

City of Spring Hill, Kansas

REQUEST FOR PROPOSALS  
MUNICIPAL EQUIPMENT LEASE AGREEMENT

FOR FINANCING EQUIPMENT

DATE OF RFP: October 23, 2020

RESPONSES DUE BY: November 5, 2020, 12:00 PM, CST

RFP RESPONSES AND  
REQUESTS FOR INFORMATION  
SHOULD BE DIRECTED TO:

Ms. Melanie Landis, Assistant City Administrator  
City of Spring Hill  
P.O. Box 424  
401 N. Madison Street  
Spring Hill, Kansas 66083  
[bids@springhillks.gov](mailto:bids@springhillks.gov)

# City of Spring Hill, Kansas

## REQUEST FOR PROPOSALS MUNICIPAL EQUIPMENT LEASE AGREEMENT

Dated: October 23, 2020

### Purpose

This is a Request for Proposals (the "RFP") from potential Lease Providers (the "Lessor") for a Municipal Equipment Lease Agreement (the "Lease") issued by the City of Spring Hill (the "City").

The City's goal is to enter into a Lease with a single qualified provider for the purpose of funding the acquisition of three vehicles.

The principal amount of the Lease is currently estimated at \$132,250, and the proposed principal amortization is set forth on the Summary of Terms, attached as Appendix A to this RFP.

**Sealed proposals along with a sample payment schedule should be clearly marked with the title "RFP – 2020 Municipal Equipment Lease" and received on or before November 5, 2020, 12:00 P.M. CST, by:**

Ms. Melanie Landis, Assistant City Administrator  
City of Spring Hill  
401 N. Madison Street  
Po Box 424  
Spring Hill, Kansas 66083

Sealed proposals may also be emailed to [bids@springhillks.gov](mailto:bids@springhillks.gov) with a subject line of "RFP-2020 Municipal Equipment Lease". A hard copy with original signature should then be mailed to the City address listed above.

**A form of proposal acceptance is included as Appendix B to this RFP. Each submitted proposal needs to contain a completed copy of Appendix B.** The City reserves the right to change or extend the submission date and time for any reason.

### Introduction

The City invites Lessors to submit written proposals for lease financing for the equipment. The City expects to enter into a Lease with a single Lessor for a term of five (5) years commencing on approximately November 20, 2020, for two (2) 2020 Ford Police Interceptor Utility SUV patrol units plus related outfitting and one (1) F150 Police Supercrew animal control/patrol truck plus related outfitting.

The City will make its decision as to award based on the proposal which, in the sole opinion of the City, provides the terms most advantageous to the City.

## Equipment Description

The equipment will consist of the following:

Ford Police Interceptor Utility SUV plus outfitting

Ford Police Interceptor Utility SUV plus outfitting

F150 Police Responder Supercrew Animal Control/Patrol Truck plus related outfitting

The cost of the items financed under the Lease is approximately \$132,250.

## General Agreement Terms

1. The Lease is expected to have a term as stated above, commencing on or about November 20, 2020, subject to approval by the City Council.
2. Interest rate, cost determination and mechanics
  - a. The City expects all interest payments made under the Lease to be tax-exempt under federal law, and interest included in Lease rental payments will be excluded from computation of Kansas adjusted gross income.
  - b. The City will make equal semi-annual payments of principal and interest on each March 1 and September 1.
  - c. The City expects to fully expend the Lease proceeds by March 1, 2021.
3. The City does not expect the need for escrow agent services. If your firm would require an escrow agent or any similar third-party participation, please note this situation in your proposal. However, except for the fees of the City's municipal advisor and special tax counsel, which fees will be paid by the City from lease proceeds, the Lessor will pay any charges or fees associated with the documentation of the transaction, UCC filing fees, credit review processing fees or fees of any kind, and such fees will not be payable by the City.
4. The Lessor may not syndicate the Lease to third parties.

## Security under the Lease

The Lease will provide that the City will make semiannual rent payments to the Lessor to amortize the principal amount with interest. Upon payment of all such rent, earlier prepayment or the payment of all amortized principal with respect to any particular item of equipment, the Lease will terminate as to such equipment, and all rights and interest in such equipment will belong to the City. If, however, the City fails to make any rent payments or otherwise defaults under the Lease, the Lessor will have the right to take possession of the equipment pursuant to the Lease. The Lessor may then sell or dispose of the same.

The rent payments are subject to annual appropriation. The Lease does not represent a general obligation or an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and the rent payments will not be payable from unlimited ad valorem property taxation.

Having noted the absence of general obligation security for any lease payment, as a general indicator of the City's creditworthiness, the City's general obligation credit rating from Standard and Poor's is "AA -."

## **Form of the Agreement**

The Base Lease and Lease and related documents will be prepared by the City's special tax counsel, Kutak Rock LLP. Forms of the Base Lease and Lease are attached as Appendices C and D, respectively, for Lessor's information. The Base Lease and Lease will be in substantially the forms attached hereto except for the insertion of details relating to the identity of the Lessor, interest rate, payment schedule or other information which will only become available once the City awards the Lease to a Lessor. The Lessor will not be permitted to request substantive changes to the Base Lease and Lease unless such changes are approved prior to the submission of its proposal. The determination of what constitutes a substantive change and the approval thereof is at the sole discretion of special tax counsel.

## **Legal Opinions**

The Lease will be tax-exempt under federal law, and interest included in Lease rental payments will be excluded from computation of Kansas adjusted gross income. The City expects to engage special tax counsel to provide an opinion on the validity of the lease documents and the tax status of the rental payments made by the City under the Lease.

## **Change in RFP**

The City reserves the right at any time to add to, delete, modify, or enlarge this RFP.

## **Discussions and Negotiations with Lessors**

Proposals may be evaluated, and award made with or without discussions and/or negotiations with Lessors. The City also reserves the right to discuss and negotiate anything and everything with any Lessors at any time. The City reserves the right to request additional information from any or all Lessors.

## **Rejection of Proposals**

The City reserves the right to reject any and all proposals.

## **Prohibition of Contact**

No City staff person or elected official should be contacted during the solicitation process unless you are specifically directed to do so. The City reserves the right to reject the response of any respondent failing to comply with this provision, and the risk of receipt of misinformation that could result will be borne solely by such respondent. All questions received, and their answers, will be provided in writing to each firm known to be in receipt of this Request for Proposals.

