent conduct of Lessee, its officers, employees, and agents. To the maximum extent permitted by law, Lessee hereby assumes responsibility for and agrees to indemnify, protect, save and keep harmless Lessor from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorney's fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part upon the negligent conduct of Lessee, its officers, employees and agents.

Section 7.9. Advances. If Lessee shall fail to perform any of its obligations under this Lease, Lessor may, but shall not be obligated to take such action as may be necessary to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand with interest at the maximum rate permitted by law or 12%, whichever is less, from the date of the advance to the date of repayment.

Section 7.10. Liens. Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided and Permitted Encumbrances. Except as expressly provided in this Article, Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim. Lessee shall reimburse Lessor for any expense incurred by Lessor in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 7.11. Arbitrage and Rebate. Lessee will comply with all provisions of any arbitration certificate delivered in connection with the Bonds as it applies to the Equipment.

## **ARTICLE VIII**

### **DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS**

Section 8.1. Damage or Destruction of Equipment. If after delivery of the Equipment to Lessee all or any part of the Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall as soon as practicable after such event either: (i) replace the same at Lessee's sole cost and expense with equipment of equal or greater value to the Equipment immediately prior to the time of the loss occurrence, such replacement equipment to be subject to Lessor's reasonable approval, whereupon such replacement shall be substituted in this Lease by appropriate endorsement; or (ii) pay the applicable Purchase Option Price of the Equipment, plus any additional Rental Payments owing under Section 5.1 hereto. Lessee shall notify Lessor of which course of action it will take within fifteen (15) days after the loss occurrence. If Lessee fails or refuses to notify Lessor within the required period, Lessor may, at its option, declare the applicable Purchase Option Price of the Equipment, plus any additional Rental Payments owing under Section 5.1 hereto, immediately due and payable, and Lessee shall be obligated to pay the same. The Net Proceeds of all insurance payable with respect to the Equipment shall be available to Lessee and shall be used to discharge Lessee's obligation under this Section. On payment of the Purchase Option Price plus any additional Rental Payments owing under Section 5.1 hereto, this Lease shall terminate and Lessee thereupon shall become entitled to the Equipment AS IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that the Equipment shall not be subject to any lien or encumbrance created by or arising through Lessor.

Section 8.2. Cooperation of Lessor. Lessor shall cooperate fully with Lessee at the expense of Lessee in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 8.1 hereof with respect to the Equipment or any part thereof and will, to the extent it may lawfully do so, permit Lessee to litigate in any proceeding resulting therefrom in the name of and on behalf of Lessor. In no event will Lessor voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim with respect to the Equipment or any part thereof without the written consent of Lessee.

## **ARTICLE IX**

### **LESSEE'S EQUIPMENT; WARRANTIES**

Section 9.1. Installation of Lessee's Equipment. Lessee may at any time and from time to time, in its sole discretion and at Lessee's own expense, install other items of



equipment in or upon the Equipment, which items shall be identified by tags or other symbols affixed thereto as property of Lessee. All such items so identified shall remain the sole property of Lessee, and may be modified or removed by Lessee at any time provided that Lessee shall repair and restore any and all damage to the Equipment resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent Lessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease with option to purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Equipment.

Section 9.2. Selection of Equipment. The Equipment and the Contractor have been selected by Lessee, and Lessor shall have no responsibility in connection with the selection of the Equipment, its suitability for the use intended by Lessee, the acceptance by the Contractor or its sales representative of the order submitted, or any delay or failure by the Contractor or its sales representative to manufacture, deliver or install the Equipment for use by Lessee. Lessee authorizes Lessor to add the serial or identification number of the Equipment to Exhibit A when available.

Section 9.3. Installation and Maintenance of Equipment. Lessor shall have no obligation to install, erect, test, inspect, service or maintain the Equipment or any portion thereof under any circumstances, but such actions shall be the obligation of Lessee or the Contractor pursuant to Article XIV hereof.

Section 9.4. Personal Property. The Equipment is and shall at all times be and remain personal property notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner affixed or attached to or embedded in or permanently rested upon real property or any building thereon or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws or otherwise.

Section 9.5. Warranties. Lessor hereby assigns to Lessee for and during the Term of this Lease, all of its interest in all warranties and guarantees or other contract rights against any Contractor for the Equipment, express or implied, issued on or applicable to the Equipment, and Lessor hereby authorizes Lessee to obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense. Lessee's sole remedy for the breach of such warranties and guarantees shall be against such Contractor, and not against Lessor, nor shall such matter have any effect whatsoever on the rights of the Lessor with respect to this Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor does not make and has not made any representation or warranty whatsoever as to the existence or availability of such warranties with respect to the Equipment or any portion thereof.

