



LEASE PURCHASE AGREEMENT

Table with contract details: The "Lease": Lease Purchase Agreement No. _____ dated _____, "Lessee", Fax: _____ E-mail: _____, "Lessor", VGM Financial Services, a division of TCF National Bank, 1111 West San Marnan Dr, Suite A2 West, Waterloo, IA 50701-8926, Fax:319-833-4577 E-mail: customerservice@financediv.com

1. LEASE OF PROPERTY. Subject to the terms and conditions hereof, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor all the property described on Exhibit A hereto. The items of property described in Exhibit A, together with all replacement parts, repairs, additions and accessories incorporated therein or affixed thereto shall herein collectively be called the "Property." Lessee authorizes Lessor to add to any Property description, or make necessary corrections to, any serial numbers or other identification of the Property when known.

2. ACCEPTANCE; TERM. Lessee shall execute and deliver to Lessor a receipt certificate ("Receipt Certificate") in the form attached hereto as Exhibit B, which shall indicate that the Property has been accepted for use by Lessee and is satisfactory to Lessee for all purposes. This Lease will become effective upon the execution hereof by Lessee and Lessor, and shall terminate upon payment by Lessee of the last Rental Payment required to be made by it in accordance with Exhibit C thereto (the "Lease Term"), unless canceled or terminated earlier pursuant to Sections 5, 15 or 21 hereof.

3. RENT. Lessee agrees to pay to Lessor or its assignee the rental payments ("Rental Payments") in the amounts and at the times as set forth in Exhibit C. Rental Payments shall be due Monthly commencing on the First Payment Date shown on Exhibit C and continuing on the same date of each Month thereafter until fully paid unless terminated earlier pursuant to Section 5, 15 or 21 hereof. Lessee authorizes Lessor to fill in the First Payment Date on Exhibit C based on the date that Lessor disburses funds to the Vendor (as defined below) based on receipt of an executed Receipt Certificate from the Lessee. A portion of each Rental Payment is paid as and represents the payment of interest as set forth in Exhibit C. The Rental Payments will be payable for the Lease Term in dollars (U.S.), without notice or demand at the office of Lessor (or such other place as Lessor or its assignee may designate from time to time in writing). In the event any payment by Lessee hereunder is received by Lessor or its assignee later than ten (10) days from the due date, Lessee shall pay Lessor on demand as a late fee, computed at the rate of up to ten per cent (10%) of such overdue amount, limited, however, to the maximum amount allowed by law. EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 5 HEREOF, THE RENTAL PAYMENTS WILL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS AND WILL NOT BE SUBJECT TO ANY SETOFF, DEFENSE, COUNTERCLAIM, ABATEMENT OR RECOUPMENT FOR ANY REASON WHATSOEVER. Lessor may terminate this Lease at any time prior to receipt of Lessee's Receipt Certificate hereunder if Lessor determines in its sole discretion that (i) any written representation made to it by Lessee proves to have been false or misleading in any material respect when made, (ii) subsequent to the making of any such representation there has occurred a material change such that any such representation as made is not true and correct, (iii) any event which would constitute a default under the Lease has occurred, or (iv) there has been a substantial and material change in Lessee's financial condition or operations which has a material adverse effect on Lessee's creditworthiness.

4. DELIVERY; PAYMENT OF PROPERTY COST; COSTS. The Property will be delivered to Lessee by the supplier thereof (the "Vendor") at Lessee's address above or such other location specified in Exhibit A (the "Property Location"). Lessee shall promptly pay all costs, charges, expenses and obligations of every kind and nature incurred by or on behalf of Lessor regarding the importation, shipment, delivery, possession, use, lease, tax treatment, return, repossession, storage and transfer of any item of Property. Upon Lessor's receipt of the Receipt Certificate for the Property and any other documentation required by Lessor, Lessor will pay or cause to be paid the costs of such Property to the Vendor therefor. In addition, Lessee agrees to pay Lessor a fee, in an amount determined by Lessor, not to exceed the maximum amount from time to time permitted by applicable law, for any check or automatic payment withdrawal request that is returned to Lessor because of insufficient funds available in Lessee's account or a stop payment. If Lessor, in its discretion, pays any tax, fee, charge or other amount described in this paragraph, Lessee shall reimburse Lessor therefor on demand, together with Lessor's administrative and other costs of paying and invoicing such amounts and, if Lessee fails to

pay Lessor any such amount within ten (10) days of such demand, Lessee shall pay interest thereon until paid at the rate of 18% per annum or the maximum rate allowable by law, whichever is less.

5. **TERMINATION FOR GOVERNMENTAL NON-APPROPRIATIONS.** This Lease shall not constitute an indebtedness of Lessee within the meaning of any constitutional or statutory limitation on the manner, form, or amount of indebtedness that may be incurred by Lessee. Lessee is a political subdivision or agency of the State set forth in Lessee's address in the first paragraph hereof and Lessee's fiscal year ends on the last day of the month set forth above Lessee's signature. If Lessee does not appropriate sufficient funds to continue making the Rental Payments required under this Lease for any of Lessee's fiscal years subsequent to the one in which the Lease is executed, then this Lease shall be terminated effective upon expiration of the last fiscal year in which sufficient funds to pay Lessee's obligations under this Lease were appropriated by Lessee and Lessee shall not, in this sole event, be obligated to make any further payments due beyond said fiscal year. Lessee warrants that the necessary funds shall have been appropriated for all of the Rental Payments for Lessee's current fiscal year. Lessee reasonably believes that funds can be obtained sufficient to make all Rental Payments during the Lease Term. The officer of Lessee responsible for budget preparation will do all things lawfully within his/her power to obtain, maintain and properly request and pursue funds from which the Rental Payments may be made, including making provisions for such payments to the extent necessary in each budget submitted for the purpose of obtaining funding, using his/her bona fide best efforts to have such portion of the budget approved and exhausting all available administrative reviews and appeals in the event such portion of the budget is not approved. Lessee shall give Lessor immediate notice of Lessee's intent to terminate this Lease under this Section 5, which notice shall contain the termination date (which shall be the end of the last of Lessee's fiscal years for which appropriations for the Rental Payments were made) (the "Termination Date") and Lessee shall comply with the provisions of Section 22 of this Lease. In the event of an early termination of this Lease under this Section, all obligations of Lessee to make Rental Payments which would otherwise be due hereunder after the Termination Date shall cease.