## **Calendar for Selection**

The City is expected to proceed with the selection process based on the following calendar:

Distribution of RFP.....	October 23, 2020
Receipt of Proposals.....	November 5, 2020 at 12:00 PM CST
Award by City Council.....	November 12, 2020
Closing and Funding.....	November 20, 2020

**APPENDIX A  
SUMMARY OF TERMS**

**\$132,250 (approximately)  
City of Spring Hill, Kansas  
2020 Municipal Equipment Lease**

<i>Issuer:</i>	City of Spring Hill, Kansas (the "City" or the "Lessee")
<i>Issue:</i>	<p>\$132,250 (approximately) 2020 Municipal Equipment Lease (the "Lease").</p> <p>Proceeds of the Lease will be used to fund the acquisition by the City of three vehicles.</p>
<i>Selection of Lessor:</i>	The City intends to present the basic terms of the Lease via this Summary of Terms document to one or more financial institutions. The prospective Lessors will submit written proposals to the City no later than 12:00 P.M. Thursday, November 5, 2020.
<i>Sale and Award of the Lease:</i>	The final terms of the Lease, including the interest rate, are expected to be set by 2:00 P.M. Thursday, November 5, 2020 and approved by the City Council by ordinance considered Thursday, November 12, 2020.
<i>Equipment Description</i>	<p>2020 Ford Interceptor SUV Purchase Price: \$43,000 (approximately)</p> <p>2020 Ford Interceptor SUV Purchase Price: \$46,000 (approximately)</p> <p>2020 Ford Responder F150 Purchase Price: \$43,250 (approximately)</p>
<i>Sale-Leaseback Transaction</i>	<p>The transaction is expected to proceed as follows:</p> <ul style="list-style-type: none"><li>• The City will agree to acquire title to the equipment from vendors in consideration for payment of the purchase prices thereof.</li><li>• The City and the Lessor will enter into a Base Lease whereby the Lessor will lease the equipment from the City and under which the Lessor will make a single rental payment to the City to be due at closing in the amount of approximately \$133,250.</li><li>• The City and the Lessor will enter into a Tax-Exempt Lease Purchase Agreement (the "Lease") whereby the City leases the equipment back from the Lessor with rental payments due semiannually over a term coterminous with the term of the Base Lease.</li></ul>

*Dated Date:* November 20, 2020.

*Expected Closing Date:* November 20, 2020

*Lease Structure:* The Principal and Interest for the equipment will be payable semi-annually each March 1 and September 1, commencing March 1, 2021 through September 1, 2025.

Interest will be calculated on the basis of 30-day months and 360-day years (30/360). A single rate of interest will apply to the lease.

The Principal amount is projected to be amortized as follows:

Maturity Date	Principal Amount*
3/1/2021	13,225
9/1/2021	13,225
3/1/2022	13,225
9/1/2022	13,225
3/1/2023	13,225
9/1/2023	13,225
3/1/2024	13,225
9/1/2024	13,225
3/1/2025	13,225
9/1/2025	13,225

\*Preliminary, subject to change

*Optional Redemption:* The City will have the option to prepay the Lease in whole or in part at any time. Proposals must specify whether a premium applies in the event the City prepays lease payments in whole or in part.

*Offering Document:* No offering document will be prepared. The City will provide certain historical City financial information upon request.

*Rating:* The Lease will not be rated.

*Bank Qualification:* The interest component of the Lease rental payments will be excludable from gross income under federal law, and the Lease will be designated as bank qualified under Section 265 of the Internal Revenue Code.

*Security and Source of Payment:* Annual appropriation lease obligation.

*Legal:* Kutak Rock, LLP, Kansas City, MO will serve as special tax counsel on matters relating to the Lease.

*Statutory Authority and Purpose:* Pursuant to Article 12, Section 5, of the Constitution of the State of Kansas and K.S.A. 12-101, cities are authorized to enter into lease

purchase agreements provided such agreements comply with the provisions of K.S.A. 10-1116b and 10-1116c.

*Tax Status:*

The Lease will be TAX-EXEMPT under federal law, and interest included in Lease rental payments will be excluded from computation of Kansas adjusted gross income. The City has engaged Kutak Rock LLP as special tax counsel to provide an opinion on the validity of the lease documents and the tax status of the rental payments made by the City under the Lease.

*Trustee/Registrar/Paying Agent:*

None. City will make payments directly to Lessor.

**APPENDIX B  
PROPOSAL FORM AND ACCEPTANCE**

**City of Spring Hill, Kansas  
\$132,250  
2020 Municipal Equipment Lease**

City of Spring Hill, Kansas

\_\_\_\_\_, 2020  
(must be on or before 11/05/2020)

\_\_\_\_\_ (the "Bank") hereby offers to purchase the \$132,250 Municipal Equipment Lease (the "Lease") of the City of Spring Hill, Kansas (the "City"), to be dated, as originally issued, on or about November 20, 2020 (delivery), at a price of par (\$132,250).

We propose the interest rate on the Lease to be \_\_\_\_% computed on the basis of 30-day months and 360-day years (30/360). The total proposed interest cost to the City for the term of the Lease is \$\_\_\_\_\_.

We propose [check appropriate box]:

- The lease payments may be prepaid at any time in whole or in part without premium
- The lease payments may be prepaid at any time in whole or in part with the following premium: \_\_\_\_\_ % premium. Premium applies for prepayments made on or before the following date \_\_\_\_\_.

This proposal is subject to the following conditions:

1. Kutak Rock LLP, Kansas City, Missouri, will prepare the Base Lease and the Lease Purchase Agreement using the following as the formal name of the Bank in the documents:  
\_\_\_\_\_.
2. We understand that the Lease is to be held for our own account and not resold or participated without the consent of the City and special tax counsel.
3. Delivery to us of the approving legal opinion of Kutak Rock LLP, Kansas City, Missouri, as to the validity and tax status of the interest on the Lease.
4. Delivery to us of customary closing documents, including a certificate as to no litigation.

Very truly yours,

\_\_\_\_\_  
By \_\_\_\_\_  
Its \_\_\_\_\_

The foregoing proposal is hereby accepted by and on behalf of the City named above this 12<sup>th</sup> day of November, 2020.

\_\_\_\_\_  
Steven Ellis, Mayor



**APPENDIX C  
FORM OF BASE LEASE**

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***NOTE: BLANK SPACES, TABLES AND OTHER INFORMATION  
WILL BE COMPLETED WHEN LEASE IS AWARDED TO A LESSOR***

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This Base Lease (the “Base Lease”), dated as of November 20, 2020, by and between the City of Spring Hill, Kansas (the “City”), as lessor, and [BASE LESSEE], a banking corporation, organized and existing under the laws of the State of Kansas (the “Bank”), as lessee:

**WITNESSETH:**

**WHEREAS**, the City has or will acquire the property described in *Exhibit A* to this Base Lease (the “Project”), and desires to lease the Project to the Bank pursuant to this Base Lease in consideration for the rent due hereunder and for the execution and delivery by the Bank to the City of a Lease-Purchase Agreement with the City, dated as of November 20, 2020 (the “Agreement”), wherein the Bank will lease the Project to the City under the terms set forth therein;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein set forth, the parties agree as follows:

**Section 1. Lease.** The City leases to the Bank, and the Bank rents and leases from the City, the Project on the terms and conditions of this Base Lease.

**Section 2. Term.** The term of this Base Lease shall commence as of November 20, 2020, and shall end on September 1, 2025, unless such term is sooner terminated pursuant to Section 6.

**Section 3. Rental.** The Bank shall pay to the City as and for the total rental due the sum of \$[132,250] which shall be paid by the Bank to the City on the closing date for the Base Lease transaction, which closing date shall be November 20, 2020, or such other date as may be agreed upon by the City and the Bank.

**Section 4. Title to Leased Property.** The City covenants with respect to the Project it has or will acquire title to such Project and that there are no liens on the Project.

**Section 5. Assignments and Subleases.** The Bank may assign its rights under this Base Lease without the written consent of the City (i) in connection with any assignment of its rights under the Agreement, (ii) if the Agreement is terminated for any reason, or (iii) if an “Event of Default” as defined in the Agreement has occurred.