Section 9.6. Patent Infringement. Lessor hereby assigns to Lessee for and during the Term of this Lease all of its interest in patent indemnity protection provided by any Contractor with respect to the Equipment. Such assignment of patent indemnity protection by Lessor to Lessee shall constitute the entire liability of Lessor for any patent infringement by Equipment furnished pursuant to this Lease.

Section 9.7. Disclaimer of Warranties. THE EQUIPMENT IS DELIVERED AS IS, AND LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or Lessee's use of any portion of the Equipment provided for in this Lease.

## ARTICLE X

### OPTION TO PURCHASE

Section 10.1. When Available. Lessee shall have the option to purchase Lessor's interest in the Equipment (i) on any Payment Date on or after [\_\_\_\_\_] 1, 20[\_\_\_], but only if Lessee is not in default under this Lease and (ii) on any date pursuant to the events described in Section 8.1 hereof, and only in the manner provided in this Article.

Section 10.2. Exercise of Option. Lessee shall give notice to Lessor of its intention to exercise its option not less than fifty (50) days prior to the Payment Date on which the option is to be exercised, and shall deposit with Lessor on the date of exercise an amount equal to all Rental Payments and any other amounts then due or past due. The closing shall be on the Payment Date on which the option is to be exercised at the office of Lessor.

Section 10.3. Release of Lessor's Interest. Upon exercise by Lessee of its option to purchase, Lessee shall have no further obligations under this Lease and Lessor and its officers shall take all actions necessary to authorize, execute and deliver to Lessee any and all documents necessary to vest in Lessee, all of Lessor's right, title and interest in and to the Equipment, free and clear of all liens arising under the provisions of this Lease.

Section 10.4. Defeasance. Lessee shall have the right to defease and satisfy its obligation to pay its share of Rental Payments due under this Lease, in the manner and with the effect provided in this Section; but such right may only be exercised if Lessee is not in default under the Lease, or if the exercise of such right would cure such default. If the whole amount of the Rental Payments comprising the shares of the Lessee due and payable under this Lease shall be paid by Lessee, or provision shall have been made for the payment of the same by the deposit of cash or the Qualified Investments hereinafter described in an amount sufficient (together with interest earnings thereon) to provide for payment of said Rental Payments to the last Payment Date, or earlier Payment Date on which the option to purchase of Lessee may be exercised, and all administrative expenses related thereto shall have been paid or provided for, then, and in that case, all right, title and interest of Lessor in and to the Equipment, this Lease and the Rental Payments due hereunder shall thereupon cease, terminate and become void; and Lessor shall assign and

transfer to or upon the order of Lessee all rights in the Equipment and this Lease then held by Lessor, and shall execute such documents as may be reasonably required by Lessee for this purpose; and thereafter the Rental Payments due hereunder shall be payable solely from the moneys and securities so deposited. All investments made pursuant to this Section shall be made in a manner which will comply with the covenant made by Lessee in Section 2.1(g) of this Lease. "Qualified Investments" shall include only those described in Minnesota Statutes, Section 475.67, Subdivision 8, or any successor statute.

## **ARTICLE XI**

### **ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING**

Section 11.1. Assignment by Lessor. Lessor shall not assign its obligations under this Lease, and no purported assignment thereof shall be effective. All of Lessor's rights, title and/or interest in and to this Lease, the Rental Payments and other amounts due hereunder and the Equipment may not be assigned except to a trustee or other fiduciary for the holders of the Bonds.

Section 11.2. Assignment and Subleasing by Lessee. This Lease may not be assigned or subleased by Lessee without the prior written consent of Lessor.

Section 11.3. Restriction on Mortgage or Sale of Project by Lessee. Lessee will not mortgage, sell, assign, transfer or convey the Equipment or any portion thereof during the Term of this Lease, or remove the same from its boundaries, without the prior written consent of Lessor. Lessor expressly acknowledges that the Equipment will be used in the ordinary course of the business of the Lessee.

## **ARTICLE XII**

### **EVENTS OF DEFAULT AND REMEDIES**

Section 12.1. Events of Default Defined. The following shall be "Events of Default" under this Lease and the terms "Events of Default" and "Default" shall mean, whenever they are used in this Lease, with respect to the Equipment, any one or more of the following events:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder on the due date specified herein and the continuation of said failure for a period of one (1) business day after written notice given by Lessor that the payment referred to in such notice has not been received.

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall

agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, if consented to in writing by the Lessor, the Lessee may institute corrective action within the applicable period and diligently pursue such action until the Default is corrected.