6. **LESSOR DISCLAIMER OF WARRANTIES.** LESSOR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF, THE ABSENCE OF ANY CLAIM OF INFRINGEMENT OR THE LIKE WITH RESPECT TO, OR ANY OTHER MATTER CONCERNING, THE PROPERTY AND EXPRESSLY DISCLAIMS ANY SUCH WARRANTIES OR ANY OTHER WARRANTIES IMPLIED BY LAW. LESSOR MAKES NO WARRANTIES WITH RESPECT TO ANY PATENT, COPYRIGHT, TRADEMARK, TRADE NAME OR TITLE RELATING TO THE PROPERTY OR LESSEE'S RIGHTS TO ANY SUCH INTELLECTUAL PROPERTY. LESSEE HEREBY WAIVES ANY CLAIM IT MIGHT HAVE AGAINST LESSOR FOR ANY LOSS, DAMAGE OR EXPENSE CAUSED BY THE PROPERTY OR BY ANY DEFECT THEREIN, OR BY THE USE OR MAINTENANCE OF, OR SERVICING OR ADJUSTMENT TO, THE PROPERTY AND, AS TO LESSOR, LEASES THE PROPERTY AS-IS AND WITH ALL FAULTS AND WITHOUT WARRANTY OF ANY KIND. LESSOR WILL NOT BE LIABLE FOR ANY LOSS OR INTERRUPTION OF OR DAMAGE TO LESSEE'S BUSINESS ON ACCOUNT OF ANY MECHANICAL FAILURE OR DELAY IN CONNECTION WITH THE FURNISHING OR USE OF THE PROPERTY. Lessee acknowledges that Lessor is not a dealer or manufacturer of Property of any kind and is not the seller of the Property, and that each unit of Property is of a type, size, design and capacity selected solely by Lessee. Lessee also acknowledges that Lessor supplies the Property without any obligation to install, test, erect, service or maintain the Property. If the Property is not properly installed, does not operate as represented or warranted by the manufacturer or seller thereof, or is unsatisfactory for any reason, Lessee shall make any claim on account thereof solely against the manufacturer or seller and no such occurrence shall relieve Lessee of any of its obligations under this lease. The only warranty applicable to any Property is the manufacturer's warranty, if any (in the case of new Property) and Lessor makes no warranty to Lessee. Lessee acknowledges receipt of the manufacturer's warranty with respect to any new Property. So long as Lessee is not in default under this lease, Lessor assigns to Lessee any manufacturer's, seller's or other warranty, whether express or implied, on the Property and any claim that Lessor may have as owner of the Property against the manufacturer or supplier or any other person. All claims or actions on any warranty shall be made or prosecuted by Lessee, at its sole expense, and Lessor shall have no obligation whatsoever to make any claim on such warranty. Lessor is not liable for any modification, breach or rescission of any warranty or service agreement. Any agreement that Lessee may have with any third party, including any manufacturer or vendor, relating to services shall be separate and distinct from this lease and Lessor shall not have any obligations thereunder. Lessee acknowledges that this lease constitutes a "finance lease" under UCC Article 2A in all respects, and that Lessor's sole obligations to Lessee hereunder is not to interfere with Lessee's quiet enjoyment of the Property so long as Lessee is not in default hereunder. Subject to the foregoing sentence and to the extent permitted by law, Lessee unconditionally and irrevocably waives any and all rights and remedies against Lessor at law or in equity (including, without limitation, any rights and remedies granted Lessee under Article 2A of the Uniform Commercial Code and/or the right to reject any Property or repudiate this lease). Lessee agrees that Lessor assumes no liability for and makes no representation as to the treatment by Lessee of this lease, the Property or the rent payments for financial statement or tax purposes.

7. **TITLE; SECURITY INTEREST.** During the Lease Term title to the Property shall vest in Lessee, subject to Lessor's rights under Sections 5 and 22 of this Lease. To secure the payment of the Rental Payments and any and all liabilities, direct, indirect, absolute, contingent, due or to become due or existing or hereafter arising of Lessee to Lessor, Lessee grants to Lessor as the secured party a security interest in and to all Property described in Exhibit A, together with all additions, attachments, accessions, substitutions and proceeds with respect thereto and Lessor shall retain its security interest in the Property until the Lease Term shall expire. Lessee agrees that Lessor may file such financing statements or other instruments necessary to perfect such security interest under State law. Notwithstanding anything contained in the Lease to the contrary, Lessee and Lessor hereby agree and acknowledge that with respect to the Equipment covered by this Lease, Lessee's interest shall be that of owner and holder of legal title and Lessor's interest shall be that of a secured party with a first perfected security interest.
8. **PERSONAL PROPERTY.** The Property is and will remain personal property and will not be deemed to be affixed or attached to real estate or any building thereon. If requested by Lessor, Lessee will, at its expense, furnish a landlord or mortgagee waiver with respect to the Property.
9. **USE; REPAIRS.** Lessee will use the Property in a careful manner for the use contemplated by the manufacturer of the Property and shall comply with all laws, ordinances, insurance policies and regulations relating thereto, and will pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance. Lessee, at its expense, will keep the Property in good repair and will furnish all parts, mechanisms and devices required therefor. If the Property is such as is customarily covered by a maintenance agreement, Lessee will furnish Lessor with a maintenance agreement with a party satisfactory to Lessor.
10. **ALTERATIONS.** Lessee will not make any alterations, additions or improvements to the Property without Lessor's prior written consent unless such alterations, additions or improvements may be readily removed without damage to the Property.
11. **LOCATION; INSPECTION.** The Property will not be removed from, or if the Property consists of rolling stock its permanent base will not be changed from, the Property Location without Lessor's prior written consent which will not be unreasonably withheld. Lessor will be entitled to enter upon the Property Location or elsewhere during reasonable business hours to inspect the Property or observe its use and operation.
12. **LIENS AND TAXES.** Lessee shall keep the Property free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee shall be liable for all costs of maintaining Lessor's first priority perfected security interest in the Equipment, keeping the Equipment free of all encumbrances and security interests prohibited hereby and removing same if they should arise. Lessee shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Property, excluding, however, all taxes on or measured by Lessor's income. If Lessee fails to pay said charges and taxes when due, Lessor shall have the right, but shall not be obligated, to pay said charges and taxes. If Lessor pays any charges or taxes for which Lessee is responsible or liable under this Lease, Lessee shall, upon demand, reimburse Lessor as additional rent the amount of any such charges or taxes plus interest thereon at the rate of 18% per annum or the highest rate allowed by law, whichever is less, to the date of said reimbursement.
13. **RISK OF LOSS; DAMAGES; DESTRUCTION.** Lessee assumes all risk of loss of or damage to the Property from any cause whatsoever, and no such loss of or damage to the Property shall relieve Lessee of the obligation to make Rental Payments or to perform any other obligation under this Lease. In the event of damage to any item of Property, Lessee will immediately place the same in good repair with the proceeds of any insurance recovery applied to the cost of such repair. If Lessor determines that any item of the Property is lost, stolen, destroyed or damaged beyond repair Lessee, at its option, will either: (a) replace the same with like Property in good repair, or (b) on the next Rental Payment date pay Lessor; (i) all amounts owed by Lessee under this Lease, including the Rental Payment due on such date; and (ii) an amount equal to the applicable Purchase Option Price set forth in Exhibit C. In the event that less than all the Property has been lost or destroyed, Lessor and Lessee shall substitute revised Exhibits A and C into this Lease by appropriate endorsement.
14. **INSURANCE.** Lessee shall obtain and maintain on or with respect to the Property at its own expense (a) liability insurance insuring against liability for bodily injury and property damage with a minimum limit of **\$1,000,000.00** combined single limit or such greater amount as may be prescribed by any applicable state law specifying minimum insurance requirements, and (b) physical damage insurance insuring against loss or damage to the Property in an amount not less than the full replacement value of the Property, but in no event will the insurance limits be less than the amount of the then applicable Purchase Option Price as provided in Section 15 below. Lessee shall furnish Lessor with a certificate of