**Section 6. Termination.** This Base Lease shall terminate upon the completion of the term set forth in Section 2; provided, however, in the event the City exercises its option to purchase the Project, or to purchase any item of equipment comprising the Project, then this Base Lease shall be terminated as to the Project or as to such item. The Bank agrees, upon such termination or upon completion of the term set forth in Section 2, to quit and surrender the Project, or item comprising

the Project, in the same good order and condition as the same was in at the time of commencement of the term (except as provided in the following paragraph), reasonable wear and tear excepted, and agrees that any permanent improvements to the Project at the time of the termination of this Base Lease shall remain with and part of the Project.

If an “Event of Default” under the Agreement occurs, the Bank shall have the right, with or without terminating the Lease, to take possession of the Project and shall have the right to sell, lease or sublease the Project or sell its interest in the Project and this Base Lease upon whatever terms and conditions it deems prudent.

**Section 7. Default.** The City shall not have the right to take possession of the Project (other than pursuant to the Agreement) or to terminate this Base Lease prior to the expiration of its term upon any default by the Bank, except that if, upon the exercise of the option to purchase the Bank’s interest in the Project granted to the City in Section 11.01 of the Agreement and after the payment of the Purchase Price specified and other sums payable under the Agreement, the Bank fails to convey its interest in the Project to the City pursuant to said option, then the City shall have the right to terminate this Base Lease, such termination to be effective thirty (30) days after delivery of written notice of such termination to the Bank.

**Section 8. Taxes.** The City covenants and agrees to pay any and all taxes levied or assessed upon the Project.

**Section 9. Waiver of Personal Liability.** All liabilities under this Base Lease on the part of the Bank are solely corporate liabilities of the Bank as a banking association, and, to the extent permitted by law, the City hereby releases each and every incorporator, member, director and officer of the Bank of and from any personal or individual liability under this Base Lease. No incorporator, member, director or officer of the Bank shall at any time or under any circumstances be individually or personally liable under this Base Lease for anything done or omitted to be done by the Bank.

**Section 10. Leaseback to City.** Contemporaneously herewith the Bank and the City will execute the Agreement whereby the Bank leases back to the City and the City leases from the Bank the Bank’s interest in the Project in accordance therewith. Title to the Project shall remain in the City at all times. The Agreement between the parties includes the option of the City to purchase the Bank’s interest in the Project upon payment of the Purchase Price.

**Section 11. Partial Invalidity.** If any one or more of the terms, provisions, covenants or conditions of this Base Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Base Lease shall be affected thereby, and each provision of this Base Lease shall be valid and enforceable to the fullest extent permitted by law.

**Section 12. Notices.** All written notices to be given under this Base Lease shall be given by United States registered or certified mail to the City and the Bank at their addresses set forth in Section 15.01 of the Agreement, or at such address as they may provide to the other party in writing from time to time. Any such notice shall be deemed to have been received forty-eight (48) hours

after deposit in the United States mail in registered or certified form, properly addressed and with postage fully prepaid.

**Section 13. Section Headings.** All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Base Lease.

**Section 14. Execution.** This Base Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same Base Lease. It is also agreed that separate counterparts of this Base Lease may separately be executed by the Bank and the City, all with the same force and effect as though the same counterpart had been executed by both the Bank and the City.

**Section 15. Successors.** This Base Lease shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

**Section 16. Applicable Law.** This Base Lease shall be governed by and construed according to the laws of the State of Kansas.

(Remainder of this page intentionally blank)

IN WITNESS WHEREOF, the City and the Bank have caused this Base Lease to be executed by their respective officers authorized, all as of the day and year first above written.

CITY OF SPRING HILL, KANSAS  
as Lessor

By \_\_\_\_\_  
Mayor

(Seal)

ATTEST:

\_\_\_\_\_  
City Clerk

ACKNOWLEDGEMENT

STATE OF KANSAS            )  
  ) SS.  
COUNTY OF JOHNSON        )

BE IT REMEMBERED, that on this \_\_\_\_\_, 2020, before me, a Notary Public in and for said County and State, personally appeared Steven Ellis, Mayor of the City of Spring Hill, Kansas, and Glenda Gerrity, City Clerk of the City, who are personally known to me to be the same persons to execute as such officers this instrument on behalf of the City, and such persons acknowledged the execution of the same to be the act and deed of the City.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal, the day and year last above written.

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

My Commission Expires: \_\_\_\_\_

[BASE LESSEE]  
as Lessee

By: \_\_\_\_\_  
Printed Name:  
Title:

ATTEST:

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF KANSAS            )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

BE IT REMEMBERED, that on this \_\_\_\_\_, 2020, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_ and \_\_\_\_\_ of [BASE LESSEE], a banking corporation organized and existing under the laws of the State of Kansas, who are personally known to me to be such \_\_\_\_\_ and \_\_\_\_\_, respectively, and who are personally known to me to be the same persons to execute as such officers the within instrument on behalf of said bank, and such persons acknowledged the execution of the same to be the act and deed of said bank.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal, the day and year last above written.

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

My Commission Expires: \_\_\_\_\_

**EXHIBIT A**  
**EQUIPMENT SCHEDULE**

<b>DESCRIPTION</b>	
<b>Item, Model #, or Description</b>	<b>Cost</b>
Ford Police Interceptor Utility SUV plus outfitting	\$43,000
Ford Police Interceptor Utility SUV plus outfitting	\$ 46,000
Ford F150 Police Responder Supercrew Animal Control/Patrol Truck plus related outfitting	\$ 43,250

Name of Vendor(s): Shawnee Mission Ford  
911 Custom

**APPENDIX D  
FORM OF LEASE-PURCHASE AGREEMENT**

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***NOTE: BLANK SPACES, TABLES AND OTHER INFORMATION  
WILL BE COMPLETED WHEN LEASE IS AWARDED TO A LESSOR***

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This Lease-Purchase Agreement (the “Agreement”) dated as of November 20, 2020, and entered into by and between [LESSOR], a banking corporation organized and existing under the laws of the State of Kansas (“Lessor”), and the City of Spring Hill, Kansas, a city of the second class organized and existing under the laws of the State of Kansas (“Lessee”):

**WITNESSETH:**

**WHEREAS**, Lessor desires to lease the Project, as defined below, to Lessee and Lessee desires to lease the Project from Lessor subject to the terms and conditions of and for the purposes set forth in this Agreement; and

**WHEREAS**, Lessee is authorized under the Constitution and laws of the State to enter into this Agreement for the purposes set forth herein;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein set forth, the parties agree as follows:

**ARTICLE I**

**Section 1.01. Covenants of Lessee.** Lessee represents, covenants and warrants for the benefit of Lessor and its assignees as follows:

(a) Lessee is a city of the second class organized and existing under the Constitution and laws of the State with full power and authority to enter into this Agreement and the transaction contemplated and to perform all of its obligations thereunder.

(b) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a city of the second class and a body corporate and politic.

(c) Lessee has been authorized under the Constitution and laws of the State to execute and deliver this Agreement under the terms and provisions of the action of its governing body authorizing this Agreement, or by other appropriate official approval, and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Agreement (except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors’ rights), and Lessee has complied with such public bidding

requirements as may be applicable to this Agreement and the acquisition and installation by the Lessee of the Project.