(c) The filing by Lessee of a voluntary petition in bankruptcy, or failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental function, or adjudication of Lessee as bankrupt, or assignment by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to Lessee in any proceedings instituted under the provisions of the Federal Bankruptcy Statute, as amended, or under any similar acts which may hereafter be enacted.

The provisions of this Section 12.1 and Section 12.2 are subject to the following limitation: if by reason of Force Majeure Lessee is unable in whole or part to carry out its obligations under this Lease with respect to the Equipment, other than the obligation of Lessee to pay Rental Payments with respect thereto, which shall be paid when due notwithstanding the provisions of this paragraph, Lessee shall not be deemed in default during the continuance of such inability. The term "Force Majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause of event not reasonably within the control of Lessee and not resulting from its negligence. Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its obligations under this Lease; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Lessee and Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in its judgment unfavorable to Lessee.

Section 12.2. Remedies on Default. Whenever any Event of Default referred to in Section 12.1 hereof shall have happened and be continuing with respect to the Equipment, 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) With or without terminating this Lease, take possession of the Equipment by giving Lessee written notice to deliver the Equipment to Lessor, whereupon Lessee shall do so in the manner provided in Section 12.3; or in the event Lessee fails to do so within ten (10) days after receipt of such notice, 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. If the Equipment or any portion of it has been destroyed or damaged beyond repair, Lessee shall pay the applicable Purchase Option Price of the Equipment (less credit for Net

Proceeds) to Lessor. Provided, however, that if this Lease has not been terminated, Lessor shall return possession of the Equipment to Lessee when the Event of Default is cured; and provided further that Lessee shall continue to be responsible for the Rental Payments due during the Fiscal Year then in effect; or

(b) If Lessor terminates this Lease and takes possession of the Equipment, Lessor shall within thirty (30) days thereafter use its best efforts to sell the Equipment or any portion thereof in a commercially reasonable manner at public or private sale in accordance with applicable State laws. Lessor shall apply the proceeds of such sale to pay the following items in the following order: (a) all costs incurred in securing possession of the Equipment; (b) all expenses incurred in completing the sale; (c) the applicable Purchase Option Price of the Equipment; and (d) the balance of any Rental Payments owed by Lessee during the Fiscal Year then in effect. Any sale proceeds remaining after the requirements of Clauses (a), (b), (c) and (d) have been met may be retained by Lessor; or

(c) With or without terminating this Lease, declare all Rental Payments due or to become due hereunder to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable; or

(d) Take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments then due with respect to the Equipment, or enforce performance and observance of any obligation, agreement or covenant of Lessee under this Lease.

Section 12.3. Return of Equipment. Upon the expiration or termination of this Lease prior to the payment of all Rental Payments in accordance with Section 5.1 hereto, Lessee shall deliver possession of the Equipment to Lessor in the condition, repair, appearance and working order required in Section 7.1, and by delivering the Equipment at Lessee's cost and expense to such place within the State as Lessor shall specify. If Lessee refuses to return the Equipment in the manner designated, Lessor may repossess the Equipment and charge to Lessee the costs of such repossession or pursue any remedy described in Section 12.2.

Section 12.4. Delay; Notice. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any party to exercise any remedy reserved to it in this Lease it shall not be necessary to give any notice, other than such notice as may be required in this Lease.

Section 12.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver

thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 12.6. Agreement to Pay Attorneys' Fees and Expenses. In the event any party to this Lease should default under any of the provisions hereof and the non-defaulting party or parties should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party or parties the reasonable fee of such attorneys and such other expenses so incurred by the non-defaulting party or parties.

Section 12.7. No Additional Waiver Implied By One Waiver. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## **ARTICLE XIII**

### **TITLE**

Section 13.1. Title to Equipment. During the Term of this Lease, legal title to the Equipment and any and all repairs, replacements, substitutions and modifications thereto shall be in Lessor, subject to Lessee's interests under this Lease. Upon termination of this Lease for either of the reasons specified in Section 4.2, Clauses (a) and (c), Lessor shall transfer legal title to the Equipment to Lessee and Lessor shall have no further interest therein. In either of such events, Lessor shall execute and deliver to Lessee such documents as Lessee may request to evidence such transfer of legal title to the Equipment to Lessee. Upon termination of this Lease for the reason specified in Section 4.2, Clause (b), Lessee shall surrender possession of the Equipment to Lessor and shall have no further interest therein. In such event, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the termination of Lessee's interest in the Equipment.