insurance evidencing the issuance of a policy or policies to Lessee in at least the minimum amounts required herein naming Lessor as an additional insured thereunder for the liability coverage and as loss payee for the property damage coverage. Each such policy shall be in such form, including a maximum deductible, and with such insurers as may be satisfactory to Lessor, and shall contain a clause requiring the insurer to give to Lessor at least 30 days' prior written notice of any alteration in the terms of such policy or the cancellation thereof, and a clause specifying that no action or misrepresentation by Lessee shall invalidate such policy. Lessor shall be under no duty to ascertain the existence of or to examine any such policy or to advise Lessee in the event any such policy shall not comply with the requirements hereof. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts for loss or damage under any such insurance policy. In the event Lessee fails to procure, maintain, pay for or provide Lessor with evidence of the insurance required by this lease, or to pay any fees, assessments, charges or taxes as required in this lease, Lessor shall have the right, but not be obligated, to obtain insurance covering Lessor's interest in the Property from an insurer of Lessor's choice, or pay said fees, assessments, charges and taxes, as the case may be. In that event, Lessee shall reimburse Lessor upon demand for the cost thereof, together with interest until paid at the rate of 18% per annum or the maximum rate allowable by law, whichever is less, and failure to pay the same shall constitute an Event of Default under this lease. **NOTHING IN THIS LEASE WILL CREATE AN INSURANCE RELATIONSHIP OF ANY TYPE BETWEEN LESSOR AND ANY OTHER PERSON.**

15. **LESSEE'S OPTION TO PURCHASE.** At such time as Lessee shall have fully paid the total Rental Payments for the entire Lease Term and Lessee shall have fully paid and performed all other obligations hereunder and provided no Event of Default has occurred and is continuing, Lessee may at its option pay to Lessor the sum of **ONE DOLLAR (\$1.00)**, whereupon title to the Property shall remain vested in Lessee and Lessor shall transfer any and all of its right, title and interest in the Property to Lessee as is, where is, without warranty, express or implied, except Lessor will warrant to Lessee that the Property is free and clear of any liens created by Lessor. This option shall be exercised by written notice to Lessor given within the thirty (30) day period prior to the last day of the Lease Term.

16. **LESSEE CERTIFICATION.** Lessee warrants that it is a state, or a political subdivision thereof, within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code") and the related treasury regulations and rulings thereunder, or the District of Columbia, and that this lease has been duly authorized, approved, executed and delivered and is a valid and binding contract of Lessee, enforceable against Lessee in accordance with its terms, such that those amounts designated as interest in Exhibit C, will qualify for exclusion from gross income of Federal income taxes by Lessor, its assignees, and any participants with such, under Section 103 of the Code. Lessee further warrants that during the Lease Term, the Property will be used by Lessee only for the purpose of performing governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority and will not be used in a trade or business of any person or entity other than Lessee.

In the event that Lessee is not a state or political subdivision thereof within the meaning of Section 103 of the Code, or if for any reason the usage of the Property would cause any interest payment hereunder to lose its exemption from Federal taxation, or if Lessee fails to comply with the information reporting requirements of Section 149(e) of the Code or if Lessee fails to keep a record of all assignments of the Lease pursuant to Section 149(a) of the Code, then Lessee agrees to pay Lessor, its assignees, and any participants with such, an additional amount which, together with the amount of interest to be paid by Lessee under this Lease, puts Lessor, its assignees, and any participants with such, in the same after-tax position they would have had such payments been exempt from taxation under Section 103 of the Code.

17. **LESSEE NEGLIGENCE.** Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Property and for injury to or death of any person or damage to any property 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. Lessee hereby assumes responsibility for and agrees to reimburse Lessor for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' 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, to the maximum extent permitted by law.

18. **ESSENTIAL USE.** It is Lessee's intent to make Payments for the full Lease Term if funds are legally available therefor and in that regard Lessee represents that: (a) the use of the Property is essential to Lessee's proper, efficient and economic functioning or to the services that Lessee provides to its citizens, (b) Lessee has an immediate need for and expects to make immediate use of substantially all the Property, which need is not temporary or expected to diminish in the

foreseeable future, and (c) the Property will be used by Lessee only for the purpose of performing one or more of its governmental or proprietary functions consistent with the permissible scope of its authority.

19. **ASSIGNMENT.** Without Lessor's prior written consent, Lessee will not assign, transfer, pledge, hypothecate or grant any security interest in or other wise dispose of this Lease or the Property or any interest in this Lease or the Property.