(d) During the term of this Agreement, the Project will be used by Lessee only for the purpose of performing one or more essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority.

(e) During the term of this Agreement, Lessee will provide Lessor with current financial statements, budgets, and such other financial information relating to the ability of Lessee to continue this Agreement as may be reasonably requested by Lessor or its assignee.

(f) The Lessee will comply with the applicable provisions of the Internal Revenue Code of 1986 relating to the exemption from federal income taxation of the interest component of the Rental Payments and will take such action as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to preserve the tax-exempt status of the interest component of the Rental Payments, to the extent any such actions can be taken by the governing body of the Lessee.

(g) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the Commencement Date.

(h) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against or affecting the Lessee, nor to the best knowledge of the Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Agreement or any other document, agreement or certificate which is used or contemplated for use in the consummation of the transactions contemplated by this Agreement.

(i) All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Lessee of this Agreement or in connection with the carrying out by the Lessee of its obligations hereunder have been obtained.

(j) The entering into and performance of this Agreement or any other document or agreement contemplated to which the Lessee is or is to be a party will not violate any judgment, order, law or regulation applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance on any assets of the Lessee or the Project pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the Lessee is a party or by which it or its assets may be bound, except as provided herein.



(k) Neither the payment of the Rental Payments and Purchase Price nor any portion thereof is directly or indirectly (i) secured by any interest in property used or to be used in a trade or business carried on by any person other than any state of the United States of America or any political subdivision, agency or instrumentality of a state or any entity acting by or on behalf of a state (a “Governmental Unit”) within the meaning of Section 141(b)(2) of the Code, or in payment in respect of such property or (ii) derived from payments (whether or not to the Lessee) in respect of property, or borrowed money, used or to be used in a trade or business carried on by any person other than a Governmental Unit. No portion of the Project will be used directly or indirectly in any trade or business carried on by any person other than a Governmental Unit. No portion of the proceeds of the Base Lease will be used, directly or indirectly, to make or finance loans to persons other than Governmental Units.

(l) Lessee will use the proceeds of this Agreement as soon as practicable and with all reasonable dispatch for the purpose for which the Agreement has been entered into. No part of the proceeds of the Agreement shall be invested in any securities, obligations or other investment or used, at anytime, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Agreement, would have caused any portion of the Agreement to be or become “arbitrage bonds” within the meaning of Section 103(b)(2) or Section 148 of the Code and the applicable regulations of the Treasury Department.

(m) The capital cost that would be required to purchase the Project if paid for by cash would be \$[132,250].

(n) The annual average effective interest cost of this Agreement is \_\_\_% per annum.

(o) No amount is included in Rental Payments for service, maintenance, insurance and other charges exclusive of capital cost and interest cost.

(p) Lessee hereby designates this Agreement as a “qualified tax-exempt obligation” as defined in Section 265(b)(3)(B) of the Code. The aggregate face amount of all tax-exempt obligations (excluding private activity bonds other than qualified Section 501(c)(3) bonds) issued or to be issued by Lessee and all subordinate entities during the current Fiscal Year is not reasonably expected to exceed \$10,000,000. Lessee and all subordinate entities will not issue in excess of \$10,000,000 of qualified tax-exempt obligations (including this Agreement but excluding private activity bonds other than qualified 501(c)(3) bonds) during the current Fiscal Year without first obtaining an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations acceptable to Lessor that the designation of this Agreement as a “qualified tax-exempt obligation” will not be adversely affected.

(q) The Lessee makes the following representations in connection with the exception for small governmental units from the arbitrage rebate requirements under Section 148(f)(4)(D) of the Code:

(i) The Lessee is a governmental unit with general taxing powers;

(ii) This Agreement is not a private activity bond as defined in Section 141 of the Code;

(iii) 95% or more of the net proceeds of this Agreement are to be used for local government activities of the Lessee (or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Lessee);

(iv) The aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the Lessee and all other entities described in Section 148(f)(4)(D)(i) of the Code during the calendar year that this Agreement is delivered, including this Agreement, is not reasonably expected to exceed \$5,000,000;

(v) The Lessee (and all other entities described in Section 148(f)(4)(D)(i) of the Code) will not issue in excess of \$5,000,000 of tax-exempt obligations (including this Agreement, but excluding private activity bonds) during the calendar year in which this Agreement is delivered without first obtaining an opinion of Bond Counsel that the excludability of the interest on the Rental Payments from gross income for federal tax purposes will not be adversely affected; and

(vi) The aggregate face amount of this Agreement (including all principal amounts allocated to refunding prior obligations) does not exceed \$5,000,000.

**Section 1.02. Certification as to Arbitrage.** Lessee represents as follows:

(a) The estimated total costs of the Project will not be less than the total principal portion of the Rental Payments.

(b) The Lessee has entered into, or will enter into within six months after the Commencement Date, substantial binding obligations to third parties to expend at least 5% of the net sale proceeds of the Base Lease being used to acquire and install the Project. The Project is expected to be delivered and installed, and the Vendors fully paid, within three years of the Commencement Date.

(c) Except for the Principal and Interest Fund, Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments.

(d) The Project has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments.

(e) To the best of our knowledge, information and belief, the above expectations are reasonable.

## ARTICLE II

**Section 2.01. Definitions.** The following terms will have the meanings indicated below unless the context clearly requires otherwise:

“Agreement” means this Lease-Purchase Agreement and any schedule, exhibit or amendment to this Agreement.

“Authorized Investments” shall mean investments authorized by K.S.A. 12-1675 and amendments or as otherwise permitted under State law.

“Base Lease” means the Base Lease for the Project entered into of even date between the Lessee, as the lessor, and the Lessor, as the lessee.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations proposed or promulgated of the United States Department of the Treasury.

“Commencement Date” is the date when the term of this Agreement begins and Lessee’s obligation to pay rent accrues, which date shall be November 20, 2020.

“Event of Default” means an event of default as set forth in Article XIII of this Agreement.

“Event of Nonappropriation” means (i) the failure of the Lessee to budget and appropriate, or the election of the Lessee not to appropriate on or before September 1 of any Fiscal Year, sufficient moneys to make Rental Payments coming due during the next Fiscal Year of the Agreement or (ii) the receipt by the Lessor, at any time during the next Fiscal Year of the Agreement, of written notice from an authorized representative of the Lessee of the Lessee’s intention to discontinue the Agreement.

“Fiscal Year” means the fiscal year adopted by the Lessee for accounting purposes, which, as of the date of this Agreement, begins on January 1, and ends on December 31 of each year.

“Full Insurable Value” means the total amount of the Rental Payments required to be paid by the Lessee through the full Lease Term of this Agreement.

“Lease Term” means the lease term provided for in this Agreement under Section 4.01.

“Lessee” means the City of Spring Hill, Kansas and its successors or assigns.

“Lessor” means [LESSOR], and its successors or assigns.

“Project” means the property described on the Project Schedule attached as *Exhibit A* and all replacements, repairs, restorations, modifications and improvements, subject to Section 7.01 of this Agreement.