Section 13.2. Security Interest. Lessor shall have and retain a security interest under the Uniform Commercial Code in the Equipment, the proceeds thereof and all repairs, replacements, substitutions and modifications thereto or thereof made pursuant to Section 7.1, in order to secure Lessee's payment of all Rental Payments due during the Term of this Lease and the performance of all other obligations herein to be performed by Lessee, provided, however, that Lessor shall have no security interest in Lessee's equipment in accordance with Section 9.1. Lessee will join with Lessor in executing such financing statements or other documents and will perform such acts as Lessor may request to establish and maintain a valid security interest in the Equipment. If requested by Lessor, Lessee shall conspicuously mark the Equipment with appropriate lettering, labels or tags, and maintain such markings during the Term of this Lease, so as clearly to disclose Lessor's security interest in the Equipment.

## ARTICLE XIV

### ACQUISITION OF EQUIPMENT

Section 14.1. Equipment Documents. Until the Completion Date the Lessee shall have and keep on file and available for inspection by the Lessor copies of the following: (i) the Specifications for the Equipment, (ii) a copy of the purchase order pursuant to which Lessee's have ordered the Equipment from a Contractor, and (iii) copies of all surety bonds provided by the Contractors to secure payment and performance of said purchase order (said documents are herein collectively called the "Equipment Documents"). The Lessee may make, authorize or permit such changes or amendments in the Equipment Documents as the Lessee may reasonably determine necessary or desirable, provided that no such change or amendment shall (i) materially alter the size or scope or nature of the Equipment or (ii) materially increase the cost thereof. A copy of each such change in or amendment to the Equipment Documents shall be on file with the Lessee and available for inspection by the Lessor.

Section 14.2. **[Agreement to Acquire Equipment. Lessor hereby irrevocably appoints Lessee as its agent in connection with the acquisition of the Equipment. The Lessee shall cause the Equipment to be acquired wholly for the use of the Lessee in substantial accordance with the provisions of the Equipment Documents. Such acquisition shall be substantially completed on or before [\_\_\_\_\_], 2019; provided that there shall be no abatement or diminution in the Rental Payments to be paid by the Lessee hereunder.]**

Section 14.3. Project Fund. The Lessor shall deposit into the [Equipment Account of the Project Fund (the "Project Fund"), pursuant to the Bond Resolution, the sum of \$[\_\_\_\_\_] received from the sale of the Bonds plus additional funds in the amount of \$-0-. From said Project Fund, the Lessor shall pay all costs of acquiring the Equipment **[as directed by the Lessee]**, including all costs reasonably necessary and incidental thereto. Pending such payment, the funds on deposit in the Project Fund may be invested as provided in the Bond Resolution. The Lessee represents that in good faith and after diligent inquiry it has determined that the acquisition of the Equipment can be completed at a price within the amount of funds deposited in the Project Fund and investment earnings thereon, less amounts necessary to pay costs of issuance of the Bonds. Any amounts remaining in the Project Fund following acquisition of the Equipment shall be transferred to the Bond Fund created under, and as provided in, the Bond Resolution.

Section 14.4. Sums for Completion. The Lessor makes no representation or warranty, express or implied, that the moneys on deposit in the Project Fund will be sufficient to pay the entire cost of the Equipment. If the Project Fund is not sufficient to pay the entire cost of the Equipment, the Lessee shall pay all costs to acquire the Equipment from funds available to Lessee, but no payments by the Lessee under this Section shall reduce the obligations of the Lessee or offset any other payment required to be made by the Lessee hereunder. The Lessee may request the Lessor to sell and issue additional bonds to

provide moneys for the payment of such remaining costs, but the Lessor shall not be obligated to do so.

Section 14.5. Inspection and Access. The Lessor and its duly authorized agents shall have the right at all reasonable times to examine and inspect and shall also have such rights of access thereto as may be reasonably necessary to assure that the acquisition of the Equipment is proceeding in accordance with the provisions of this Lease.

Section 14.6. Establishment of Completion Date. The Completion Date for the Equipment shall be the date on which the Lessee shall furnish to the Lessor the Certificate of Acceptance, attached as Exhibit C, stating that the acquisition of the Equipment has been completed in accordance with the Equipment Documents then in effect, that the entire cost of the Equipment has been paid, and that the Equipment conforms to Lessee's Specifications.

Section 14.7. Lessee's Liability. As between Lessor and Lessee, Lessee assumes liability for all risks of loss during the acquisition of the Equipment. Lessee shall require that all Contractors maintain in force during the entire acquisition period of the Equipment, property damage insurance in an amount not less than the full value of all work done and materials and equipment provided or delivered by the Contractor and in any event not less than the applicable prepayment price, and comprehensive liability insurance, worker's compensation insurance and other insurance required by law or customarily maintained with respect to like projects. All policies of such insurance shall show Lessee and Lessor as named insured, in such amounts as their interests may appear.