Lessor, without the consent of Lessee, may assign its right, title and interest in and to this Lease, the Property and any other documents executed with respect to this Lease, and/or grant or assign a security interest in this Lease and the Property, in whole or in part. Any such assignees shall have all of the rights of Lessor under this Lease. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Any assignment or reassignment of any of Lessor's right, title or interest in this Lease or the Property shall be effective upon receipt by Lessee of a duplicate original of the counterpart document by which the assignment or reassignment is made, disclosing the name and address of each such assignee and, where applicable, to whom further payments hereunder should be made. With the written consent of Lessee, which consent will not be unreasonably withheld, Lessor may assign any interest in this Lease upon terms which provide that the assignor or assignee will act as a collection and paying agent for holders of certificates of participation in this Lease. Lessee agrees to acknowledge in writing any assignments if so requested. Lessee shall keep a written record of all assignments.

LESSEE AGREES THAT UPON NOTICE OF SUCH ASSIGNMENT IT SHALL PAY DIRECTLY TO LESSOR'S ASSIGNEE WITHOUT ABATEMENT, DEDUCTION OR SETOFF ALL AMOUNTS WHICH BECOME DUE HEREUNDER AND FURTHER AGREES THAT IT WILL NOT ASSERT AGAINST LESSOR'S ASSIGNEE ANY DEFENSE, CLAIM, COUNTERCLAIM OR SETOFF ON ACCOUNT OF ANY REASON WHATSOEVER WITH RESPECT TO ANY RENTAL PAYMENTS OR OTHER AMOUNTS DUE HEREUNDER.

20. **EVENTS OF DEFAULT.** The term "Event of Default", as used in this Lease, means the occurrence of any one or more of the following events:

- (a) Lessee fails to make any Rental Payment (or any other payment) as it becomes due in accordance with the terms of this Lease, and any such failure continues for ten (10) days after the due date thereof;
- (b) Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured within twenty (20) days after receipt of written notice thereof from Lessor;
- (c) Any statement, representation, or warranty made by Lessee in this Lease or in any writing delivered by Lessee pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect;
- (d) Lessee becomes insolvent, makes an assignment for the benefit of creditors, applies or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee of all or a substantial part of its assets, or a petition for relief is filed by Lessee under Federal bankruptcy, insolvency or similar laws; or a petition in a proceeding under any bankruptcy, insolvency or similar laws is filed against Lessee and is not dismissed within thirty (30) days thereafter.

21. **REMEDIES.** Upon the occurrence of an Event of Default, Lessor may, at its option, exercise any one or more of the following remedies:

- (a) Lessor may declare all Rental Payments due in the current fiscal year of Lessee immediately due and payable, whereupon such Rental Payments shall be immediately due and payable.
- (b) By written notice to Lessee, request Lessee to (and Lessee agrees that it will), at Lessee's expense, promptly return the Property to Lessor in the manner set forth in Section 22 hereof, or Lessor, at its option, may enter upon the premises where the Property is located and take immediate possession of and remove the same;
- (c) Sell or lease the Property or sublease it for the account of Lessee, holding Lessee liable for all Rental Payments and other payments due to the end of the fiscal year then in effect; the proceeds of such sale or lease shall be applied to the following items in the following order: first, to the payment of all costs and expenses of Lessor arising from the Event of Default; second, to the payment of the applicable Purchase Option Price; and third, to the payment of any Rental Payments then due and owing thereunder; and

(d) Exercise any other right, remedy or privilege which may be available to it under applicable law including the right to (i) proceed by appropriate court action to enforce the terms of this Lease; (ii) recover damages for the breach of this Lease; and (iii) rescind this Lease as to any or all of the Property in accordance with applicable laws and procedures.

In addition, Lessee will remain liable for all covenants and indemnities under this Lease and for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

22. **TERMINATION PROCEDURE.** In the event Lessor is entitled under the provisions of this Lease, including any cancellation or termination hereof pursuant to Sections 5 and 21 hereof, to obtain possession of the Property, title to the Property shall immediately vest in Lessor and Lessee shall make the Property available to Lessor free of all liens and encumbrances in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear resulting from proper use alone excepted. Lessee agrees, at its expense, to advise Lessor of the location or locations where the Property may be found, permit Lessor access to the Property, voluntarily relinquish possession of the Property to Lessor, deliver the Property to a reasonable location specified by Lessor, and fully cooperate with Lessor in all respects in the removal of and redelivery of the Property to Lessor. Lessee agrees to execute and deliver to Lessor all documents reasonably necessary to transfer legal and beneficial title to the Property to Lessor and to evidence the cancellation or termination of Lessee's interest in the Property.

23. **LAW GOVERNING AND CONSTRUCTION. THIS LEASE, AND ALL MATTERS ARISING FROM THIS LEASE, INCLUDING ALL INTEREST AND FINANCE CHARGES HEREUNDER, SHALL IN ALL RESPECTS BY GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH FEDERAL LAW AND, TO THE EXTENT NOT PREEMPTED BY FEDERAL LAW, BY THE LAWS OF THE STATE OF MINNESOTA WITHOUT GIVING EFFECT TO CONFLICT OF LAW PROVISIONS. LESSEE HEREBY CONSENTS TO JURISDICTION AND VENUE OF THE FEDERAL OR STATE COURTS SITTING IN THE STATE OF MINNESOTA FOR PURPOSES OF RESOLVING ALL DISPUTES OF ANY NATURE WHATSOEVER REGARDING THE LEASE, OR ANY TRANSACTION CONTEMPLATED HEREBY, AND LESSEE HEREBY WAIVES OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF JURISDICTION OR VENUE IN THE FEDERAL OR STATE COURTS OF MINNESOTA. LESSOR AND LESSEE AGREE THAT A SUMMONS AND COMPLAINT COMMENCING AN ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE PROPERLY SERVED AND SHALL CONFIRM PERSONAL JURISDICTION IF SERVED PERSONALLY, BY CERTIFIED MAIL TO IT AT ITS ADDRESS DESIGNATED PURSUANT TO THE LEASE, OR AS OTHERWISE PROVIDED UNDER THE RESPECTIVE RULES OF THE STATE OR FEDERAL COURTS OF MINNESOTA. ANY PROVISION OF THIS LEASE WHICH MAY BE PROHIBITED OR UNENFORCEABLE IN ANY JURISDICTION SHALL NOT, AS TO SUCH JURISDICTION, INVALIDATE THE REMAINING PROVISIONS HEREOF AND SHALL NOT INVALIDATE OR RENDER UNENFORCEABLE SUCH PROVISION IN ANY OTHER JURISDICTION. LESSEE AGREES THAT, AT LESSOR'S SOLE ELECTION AND DETERMINATION, LESSOR MAY SELECT AN ALTERNATIVE FORUM, INCLUDING ARBITRATION OR MEDIATION, TO ADJUDICATE ANY DISPUTE ARISING OUT OF THIS LEASE. THE PARTIES HERETO, AFTER CONSULTING (OR HAVING HAD AN OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS LEASE, INCLUDING ANY LITIGATION REGARDING THE ENFORCEMENT OF THIS LEASE OR ANY RELATED AGREEMENTS.**