“Purchase Price” means the aggregate principal portion of the Rental Payments which have not been paid with respect to the entire Project or any specific item thereof, plus any applicable prepayment premium, as set forth on *Exhibits B* or *C*, and any interest portion due on such Rental Payments up to the termination date of this Agreement with respect to the entire Project or any specific item thereof.

“Rental Payments” means the basic rental payments payable by Lessee pursuant to the provisions of this Agreement during the Lease Term, payable in consideration of the right of Lessee to use the Project during the then current portion of the Lease Term. A portion of each basic rental payment is paid as, and represents payment of, interest, and the balance of each basic rental payment is paid as, and represents payment of principal. Rental Payments shall be payable by Lessee to the Lessor or its assignee in the amounts and at the times set forth in *Exhibit B* to this Agreement. Notwithstanding anything in this Lease to the contrary, no interest shall accrue until the date the lease transaction, of which this Lease is a part, closes.

“Special Tax Counsel” means the firm of Kutak Rock LLP, Kansas City, Missouri, or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Lessee.

“State” means the State of Kansas.

“Vendor” means the manufacturers of the property listed as part of the Project as well as the agents or dealers of the manufacturers from whom the Project is purchased.

### ARTICLE III

**Section 3.01. Lease of Leased Property.** Lessor demises, leases and lets to Lessee, and Lessee rents, leases and hires from Lessor, the Project in accordance with the provisions of this Agreement, to have and to hold for the Lease Term.

Lessee agrees that it will be responsible for the letting of contracts for and purchase of the Project. Lessee agrees that it will use its best efforts to cause such purchase and installation to be completed with due diligence.

**Section 3.02. Acquisition Fund.** The total rental payment received by the Lessee pursuant to the Base Lease shall be deposited in a separate account in the treasury of the Lessee (the “Acquisition Fund”) and shall be used solely for the purpose of providing funds to pay the cost of acquiring and installing the Project including legal fees and any other costs of issuance payable by the Lessee incurred in connection therewith, and capitalized interest, if any.

Any surplus in the Acquisition Fund remaining after the payment of the costs of the acquisition and installation of the Project, the costs of issuance and capitalized interest, if any, shall be applied to the payment of the Rental Payments at the earliest date permissible.

**Section 3.03. Principal and Interest Fund.** The Lessee shall establish a separate account in the treasury of the Lessee to be designated the Principal and Interest Fund for the Lease-Purchase Agreement dated as of November 20, 2020 (the “Principal and Interest Fund”).

Moneys in the Principal and Interest Fund shall be expended solely for the payment of the principal of and interest on the Rental Payments as they become due or upon earlier prepayment.

The Lessee shall deposit into the Principal and Interest Fund, as and when received, all accrued interest on the Base Lease, if any, all Rental Payments payable by the Lessee to the Lessor, any amount remaining in the Acquisition Fund to be transferred to the Principal and Interest Fund, the balance of any net proceeds of insurance awards received pursuant to this Agreement and all interest and other income derived from investments of the Principal and Interest Fund.

#### ARTICLE IV

**Section 4.01. Commencement of Lease Term.** The Lease Term of this Agreement shall commence on the Commencement Date and shall terminate on September 1, 2025, unless otherwise terminated in accordance with the terms of this Agreement. Notwithstanding the requirements of this Section, this Agreement is subject to annual appropriation by the Lessee, and the Lessee shall be obligated to make Rental Payments pursuant to this Agreement as may be lawfully made from funds budgeted and appropriated for that purpose during the Lessee's current Fiscal Year or from funds made available from any lawfully operated revenue producing source.

In the event the Lessee fails, before the last day of the current Fiscal Year, to appropriate funds to enable payment of the Rental Payments to become due during the next succeeding Fiscal Year, this Agreement shall terminate on the last day of the current Fiscal Year without penalty or expenses to the Lessee of any kind whatsoever, and the Lessee's rights to possession of the Project shall end on that date.

**Section 4.02. Termination by Exercise of Purchase Option.** Lessee may terminate this Agreement or terminate this Agreement with respect to a particular item or items of equipment, at any time upon payment of the applicable Purchase Price, as provided in *Schedule I*. Lessee shall give at least 30 days' written notice to Lessor of Lessee's intent to so terminate this Agreement or terminate this Agreement with respect to a particular item or items of equipment, by paying the applicable Purchase Price. Lessee shall pay the applicable Purchase Price on or before such termination date. Interest due under this Agreement shall cease with respect to any item for which the Lessee has paid the applicable Purchase Price in accordance with this Section. Termination of this Agreement pursuant to this section shall not impose additional duties on Lessee as limited by Section 6.06 hereof.

#### ARTICLE V

**Section 5.01. Enjoyment of Leased Property.** Lessor hereby covenants to provide Lessee during the Lease Term with quiet use and enjoyment of the Project so long as Lessee is not in default pursuant to this Agreement, and Lessee shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Project, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Agreement.

Lessor shall have the right at all reasonable times during business hours, and upon reasonable prior notice to Lessee, to enter into and upon the property of Lessee for the purpose of inspecting the Project.

## ARTICLE VI

**Section 6.01. Rental Payments to Constitute a Current Expense of Lessee.** Lessor and Lessee understand and intend that the obligation of Lessee to pay the Rental Payments shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of Lessee.

**Section 6.02. Payment of Rental Payments.** Lessee shall pay the Rental Payments exclusively from legally available funds, in lawful money of the United States of America to Lessor or, in the event of assignment by Lessor, to its assignee, in the amounts and on the dates set forth in *Schedule I* and *Exhibit B*.

**Section 6.03. Interest Component.** A portion of each Rental Payment is paid as and represents payment of interest, and *Exhibit B* sets forth the interest component of each Rental Payment during the Lease Term.

**Section 6.04. Rental Payments to be Unconditional.** The obligations of Lessee to make the Rental Payments required under this Article VI and other sections during any Fiscal Year for which funds have been appropriated by the Lessee for such Rental Payments on or before the date such Rental Payments become due, and to perform and observe the other covenants and agreements contained herein, shall be absolute and unconditional in all events except as expressly provided under this Agreement. Notwithstanding any dispute between Lessee, Lessor, any Vendor or any other person, Lessee shall make the Rental Payments when due and shall not withhold the Rental Payments pending final resolution of such dispute nor shall Lessee assert any right of setoff or counter claim against its obligation to make the payment required under this Agreement. Lessee's obligation to make the Rental Payments during the Lease Term shall not be abated through accident or unforeseen circumstances.

**Section 6.05. Payment during Lease Term by Lessee.** Lessee intends to pay the Rental Payments. Lessee reasonably believes that legally available funds in an amount sufficient to make all of the Rental Payments during the Lease Term can be obtained. Lessee further intends to do all things lawfully within its power to obtain and maintain funds from which the Rental Payments may be made, including making provision for such payments to the extent necessary in each annual budget submitted and adopted in accordance with applicable provisions of State law. Notwithstanding any provision or covenant contained in this Agreement or the Base Lease, the Lessee is not obligated to budget or appropriate moneys to make the Rental Payments beyond the end of the Fiscal Year for which the Lessee has budgeted and appropriated such money. The Lessee is under no obligation to levy taxes in order to raise moneys to make Rental Payments, except to the extent required during any Fiscal Year for which the Lessee has appropriated and budgeted funds during the term of the Agreement. The decision to budget and

appropriate funds for Rental Payments for each Fiscal Year during the term of the Agreement is to be made solely by the City Council of the Lessee.