Section 14.8. Remedies to be Pursued Against Contractors and Subcontractors and Their Sureties. In the event of default of any Contractor or subcontractor under any contract made by it in connection with the Equipment or in the event of breach of warranty with respect to any materials, workmanship, or performance guaranty, the Lessee will promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Lessee or the Lessor against the Contractor or subcontractor so in default and against each such surety for the performance of such contract. The Lessee agrees to advise the Lessor of the steps they intend to take in connection with any such default. If the Lessee shall so notify the Lessor, Lessee may, at its own expense and in its own name or in the name of the Lessor, prosecute or defend any action or proceedings or take any other action involving any such Contractor, subcontractor or surety which the Lessee deems reasonably necessary, and in such event the Lessor hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Lessor in any such action or proceeding. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, prior to the Completion Date shall be paid into the Project Fund or, if recovered after the Completion Date, shall be paid into the Bond Fund created under the Bond Resolution.





Section 15.8. Lessor and Lessee Representatives. Whenever under the provisions of this Lease the approval of Lessor or Lessee is required, or Lessor or Lessee are required to take some action at the request of the other, such approval of such request shall be given for Lessor by a Lessor Representative, and shall be given for Lessee by its Lessee Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 15.9. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Lease.

[The remainder of this page left intentionally blank.]

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

**Lessor:**

**CITY OF SOUTH ST. PAUL, MINNESOTA**

By: \_\_\_\_\_  
Its: Mayor

And: \_\_\_\_\_  
Its: City Clerk

STATE OF MINNESOTA    )  
                                          )SS.  
COUNTY OF DAKOTA    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2019, by James P. Francis and Christy Wilcox, the Mayor and City Clerk, respectively, of the City of South St. Paul, Minnesota, on behalf of the City.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

(Notarial Seal)

\_\_\_\_\_  
Notary Public

[Signature Page – Lease-Purchase Agreement]



**EXHIBIT A**

**DESCRIPTION OF EQUIPMENT**

The Equipment which is the subject of the attached Lease-Purchase Agreement is as follows:

<b>TOTAL QTY</b>	<b>ITEM DESCRIPTION</b>	<b>SERIAL NUMBER*</b>	<b>UNIT COST</b>	<b>TOTAL COST</b>
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\_\_\_\_\_  
\_\_\_\_\_

\*Serial numbers will be provided upon purchase of equipment.

**EXHIBIT B**

**BASE RENTAL PAYMENT SCHEDULE**

<u>PAYMENT DATE</u>	<u>TOTAL BASE RENTAL PAYMENT AMOUNT</u>	<u>CITY OF SOUTH ST. PAUL SHARE</u>	<u>CITY OF WEST ST. PAUL SHARE</u>
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## EXHIBIT C

### CERTIFICATE OF ACCEPTANCE

We, the undersigned, hereby certify that we are the duly qualified and acting [\_\_\_\_\_] of the South Metro Fire Department (the “Lessee”); and, with respect to the Lease-Purchase Agreement dated [\_\_\_\_\_] , 2019 (the “Lease”), by and between Lessee and the City of South St. Paul, Minnesota (the “Lessor”), that:

1. The equipment described in the Lease (the “Equipment”) has been delivered and installed in accordance with Lessee’s Specifications (as that term is defined in the Lease) and has been accepted by Lessee.

2. The base rental payments provided for in Exhibit B to the Lease shall commence and be due and payable on [\_\_\_\_\_] , 201[ ] and the [ ] of each [\_\_\_\_\_] thereafter, in the amounts shown on Exhibit B to the Lease.

3. Lessee has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments required to be paid under the Lease during the current fiscal year of Lessee, and such moneys will be applied in payment of all Rental Payments due and payable during such current fiscal year.

4. Lessee has obtained from a reputable insurance company qualified to do business in the state of Minnesota (the “State”) insurance with respect to, all risks required to be covered thereby pursuant to Article VII of the Lease.

5. Lessee is exempt from all personal property taxes, and are [exempt from] [subject to] sales and/or use taxes with respect to the Equipment and the Rental Payments.

6. During the Lease Term (as defined in the Lease) the Equipment will be used by Lessee to perform essential governmental functions, namely the provision of fire protection services.

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**Dated:** \_\_\_\_\_, 2019

**Lessee:**

**SOUTH METRO FIRE DEPARTMENT**

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

Its: Chair

And: \_\_\_\_\_

Its: Secretary

[Signature Page – Certificate of Acceptance]

4838-4408-5138\2