24. **NOTICES AND ORIGINALS.** Any written notice hereunder to Lessee or Lessor shall be deemed to have been given when delivered personally deposited with a nationally recognized overnight courier (with all fees pre-paid), delivered via facsimile or e-mail (with confirmation of transmission), or deposited in the United States mails, certified or registered mail, addressed to recipient at its address set forth above or at such other address as may be substituted therefor by notice given pursuant to the terms hereof. Lessee hereby agrees that Lessor, including its vendors, service providers, partners, affiliates, successors and assigns, may contact Lessee at any telephone number provided to Lessor, by placing voice telephone calls (including the use of automatic telephone dialing systems or prerecorded voice messaging) or, in the case of wireless telephones or other wireless devices, by sending email or automated (SMS) text messages. There shall be only one original counterpart of this lease and it shall bear the original signature of Lessor and be marked "Original." To the extent that this lease constitutes chattel paper (as that term is defined by the Uniform Commercial Code), a security or ownership interest intended to be created through the transfer and possession of this lease can be done only by the transfer of such original bearing the original signature of Lessor. Lessor, in its sole discretion, may permit Lessee to electronically copy and/or deliver by telecopier or other electronic means of transmission an executed counterpart of this lease, and any document, schedule, amendment, addendum, supplement or agreement related hereto or executed in connection herewith.

By so copying and/or delivering any such document, Lessee hereby represents and agrees (a) that such transmission constitutes due delivery of such executed document, (b) that the counterpart of such executed document as printed by the recipient, including Lessee's signature thereon, shall be deemed to constitute an original and shall be admissible in any court or other legal proceeding as an original, and (c) to deliver to Lessor, promptly on request, such document bearing Lessee's original "wet ink" signature; provided that neither delivery nor failure to deliver the document bearing Lessee's original "wet ink" signature shall limit or modify the representations and agreements set forth in clauses (a) and (b).

25. **SECTION HEADINGS.** All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

26. **DELIVERY OF CERTAIN DOCUMENTS AND RELATED REQUIREMENTS.** Lessee will execute or provide, as requested by Lessor, annual budget and financial information and such other documents and information, including an opinion of Lessee's counsel as to the validity and enforceability of this Lease, as are reasonably necessary with respect to the transaction contemplated by this Lease. If Lessee is a "Registered Organization" (as such term is defined in the UCC), then Lessee will: (i) upon request of Lessor, provide copies of its applicable registered organization documents; and (ii) not change its legal name or its chief executive office or state of organization, without, in each case, giving Lessor at least 30 days' prior written notice of any such event.

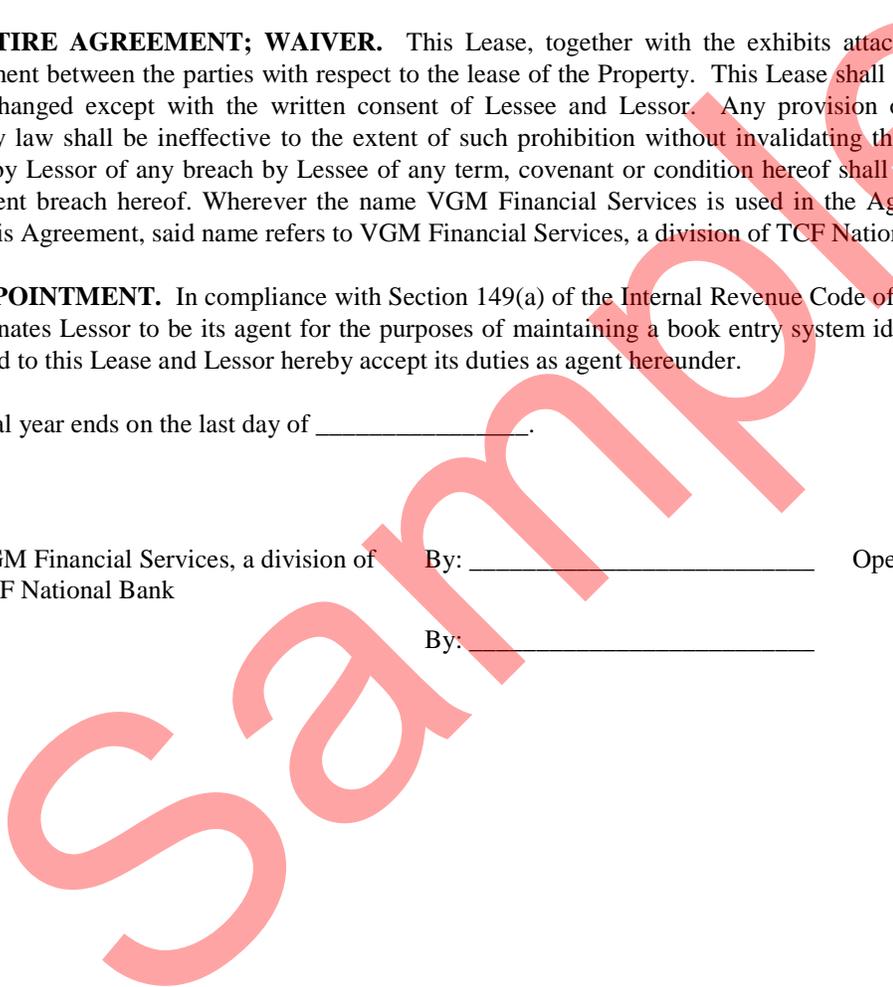
27. **ENTIRE AGREEMENT; WAIVER.** This Lease, together with the exhibits attached hereto constitutes the entire agreement between the parties with respect to the lease of the Property. This Lease shall not be modified, amended, altered, or changed except with the written consent of Lessee and Lessor. Any provision of this Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Lease. The waiver by Lessor of any breach by Lessee of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach hereof. Wherever the name VGM Financial Services is used in the Agreement or any document relating to this Agreement, said name refers to VGM Financial Services, a division of TCF National Bank

28. **APPOINTMENT.** In compliance with Section 149(a) of the Internal Revenue Code of 1986, as amended, Lessee hereby designates Lessor to be its agent for the purposes of maintaining a book entry system identifying the ownership or interest in and to this Lease and Lessor hereby accept its duties as agent hereunder.