**Section 6.06. Nonappropriation.** Notwithstanding anything in this Agreement to the contrary, the cost and expense of the performance by the Lessee of its obligations under this Agreement and the incurrence of any liabilities of the Lessee under this Agreement, including without limitation, the payment of all Rental Payments and all other amounts required to be paid by the Lessee under this Agreement, shall be subject to and dependent upon annual appropriations being made by the City Council of the Lessee for such purposes.

If, on September 1 of any Fiscal year, sufficient funds have not been appropriated for the purpose of paying the Rental Payments and all other amounts required to be paid by the Lessee under this Agreement in the next succeeding Fiscal Year (an "Event of Nonappropriation"), the Lessee shall deliver written notice (a "Notice of Nonappropriation") to the Lessor within ten (10) calendar days following such date. Upon receipt by the Lessor of a Notice of Nonappropriation, the Lessee's obligation to make Rental Payments and other payments under this Agreement shall terminate as of the end of the then current Fiscal Year; provided, however, such termination shall not become effective at the end of the then current Fiscal Year if, prior to the end of such Fiscal Year, the Lessee shall deliver to the Lessor a written statement to the effect that it reasonably expects sufficient funds for the next succeeding Fiscal Year to be appropriated therefor, and in such event the Lease Term shall continue into the next Fiscal Year so long, but only so long, as there is an appropriation available from which to make the Rental Payments, and the Lessor is furnished with reasonable evidence that the Lessee has appropriated and budgeted funds sufficient to make any Rental Payments due in the following fiscal year.

## ARTICLE VII

**Section 7.01. Title to the Leased Property.** Title to the Project shall remain in the Lessee, subject to the rights of the Lessor herein and under the Base Lease. Upon payment of either all Rental Payments and/or the Purchase Price, the Lessor's leasehold interest in the entire Project shall end, and the Lessor shall take all actions necessary to authorize, execute and deliver to the Lessee any other documents necessary to vest in the Lessee all of the Lessor's rights in and to the entire Project, including, if necessary, a release of any and all liens created under the provisions of this Agreement or by Lessor. Upon payment of the Rental Payments which include all amortized principal payments for one or more items of equipment comprising the Project and/or payment of the Purchase Price allocable to one or more specific items comprising the Project, the Lessor's leasehold interest in such items shall end, and the Lessor shall take all actions necessary to authorize, execute and deliver to the Lessee any other documents necessary to vest in the Lessee all of the Lessor's rights in and to such items, including, if necessary, a release of any and all liens created under the provisions of this Agreement or by Lessor. Lessor agrees to defend or eliminate any claims adverse to such title arising out of any event occurring after receipt by Lessor of its leasehold interest in the Project; provided, that Lessor's obligations under this sentence shall not extend to claims arising out of actions by the Lessee or persons asserting claims under it, however, that with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during such time as this Agreement is of force and effect. If Lessor's leasehold interest in any items of equipment comprising the Project ends prior to the end of the

Lease Term, the “Project” as defined in Section 2.01 shall be deemed to exclude such items, and the parties agree to update *Schedule I* and *Exhibits A* and *B* to exclude such items.

**Section 7.02. Security Interest.** To secure the payment of all of Lessee’s obligations under this Agreement, Lessee grants to Lessor and its assigns a security interest constituting a first lien on the Project and on all additions, attachments, accessions thereto, substitutions therefor and on any proceeds therefrom. Lessee agrees to execute such additional documents, including financing statements, affidavits, notices and similar instruments, in form reasonably satisfactory to Lessor which are provided by Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest and, upon assignment, the security interest of any other assignee of Lessor in the Project.

## ARTICLE VIII

**Section 8.01. Maintenance of Project by Lessee.** Lessee agrees that at all times during the Lease Term it will, at its own cost and expense, maintain, preserve and keep the Project in good repair and working order. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Project.

**Section 8.02. Taxes, Other Governmental Charges and Utility Charges.** The parties to this Agreement contemplate that the Project will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Project will be exempt from all taxes presently assessed and levied with respect to personal property. However, should the use, possession or acquisition of the Project be determined to be subject to taxation, Lessee covenants and agrees that it will pay, during the Lease Term, the additional cost of all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project and any equipment or other property acquired by Lessee in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Project, as well as all other charges incurred in the operation, maintenance, use and upkeep of the Project. The Lessee further covenants and agrees that it will pay such taxes or charges as the same may become due; provided, however, that with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during such time as this Agreement is of force and effect.

**Section 8.03. Provisions Regarding Insurance.** At its own expense, Lessee shall cause property damage insurance on the Project to be carried and maintained in an amount customary for public entities for similar equipment. All insurance proceeds shall be payable as provided in this Agreement. At the Lessor’s request, Lessee shall furnish to Lessor a certificate evidencing such coverage throughout the Lease Term. Lessee may insure the Project under a blanket insurance policy or policies which cover not only the Project but other equipment and properties as well. If Lessee shall insure similar equipment and properties by self-insurance, Lessee may, if the same be approved by the Lessor, insure the Project by means of an adequate insurance fund set aside and so maintained. The Net Proceeds (as defined in Section 9.01) of the insurance required in this Section 8.03 shall contain a provision to the effect that any insurance company providing coverage shall not cancel the policy or modify it materially without first giving written notice to Lessor at least 10 days in advance of such cancellation or modification.



**Section 8.04. Advances.** In the event Lessee shall fail to either maintain the insurance coverage required by this agreement or keep the Project in good repair and working order, Lessor may, but shall be under no obligation to purchase the required policy of insurance and pay the cost of the premiums and maintain and repair the Project and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term, and Lessee covenants and agrees to pay such amounts so advanced by Lessor.

## ARTICLE IX

**Section 9.01. Damage, Destruction and Condemnation.** Unless Lessee shall have exercised its option to purchase the Project by making payment of the Purchase Price as provided, if prior to the termination of the Lease Term the Project or any portion is destroyed, in whole or in part, or is damaged by fire or other casualty, Lessee and Lessor will cause the Net Proceeds of any insurance claim to be applied to the prompt repair, restoration, or replacement of the Project. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

For purposes of Section 8.03 and this Article IX, the term “Net Proceeds” shall mean the amount remaining from the gross proceeds of any insurance claim after deducting all expenses including attorneys’ fees incurred in the collection of such claim or award.

**Section 9.02. Insufficiency of Net Proceeds.** If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, or replacement referred to in Section 9.01, Lessee shall either (a) complete such repair, restoration, or replacement and pay any costs in excess of the amount of the Net Proceeds, and if Lessee shall make any payments pursuant to the provisions of this Section 9.02, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article VI, or (b) if Lessee is not in default, Lessee shall pay to Lessor the amount of the then applicable Purchase Price, and upon such payment, the Lease Term shall terminate and title to the Project shall be conveyed by Lessor to Lessee as provided in Article XI of this Agreement. The amount of the Net Proceeds in excess of the then applicable Purchase Price, if any, may be retained by Lessee.