Lessee's fiscal year ends on the last day of _____.

Lessor: VGM Financial Services, a division of TCF National Bank By: _____ Operations - T.C.

Lessee: By: _____



OPINION OF COUNSEL

(To be on Attorney's Letterhead)

Date:

Lessee:

Lessor: VGM Financial Services, a division of TCF National Bank
1111 West San Marnan Dr, Suite A2 West
Waterloo, IA 50701-8926

Re: Lease-Purchase Agreement No. _____, dated as of _____, by and between _____ and
VGM Financial Services, a division of TCF National Bank

Ladies and Gentlemen:

I have acted as counsel to Lessee with respect to the Lease-Purchase Agreement described above (the "Lease") and various related matters, and in this capacity have reviewed a duplicate original or certified copy of the Lease and exhibit thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. Lessee is a public corporation and political subdivision of the State of _____ (the "State") duly organized, existing and operating under the Constitution and laws of the State. The full, true and correct legal name of Lessee is _____. If Lessee is a "Registered Organization" (as such term is defined in the UCC (as defined in Section 2 below)), such legal name is as stated on Lessee's applicable registered organization documents.
2. The Uniform Commercial Code, as adopted in the State (the "UCC"), and no other statute of the State, governs the creation, perfection, priority or enforcement of a security interest created by Lessee.
3. Lessee is authorized and has power under State law to enter into the Lease, and to carry out its obligations thereunder and the transactions contemplated thereby.
4. The Lease and the other documents described above have been duly authorized, approved, executed and delivered by and on behalf of Lessee, and the Lease is a valid and binding contract of Lessee enforceable in accordance with its terms, except to the extent limited by State and Federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.
5. Lessee has no authority (statutory or otherwise) to terminate the Lease prior to the end of its term for any reason other than pursuant to the terms of Section 5 of the Lease.
6. The authorization, approval and execution of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable State and Federal laws.
7. The execution of the Lease and the appropriation of moneys to pay the payments coming due under the Lease do not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.
8. There is no litigation, action, suit, or proceeding pending or before any court, administrative agency, arbitrator or governmental body, that challenges the organization or existence of Lessee; the authority of the organization or existence of Lessee; the authority of its officers; the proper authorization, approval and execution of the Lease and the other documents described above; the appropriation of monies to make Rental Payments under the Lease for the current fiscal year, or the ability of Lessee otherwise to perform its obligations under the Lease and the transactions contemplated thereby.

This opinion of counsel may be relied upon by VGM Financial Services, a division of TCF National Bank and its successors and assigns.

Very truly yours,

EXHIBIT A
TO LEASE-PURCHASE AGREEMENT NO. _____
DATED AS OF _____

PROPERTY DESCRIPTION

| Description (including features) | Location |
|----------------------------------|----------|
| | |
| Total Cost \$ _____ | |

Lessee:

By: _____

Sample

EXHIBIT B
TO LEASE-PURCHASE AGREEMENT NO. _____
DATED AS OF _____

RECEIPT CERTIFICATE

The undersigned Lessee under that certain Lease-Purchase Agreement No. _____, dated as of _____, negotiated for the purpose of acquiring Property with VGM Financial Services, a division of TCF National Bank, as Lessor, hereby acknowledges receipt in good condition of all of the Property described on Exhibit A to said Lease-Purchase Agreement and hereby certifies that the Property is satisfactory and in accordance with specifications.

Lessee authorizes Lessor to fill in the First Payment Date on Exhibit C based on the date that Lessor disburses funds to the Vendor.

Dated: _____

Lessee:

By: _____

Sample

EXHIBIT C
RENTAL PAYMENT SCHEDULE
TO LEASE-PURCHASE AGREEMENT NO. _____
DATED AS OF _____

First Payment Date: _____

Lessee:

By: _____

Sample

EXHIBIT D
LEASE-PURCHASE AGREEMENT NO. _____

DATED AS OF _____

BETWEEN

VGM Financial Services, a division of TCF National Bank and _____

STATEMENT OF ESSENTIAL USE/SOURCE OF FUNDS

The above referenced contract is to provide financing for the purchase of Property rather than for the short-term rental of Property. For this reason, periodic payment amounts are calculated to amortize the full cost of the Property over the agreed payment term. Because we do not consider your repayment commitment to be a debt obligation, as that term would be defined by State constitution or regulations, the contract includes a non-appropriation clause and is subject to funds being encumbered for repayment on a fiscal year basis. This non-appropriation clause provides some risk that the Property will be returned during the life of the contract rather than being paid in full.

As evidence of your present intent to retain the Property throughout the scheduled term, we need a description of your understanding of the essential governmental use intended for the Property, together with an understanding of the sources from which payments will be made. To satisfy this requirement, please address the following points by completing this form:

1. a. What is the specific use of this Property?
b. What increased capabilities will it provide?
2. Why is the Property essential to the operation of your organization?
3. a. Does the Property replace existing Property?
b. If so, why is the replacement being made?
4. Why did you choose this specific Property or system configuration?
5. What is your estimate of the useful life of the Property to your operations?
6. What is the expected source of funds for payments due under the Agreement for the current fiscal and future fiscal years?

Lessee:

By: _____

EXHIBIT E
INSURANCE COVERAGE _____
DATED AS OF _____

RE: INSURANCE COVERAGE REQUIREMENTS

1. In accordance with the Lease-Purchase Agreement, Lessee certifies that it has instructed the insurance agent named below (please fill in name, address, and telephone number):

| | | |
|-------------------------------------|--------------------|---|
| Insurance Company Liability: | Agent Name: | Business Phone # Fax Phone # |
| Insurance Company Property: | Agent Name: | Business Phone # Fax Phone # |

to issue: (check to indicate coverage)

 X a. All Risk Physical Damage Insurance on the leased Property evidenced by a Certificate of Insurance and Long Form Loss Payable Clause naming VGM Financial Services, a division of TCF National Bank and/or its assigns as Loss Payee.

Coverage Required: Termination Value Specified.

 X b. Public Liability Insurance evidenced by a Certificate of Insurance naming VGM Financial Services, a division of TCF National Bank and/or its assigns as an Additional Insured.

Minimum Coverage Required:

- \$1,000,000 per person
- \$1,000,000 aggregate bodily injury liability
- \$1,000,000 property damage liability.

Proof of insurance coverage will be provided to VGM Financial Services, a division of TCF National Bank, 1111 West San Marnan Dr, Suite A2 West, Waterloo, IA 50701-8926, prior to the time that the property is delivered to Lessee. Please fax a copy of the Certificate of Insurance or binder to Marisa Meyers at (866) 465-3149.

Lessee:

By: _____

RESOLUTION
LEASE-PURCHASE NO. _____
DATED AS OF _____

A resolution authorizing the negotiation, execution, and delivery of Lease-Purchase Agreement No. _____ dated _____ (the "Lease"), in the principal amount of \$_____, between _____ and **VGM Financial Services, a division of TCF National Bank, 1111 West San Marnan Dr, Suite A2 West, Waterloo, IA 50701-8926;** providing ____ **Monthly** lease payments of _____ each from legally available funds; and prescribing other details in connection therewith.

WHEREAS, _____, (the "Lessee") is a Municipalities duly organized and existing pursuant to the Constitution and laws of the State of _____; and

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

WHEREAS, Lessee hereby finds and determines that the execution of a Lease for the purpose of leasing with the option to purchase the property designated and set forth in Exhibit A to the Lease is appropriate and necessary to the function and operations of the Lessee; and

WHEREAS, **VGM Financial Services, a division of TCF National Bank,** (the "Lessor") is a Corporation duly organized, existing, and in good standing under the laws of the State of Minnesota, shall act as Lessor under said Lease; and

WHEREAS, the Lease shall not constitute a general obligation indebtedness of the Lessee within the meaning of the Constitution and laws of the State;

NOW, THEREFORE, BE IT RESOLVED BY THE _____ OF LESSEE:

Section 1. The _____ or _____ acting on behalf of Lessee, are hereby authorized to negotiate, enter into, execute, and deliver the Lease and related documents in substantially the form as presently before _____, which Lease is available for public inspection at the offices of Lessee.

Section 2. The Lease shall be in the principal amount of \$_____ bearing interest as set forth in Exhibit C of the Lease; said Lease to contain an option to purchase by the Lessee as therein set forth.

Section 3. The Lessee's obligations under the Lease shall be expressly subject to annual appropriation by Lessee; and such obligations under the Lease shall not constitute a general obligation of Lessee or indebtedness of Lessee within the meaning of the Constitution and laws of the State of Minnesota.

Section 4. All other related contracts and agreements necessary and incidental to the Lease are hereby authorized.

Section 5. Lessee reasonably anticipates to issue not more than \$10,000,000 of tax-exempt obligations (other than "private activity bonds" which are not "qualified 501(c)(3) bonds") during the current calendar year and hereby designates the Lease as a "qualified tax-exempt obligation" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Section 6. This resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this ____ day of _____, 20____.

Lessee:

By: _____

Sample

CERTIFICATE
AS TO
BANK QUALIFICATION

I, _____, do hereby certify that I am the duly elected or appointed and acting _____ of _____ (Lessee), and that with respect to the Lease-Purchase Agreement No. _____ dated as of _____ (the Lease) by and between Lessee and **VGM Financial Services, a division of TCF National Bank:**

1. Lessee hereby designates the Lease as a “qualified tax-exempt obligation” for purposes and within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended (the Code), and treasury regulations promulgated thereunder.

2. The reasonably anticipated amount of tax-exempt obligations (other than obligations listed in Section 265(b)(3)(C)(ii) of the Code) which will be issued by Lessee during the current calendar year does not exceed \$10,000,000.

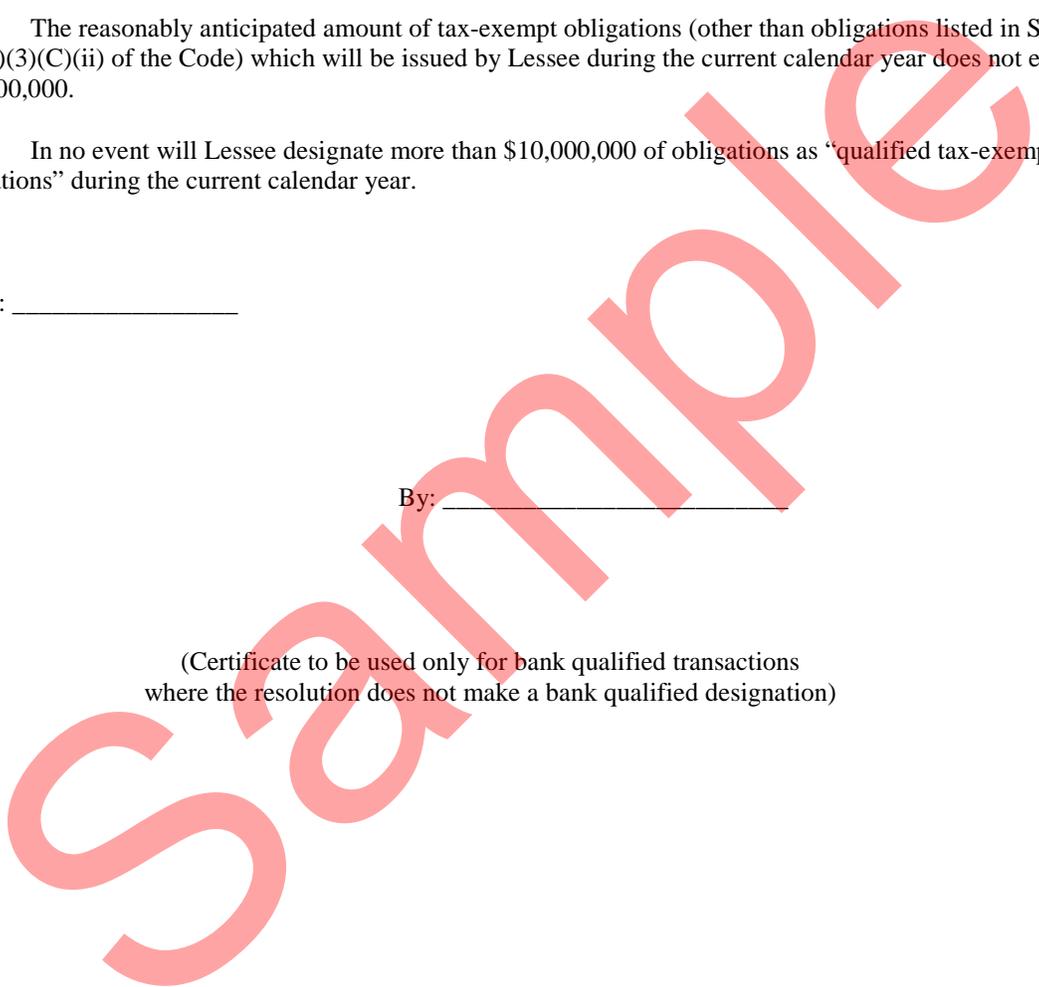
3. In no event will Lessee designate more than \$10,000,000 of obligations as “qualified tax-exempt obligations” during the current calendar year.