## ARTICLE X

**Section 10.01. Disclaimer of Warranties.** LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT, OR WARRANTY WITH RESPECT THERETO. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement or the existence, furnishing, functioning or Lessee’s use of any item, product or service provided for in this Agreement.

**Section 10.02. Vendor’s Warranties.** Lessor irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default, to assert from time to time whatever claims and rights, including warranties of the Project, which Lessor may have against any Vendor of any portion of the Project. Lessee’s sole remedy for the breach of such warranty, indemnification or representation shall be against such Vendor and not against

Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Lease, including the right to receive full and timely payments. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties of any Vendor of any portion of the Project.

**Section 10.03. Use of the Project.** Lessee will not install, use, operate or maintain the Project improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Project. In addition, Lessee agrees to comply in all respects with all laws of the jurisdiction in which its operations involving any item of the Project may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the items of the Project; provided, however, that Lessee may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the estate of Lessor in and to any of the items of the Project or its interest or rights under this Agreement.

## ARTICLE XI

**Section 11.01. Option to Purchase.** At the request of Lessee, Lessor's estate in the Project, or certain items of equipment comprising the Project, as applicable, will be transferred, conveyed and assigned to Lessee and this Agreement shall terminate:

- (a) As to the entire Project, at the end of the Lease Term upon payment in full of all Rental Payments due and the payment of one dollar (\$1.00);
- (b) As to the entire Project, on any date upon payment by Lessee of the then applicable Purchase Price for the Project;
- (c) As to any item or items of equipment comprising the Project, on any date upon payment by Lessee of the then applicable Purchase Price allocable to such item or items of equipment comprising the Project;
- (d) As to any items of equipment comprising the Project, or the entire Project, if the Lease Term is terminated pursuant to Article VI of this Agreement or in the event of total damage, destruction or condemnation of any items comprising the Project, and, if Lessee is not on such date in default pursuant to any term of this Agreement, upon payment of the then applicable Purchase Price allocable to such items of equipment comprising the Project to Lessor.

## ARTICLE XII

**Section 12.01. Assignment by Lessor.** This Agreement may not be assigned or reassigned, in whole or in part, to any assignees or subassignees by Lessor at any time subsequent to its execution without the prior written consent of Lessee, which consent may be exercised in Lessee's sole and absolute discretion. Lessor agrees to give notice of any such proposed assignment to Lessee, and, if Lessee consents thereto, Lessee agrees to make all payments to the assignee designated in the assignment, notwithstanding any claim, defense,

setoff or counterclaim whatsoever (whether arising from a breach of the Agreement or otherwise) that Lessee may from time to time have against Lessor or its assignee. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by Lessor or its assignee to protect their interests in the Project and in this Agreement.

**Section 12.02. Assignment, Subleasing or Substitution by Lessee.** This Agreement and the interest of Lessee in the Project may not be assigned, subleased or encumbered by Lessee for any reason. Lessee may elect to substitute one or more items of equipment for the Project delivered pursuant to this Agreement provided that if the cost of such substitute is greater than the cost of such item of the Project as set forth in *Exhibit A*, Lessee shall pay any such difference in cost from other available funds. In the event of substitution as provided, the replacement of certain equipment shall be subject to the terms of this Agreement, and Lessee and Lessor shall execute an appropriate amendment to *Exhibit A* to reflect such substitution.

**Section 12.03. Release and Indemnification Covenants.** Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liability, obligation, loss, claim and damage whatsoever, regardless of cause, and all expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into this Agreement, the ownership of any item of the Project, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Project or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Project resulting in damage to property or injury to or death to any person. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Lease Term for any reason. Lessee agrees not to withhold or abate any portion of the payments required pursuant to this Agreement by reason of any defects, malfunctions, breakdowns or infirmities of the Project.

### ARTICLE XIII

**Section 13.01. Events of Default Defined.** The following shall constitute events of default under this Agreement, and the terms “event of default” and “default” shall include, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid at the time specified; or

(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 Section 13.01(a), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is 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, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected; or

(c) An Event of Nonappropriation has occurred is not cured pursuant to Section 6.06 before the end of the then current Fiscal Year.

If by reason of force majeure Lessee is unable in whole or in part to carry out its obligations as contained herein, other than the obligations on the part of Lessee contained in Article VI, Lessee shall not be deemed in default during the continuance of such inability. The term “force majeure” as used 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 of the State or any of their political subdivisions, departments or agencies, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; or any other cause or event not reasonably within the control of Lessee.

### **Section 13.02. Remedies on Default.**

(a) Whenever any Event of Default referred to in Section 13.01(a) or (b) shall have happened and be continuing, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

- (1) With or without terminating this Agreement, retake possession of all or any portion of the Project and sell, lease or sublease the same for the account of Lessee, holding Lessee liable for the difference between (i) the Rental Payments and other amounts payable by Lessee hereunder to the end of the Lease Term and (ii) the purchase price, rent or other amounts paid by a purchaser, lessee or sublessee of the Project pursuant to such sale, lease or sublease; or
- (2) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Project.

(b) If an Event of Default specified in Section 13.01(c) has occurred and be continuing the Lessor may take possession of all or any portion of the Project pursuant to legal proceedings or pursuant to any notice provided by law, and shall have the right to lease, sublease or sell the same upon whatever terms it deems prudent.

If, in accordance with these provisions of this subsection (b), the Lessor takes possession of the Project, the Lessor may expel the Lessee and those claiming through or under the Lessee and remove the property and effects of both or either (forcibly, if necessary) without being guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or for preceding breach of covenant. The Lessor may take whatever action at law or in equity which may appear necessary or desirable to collect Rental Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under the Lease Agreement.

**Section 13.03. No Remedy Exclusive.** No remedy 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 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, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article XIII, it shall not be necessary to give any notice, other than such notice as may be required in this Article XIII.

#### **ARTICLE XIV**

**Section 14.01. Deposits.** Cash moneys in each of the funds and accounts created and established shall be deposited in a bank or banks or federal or state chartered savings and loan association(s) as permitted under State law.

**Section 14.02. Investments.** Moneys held in the funds and accounts created or established in conjunction with this Agreement may be invested by the Lessee in Authorized Investments in such amounts and maturing at such times as shall reasonably provide for moneys to be available when required in said accounts or funds; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund or account was created. All interest on any Authorized Investment held in any fund or account shall accrue to and become a part of such fund or account. In determining the amount held in any fund or account under the provisions of this Agreement, Authorized Investments shall be valued at their principal par value or at their then redemption value, whichever is lower.

#### **ARTICLE XV**

**Section 15.01. Notices.** All notices, certificates or other communications shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, to the parties at the following addresses:

If to the Lessee:

City of Spring Hill, Kansas  
401 North Madison Street  
Spring Hill, Kansas 66083  
Attn: Assistant City Administrator

If to the Lessor:

[Lessor  
Address  
Attn: ]

**Section 15.02. Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

**Section 15.03. Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision.

**Section 15.04. Amendments, Changes and Modifications.** This Agreement may be amended by Lessor and Lessee; provided, however, that all such amendments shall be in writing executed by both parties.

**Section 15.05. Execution in Counterparts.** This Agreement, including *Schedule I* attached hereto, may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 15.06. Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State.

**Section 15.07. Captions.** The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Agreement.

(Remainder of this page intentionally blank)

**IN WITNESS WHEREOF**, Lessor has executed this Agreement in its corporate name, and Lessee has caused this Agreement to be executed in its corporate name with its corporate seal affixed, all as of the date first above written.

[LESSOR],  
as Lessor

By \_\_\_\_\_  
Printed Name:  
Title:

ATTEST:

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF KANSAS            )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

BE IT REMEMBERED, that on this \_\_\_\_\_, 2020, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_ and \_\_\_\_\_ of [LESSOR], a banking corporation organized and existing under the laws of the State of Kansas, who are personally known to me to be such \_\_\_\_\_ and \_\_\_\_\_, respectively, and who are personally known to me to be the same persons to execute as such officers the within instrument on behalf of said bank, and such persons acknowledged the execution of the same to be the act and deed of said bank.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal, the day and year last above written.

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

My Commission Expires: \_\_\_\_\_

**CITY OF SPRING HILL, KANSAS**  
as Lessee

By \_\_\_\_\_  
Mayor

(Seal)

ATTEST:

\_\_\_\_\_  
City Clerk

**ACKNOWLEDGEMENT**

STATE OF KANSAS            )  
  ) SS.  
COUNTY OF JOHNSON        )

BE IT REMEMBERED, that on this \_\_\_\_\_, 2020, before me, a Notary Public in and for said County and State, personally appeared Steven Ellis, Mayor of the City of Spring Hill, Kansas, and Glenda Gerrity, City Clerk of the City, who are personally known to me to be the same persons to execute as such officers this instrument on behalf of the City, and such persons acknowledged the execution of the same to be the act and deed of the City.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal, the day and year last above written.

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

My Commission Expires: \_\_\_\_\_



## SCHEDULE I

**THIS SCHEDULE** is issued pursuant to that Lease-Purchase Agreement dated as of November 20, 2020 (the “Agreement”), between the parties to the Agreement to authorize installation of the Project described. All terms used have the meanings ascribed to them in the Agreement.

- A. **Rental Payments.** The Rental Payments required under the Agreement for the Project designated on this Schedule are as follows:

<b>Date</b>	<b>Rental Payment Due*</b>
03/01/2021	\$
09/01/2021	
03/01/2022	
09/01/2022	
03/01/2023	
09/01/2023	
03/01/2024	
09/01/2024	
03/01/2025	
09/01/2025	

*\* To be completed upon award of bid.*

Of the total Rental Payments due a portion represents payment of interest and a portion represents payment of principal, as more fully set out on *Exhibit B* attached. The interest component of the Rental Payments shall commence on the date that the lease transaction, of which the Agreement is a part, closes, which closing date is expected to be November 20, 2020. Interest shall be at the rate of \_\_\_% per annum calculated on the basis of a 360-day year of 30 day months. The interest component of the Rental Payments shall be due semi-annually on March 1 and September 1 beginning March 1, 2021, and continuing until the principal component of all Rental Payments has been paid in full.

- B. **Prepayment and Purchase Schedule.** The Purchase Price as provided in the Agreement is the balance of the principal due plus accrued interest to the prepayment date plus any applicable prepayment premium, provided that the Purchase Price with respect to a particular item of equipment is the balance of the principal due for such item plus accrued interest allocated to such principal amount, plus any applicable prepayment premium, to the prepayment date. The principal amount allocated to each item, and applicable prepayment premium, if any, is set forth on *Exhibit C* attached hereto. The principal component of the Rental Payments may be prepaid in part or in whole at any time, subject to any applicable prepayment premium. The Rental Payments on this Schedule shall be revised to reduce remaining Rental Payments in the amount equal to the remaining principal and interest payments allocated to any item of equipment as shown on *Exhibit C* that is purchased pursuant to Section 11.01(c) or (d).
- C. **Insurance.** The Lessee hereby confirms that it has obtained or will obtain simultaneously with the delivery of the Project the insurance coverage required by Section 8.03 of the Agreement, and it covenants and agrees that such coverage shall be maintained in accordance with the terms and conditions of the Agreement.
- D. **Leased Property Description.** The Project subject to the Agreement is described more fully on *Exhibit A* attached.

This Schedule may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(Remainder of this page intentionally blank)

**THE TERMS GOVERNING THIS SCHEDULE ARE CONTAINED IN THE AGREEMENT AND APPLY WITH THE SAME FORCE AND EFFECT AS IF SET FORTH FULLY HEREIN.**

**LESSEE:**

**CITY OF SPRING HILL, KANSAS**

By \_\_\_\_\_  
Mayor

Date: November 20, 2020

**LESSOR:**

[LESSOR]

By \_\_\_\_\_

Printed Name:

Title:

Date: November 20, 2020

**EXHIBIT A**

**EQUIPMENT SCHEDULE**

<b>DESCRIPTION</b>	
<b>Item, Model #, or Description</b>	<b>Cost</b>
Ford Police Interceptor Utility SUV plus outfitting	\$ 43,000
Ford Police Interceptor Utility SUV plus outfitting	\$ 46,000
Ford F150 Police Responder Supercrew Animal Control/Patrol Truck plus related outfitting	\$ 43,250

Name of Vendor(s): Shawnee Mission Ford  
911 Custom

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**EXHIBIT B**

**AMORTIZATION SCHEDULE**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Fiscal Total</b>
03/01/2021					
09/01/2021					
03/01/2022					
09/01/2022					
03/01/2023					
09/01/2023					
03/01/2024					
09/01/2024					
03/01/2025					
09/01/2025					
<b>Total</b>					

**EXHIBIT C**

**PRINCIPAL ALLOCATION  
TO ITEMS COMPRISING THE PROJECT\***

**Aggregate Principal Payments**

<b>DATE</b>	<b>Ford SUV 1</b>	<b>Ford SUV 2</b>	<b>Ford F150</b>	<b>TOTAL</b>
03/01/2021				
09/01/2021				
03/01/2022				
09/01/2022				
03/01/2023				
09/01/2023				
03/01/2024				
09/01/2024				
03/01/2025				
09/01/2025				
Total				

*\* To be completed upon award of bid.*

### Debt Service Schedule – Ford SUV 1\*

Date	Principal	Coupon	Interest	Total P+I	Balance	Fiscal Total
03/01/2021						
09/01/2021						
03/01/2022						
09/01/2022						
03/01/2023						
09/01/2023						
03/01/2024						
09/01/2024						
03/01/2025						
09/01/2025						
Total						

\* *To be completed upon award of bid.*



**Debt Service Schedule – Ford SUV 2\***

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Balance</b>	<b>Fiscal Total</b>
03/01/2021						
09/01/2021						
03/01/2022						
09/01/2022						
03/01/2023						
09/01/2023						
03/01/2024						
09/01/2024						
03/01/2025						
09/01/2025						
<b>Total</b>						

*\* To be completed upon award of bid.*

**Debt Service Schedule – Ford F150\***

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Balance</b>	<b>Fiscal Total</b>
03/01/2021						
09/01/2021						
03/01/2022						
09/01/2022						
03/01/2023						
09/01/2023						
03/01/2024						
09/01/2024						
03/01/2025						
09/01/2025						
Total						

*\* To be completed upon award of bid.*