Dated: _____

Lessee:

By: _____

(Certificate to be used only for bank qualified transactions
where the resolution does not make a bank qualified designation)



CERTIFICATE OF INCUMBENCY
LEASE-PURCHASE AGREEMENT NO. _____
DATED AS OF _____

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

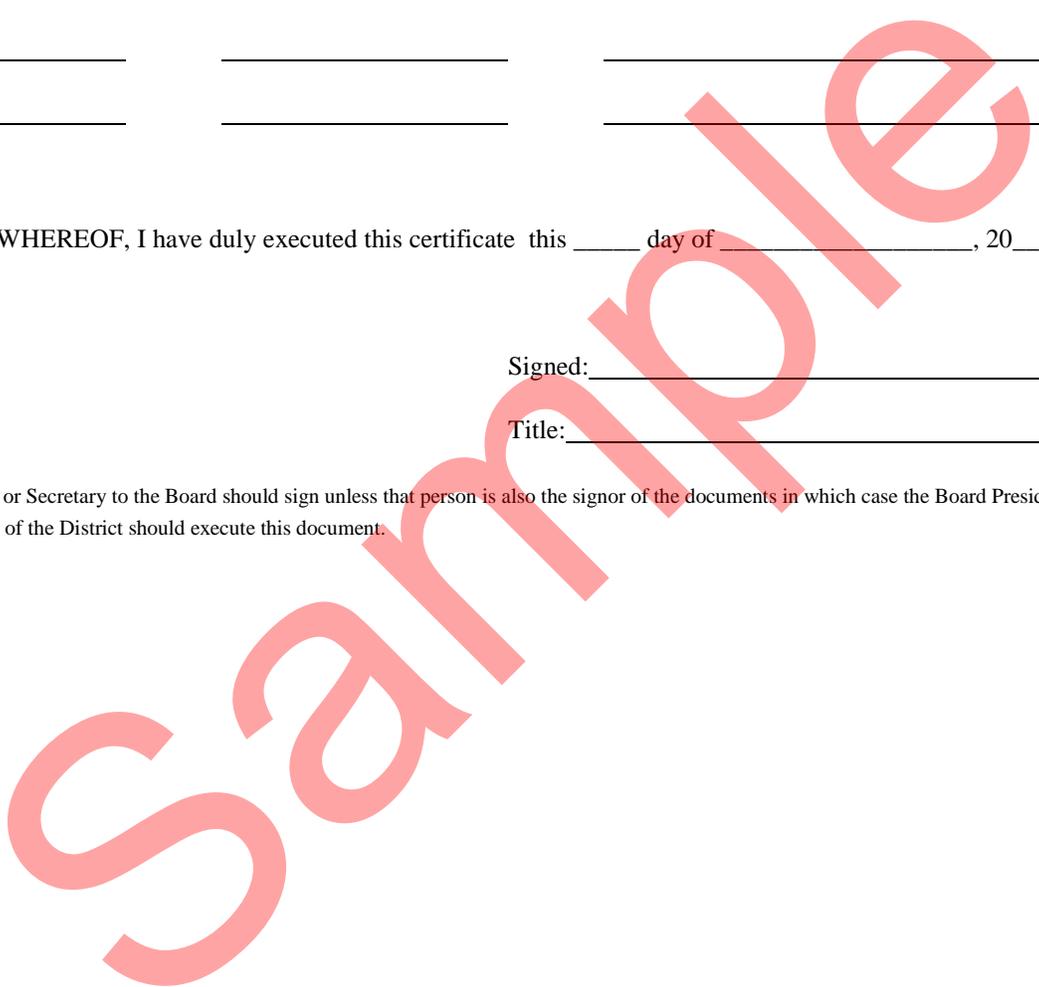
| NAME | TITLE | SIGNATURE |
|-------|-------|-----------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |

IN WITNESS WHEREOF, I have duly executed this certificate this ____ day of _____, 20____.

Signed: _____

Title: _____

NOTE: The Clerk or Secretary to the Board should sign unless that person is also the signor of the documents in which case the Board President or some other Officer of the District should execute this document.



LESSEE'S FACT SHEET

Please fill in **ALL** of the following questions and return this form with the lease documents:

1. Name of Lessee:
2. Property location address:
3. County Property is located in:
4. COMPLETE BILLING ADDRESS:
- 5.
6. Send bills to the ATTENTION of:
7. Most convenient billing date(s):
8. Name of person who issues payment:
9. Phone number of person in number 7: _____
10. Lessee Fax #: _____ Lessee E-mail: _____
11. Has ALL Property been delivered and in proper working order: (yes or no)
12. Tax ID number:
13. Fiscal year end: