

*****ATTACHMENTS*****

CITY OF SHEBOYGAN

**REQUEST FOR JOINT MEETING OF PUBLIC WORKS AND FINANCE AND PERSONNEL
COMMITTEES CONSIDERATION**

ITEM DESCRIPTION: Resolution authorizing the appropriate City officials to enter into a lease with Lease Servicing Center, Inc. to finance the purchase of garbage and recycling carts necessary for the City to transition to an automated garbage and recycling system, and to authorize the appropriate City officials to purchase the garbage and recycling carts funded by the lease.

REPORT PREPARED BY: David Biebel, Director of Public Works

REPORT DATE: November 26, 2019

MEETING DATE: December 2, 2019

FISCAL SUMMARY:

Budget Line Item:
Budget Summary:
Budgeted Expenditure: \$2,001,206.40
Budgeted Revenue:

STATUTORY REFERENCE:

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

The City is well on its way to transitioning to an automated garbage and recycling system in 2020. The Council has already approved the necessary changes to Chapter 102 of the Municipal Code and the purchase of the necessary garbage and recycling trucks.

This Resolution addresses the remaining step for the transition: the purchase of garbage and recycling carts. Staff has evaluated a number of ways to fund the purchase of the garbage and recycling carts, and believes that a lease is the best way to fund this purchase.

STAFF COMMENTS:

As part of planning the transition to automated garbage and recycling, Staff has evaluated several manufacturers of the garbage and recycling carts, and has determined that the Toter, LLC container is the best cart for the City to use. These carts can be purchased through the Sourcewell (formerly National Joint Powers Alliance) cooperative purchasing plan. Staff has also determined that the correct number of garbage and recycling carts for the automated system (including an adequate number of extra carts) is 37,440: 18,720 for garbage and 18,720 for recycling. This number of carts through the Sourcewell cooperative purchasing plan has a total cost of \$2,001,206.40 (including shipping).

Staff evaluated a number of ways to pay for this necessary purchase, and has determined that a capital lease is the best mechanism to do so. Under a capital lease, like the one

proposed, the City makes payments for a period of time (here, 10 years¹), and then purchases the all of the carts for a total of \$1 at the end of the lease term.

In working with the proposed lessor, Lease Servicing Center, Inc., the City has been able to structure the repayment schedule for this lease in a way that aligns with the cash flow from the garbage and recycling fee.

The biggest differences between a bond and a lease are: (1) in the case of a lease, the ability to work with a lessor to structure a very particular repayment schedule that makes the most sense to the City and (2) the fact that a lease does not constitute debt, because the Council does not have a legal obligation to appropriate future payments². The 2020 lease repayment is part of the 2020 budget, and pursuant to the lease's terms, Staff has agreed to continue including the lease payments in the annual budget request.

ACTION REQUESTED:

Motion to recommend the Common Council adopt Res. No. 117-19-20 authorizing the appropriate City officials to enter into a lease with Lease Servicing Center, Inc. to finance the purchase of garbage and recycling carts necessary for the City to transition to an automated garbage and recycling system, and to authorize the appropriate City officials to purchase the garbage and recycling carts funded by the lease.

ATTACHMENTS:

- I. Res. No. 117-19-20 (including the Lease with Lease Servicing Center, Inc.)

¹ The carts have a 10 year warranty from the manufacturer. Staff anticipates these carts having an effective lifespan of longer than 10 years.

² To be clear, if future payments were not appropriated, the City is obligated to return the carts.

DIRECT REFERRAL TO FINANCE AND PERSONNEL AND PUBLIC WORKS COMMITTEES

Res. No. 117 - 19 - 20. By Alderpersons Donohue and Bohren.
December 2, 2019.

A RESOLUTION authorizing the appropriate City officials to enter into a lease with Lease Servicing Center, Inc. to finance the purchase of garbage and recycling carts necessary for the City to transition to an automated garbage and recycling system, and to authorize the appropriate City officials to purchase the garbage and recycling carts funded by the lease.

WHEREAS, the Common Council of the City of Sheboygan (the "Council") has affirmed its intent, based on the recommendation of the City's Department of Public Works, to transition to an automated garbage and recycling system in 2020; and

WHEREAS, in support of that transition, the Council has already hired Sun Graphics Media to assist with public communication regarding the transition to the automated garbage and recycling system, passed changes to Chapter 102 of the Municipal Code of the City of Sheboygan to reflect the transition to the automated garbage and recycling system, approved the purchase of new garbage and recycling trucks, and obtained a grant from the Recycling Partnership to assist the City with the transition; and

WHEREAS, the remaining step is for the City to order garbage and recycling carts; and

WHEREAS, the City's Department of Public Works has evaluated several manufacturers and brands of containers for the automated garbage and recycling system, and believes that the Toter, LLC container is the most advantageous to the City; and

WHEREAS, state law and the City's procurement policy allows the City to join with other purchasing associations in cooperative purchasing plans when the best interest of the City would be served; and

WHEREAS, the Toter, LLC containers are available under the nationwide Sourcwell (formerly National Joint Powers Alliance) cooperative purchasing plan; and

WHEREAS, the City has obtained a quote from Toter, LLC, pursuant to the Sourcwell cooperative purchasing plan to obtain 37,440 96 gallon carts at a total cost of \$2,001,206.40; and

WHEREAS, the City must acquire these carts in order to complete its transition to an automated garbage and recycling program; and

*Finance +
Personnel
and
Public Works*

WHEREAS, after evaluating all possible options for paying for these necessary carts, the City finds that financing the carts through a capital lease is the financing method which is in the best interest of the City; and

WHEREAS, the City has worked with Lease Servicing Center, Inc. to develop the Master Lease Purchase Agreement, Lease Schedule No. 1, and other documents referenced in those two documents, all of which are attached to this Resolution (collectively the "Lease"); and

WHEREAS, the 2020 budget includes funds for the repayment of the Lease.

NOW, THEREFORE, BE IT RESOLVED: It is in the best interest of the City to enter into the Lease with Lease Servicing Center, Inc. in substantially similar form to that attached in order to finance the purchase of 37,440 96 gallon carts.

BE IT FURTHER RESOLVED: The Mayor of the City of Sheboygan, Michael Vandersteen, is authorized to execute the Lease, in substantially similar form to that attached, and any related documents necessary to the consummation of the transaction contemplated by the Lease.

BE IT FURTHER RESOLVED: Upon closing of the Lease, which is estimated to occur in mid-December, the appropriate City officials are authorized to issue a purchase order to Toter, LLC for the purchase of 37,440 96 gallon carts at a total cost of \$2,001,206.40, to be paid for from the proceeds of the Lease.

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the _____ day of _____, 20____.

Dated _____ 20____, _____, City Clerk

Approved _____ 20____, _____, Mayor

City of Sheboygan
\$2,001,206.40
Lease Purchase Financing
Closing Date: December 2, 2019

Closing Documents

1. Master Lease Purchase Agreement – attached for execution
2. Lease Schedule No. 1 – attached for execution
 - a. Equipment Description
 - b. Payment Schedule – *In order to avoid a potential rate adjustment, all closing documents must be returned by the above closing date.*
3. Acceptance Certificate – hold for future use (when applicable)
4. Escrow Agreement – attached for execution
 - a. Form of Disbursement Request – for future use
5. Pay Proceeds Letter – attached for execution
6. Tax Certificate – attached for execution
7. Incumbency Certificate of Lessee – attached for execution
8. Notice & Acknowledgment of Assignment – attached for execution
9. Resolution/ Approval of Governing Body– *Lessee to provide prior to closing*
10. Opinion of Counsel to Lessee – *Lessee to provide prior to closing*
11. Opinion of Special Tax Counsel - *Lessee to provide prior to closing*
12. IRS Form 8038-G – *Lessee to provide a copy prior to closing*
 - a. Evidence of filing Form 8038-G – *Lessee to file the original with the IRS, then provide Lessor with proof of mailing (post-closing)*
13. Evidence of Insurance – *Lessee to provide prior to any escrow disbursement*

Please print the enclosed documents one-sided, sign where applicable in blue ink, and submit the original executed signature pages for closing. Fully-executed copies of documents will be circulated for your records once the transaction has closed. Thank you.

MASTER LEASE PURCHASE AGREEMENT

This Master Lease Purchase Agreement (this "Agreement"), dated as of December 2, 2019, is made and entered into by and between Lease Servicing Center, Inc. ("Lessor"), and the City of Sheboygan, a political subdivision of the State of Wisconsin ("Lessee").

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. LEASE OF EQUIPMENT; FUNDING

1.1. Lease; Possession and Use. Lessor hereby agrees to sell, transfer and lease to Lessee, and Lessee hereby agrees to acquire, purchase and lease from Lessor the property described in each Lease Schedule (defined herein) executed and delivered by Lessor and Lessee, upon the terms and conditions set forth herein, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto (collectively, the "Equipment"). Each Lease executed and delivered by Lessor and Lessee pursuant to this Agreement shall constitute a separate and independent lease and installment purchase of the Equipment described therein. This Agreement is not a commitment by Lessor to enter into any Lease and nothing in this Agreement shall be construed to impose any obligation upon Lessor to enter into any proposed Lease. The decision whether Lessor enters into any Lease is within Lessor's sole discretion. As used herein, (i) "Lease Schedule" means a schedule substantially in the form attached as Exhibit A to this Agreement, together with all addenda, riders, attachments, certificates and exhibits thereto, as the same may from time to time be amended, modified or supplemented, and (ii) "Lease" means a Lease Schedule each together with this Agreement the terms and conditions of which are incorporated therein.

1.2. Funding. Unless otherwise provided in the applicable Lease Schedule, in order to provide financing to pay the costs to acquire and install the Equipment set forth in the applicable Lease Schedule (the "Purchase Price"), Lessor and Lessee shall, if applicable, execute and deliver an escrow agreement relating to such Lease Schedule in form and substance and with an escrow agent satisfactory to Lessor (an "Escrow Agreement"). If all conditions set forth in Section 1.3 have been satisfied in full or waived, then Lessor will deposit or cause to be deposited into an escrow fund under the related Escrow Agreement, or pay to Lessee an amount (which may include estimated investment earnings thereon) equal to the Purchase Price for the Equipment to be financed under the related Lease Schedule.

1.3. Funding Requirements. The funding of the Purchase Price and the performance by Lessor of any of its obligations pursuant to any Lease, are subject to the satisfaction or waiver of the following:

(a) Lessor has received all of the following documents, which shall be reasonably satisfactory, in form and substance, to Lessor: (1) evidence of insurance coverage or self-insurance as required by the Lease; (2) an opinion of Lessee's counsel and/or bond counsel to Lessee; (3) waivers of third parties holders of interests in the real property where the Equipment will be located, as Lessor may deem necessary; (4) copies of resolutions by Lessee's governing body, duly authorizing the Lease and the Escrow Agreement and incumbency certificates for the person(s) executing the Lease and the Escrow Agreement; (5) such documents and certificates as Lessor may request relating to federal tax-exemption of interest payable under the Lease, including (without limitation) IRS Form 8038-G or 8038-GC and evidence of the adoption of a reimbursement resolution or other official action in the event that Lessee is to be reimbursed for expenditures that it has paid more than 60 days prior to the funding of the Purchase Price; (6) if the Purchase Price will be paid to Lessee (or vendor(s) or supplier(s) of the Equipment on behalf of Lessee), an acceptance certificate for the Equipment (substantially in the form attached as Exhibit B to this Agreement) (an "Acceptance Certificate"), and (7) such other documents and information previously identified by Lessor or otherwise reasonably requested by Lessor.

- (b) Lessee has executed and delivered to Lessor the Lease Schedule, its related Payment Schedule and the related Escrow Agreement (if applicable);
- (c) no Event of Default shall have occurred and be continuing under any Lease;
- (d) no material adverse change shall have occurred in the financial condition of Lessee;
- (e) the Equipment is reasonably satisfactory to Lessor and is free and clear of any Liens (defined herein) other than the respective rights of Lessor and Lessee as herein provided; and
- (f) all representations of Lessee in the Lease remain true, accurate and complete.

1.4. Delivery, Installation and Acceptance of Equipment. Lessee shall order each Equipment, shall cause the Equipment to be delivered and installed at the locations specified under the applicable Lease Schedule and shall pay all taxes, delivery costs and installation costs, if any, in connection therewith. If the Purchase Price is deposited under an Escrow Agreement for the acquisition of the Equipment, such funds shall be disbursed as provided therein. The insufficiency of proceeds of any Lease to pay all costs of the Equipment subject thereto shall not affect Lessee's obligations under this Section. When the Equipment described in such Lease Schedule is delivered, installed and accepted, Lessee shall promptly execute and deliver to Lessor an Acceptance Certificate for the Equipment.

2. TERM

2.1. Term. The term of each Lease (the "Lease Term") shall commence on the Lease Date set forth in the applicable Lease Schedule and shall terminate upon payment of all Rental Payments, unless sooner terminated pursuant to the Lease.

3. RENTAL PAYMENTS

3.1. Rental Payments. Subject to Section 3.4 hereof and except pursuant to the terms of this Agreement Lessee agrees to pay the rent payments ("Rental Payments") in the amounts and on the dates (each a "Payment Date") as specified in the Payment Schedule attached to each Lease Schedule. A portion of each Rental Payment is paid as interest as specified in the Payment Schedule for each Lease. All Rental Payments shall be paid to Lessor, at such places as Lessor may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments with lawful money of the United States of America from moneys legally available therefor.

3.2. Current Expense. The obligations of Lessee, including its obligation to pay the Rental Payments due in any fiscal year shall constitute a current expense of Lessee for such fiscal year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State of Wisconsin (the "State"). THE RENTAL PAYMENTS ARE TO BE MADE ONLY FROM LESSEE'S LEGALLY AVAILABLE REVENUES APPROPRIATED ON AN ANNUAL BASIS, AND NEITHER LESSEE, THE STATE, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER A LEASE FROM THE COMPELLED LEVY OF AD VALOREM OR OTHER TAXES EXCEPT FROM THOSE LEGALLY AVAILABLE REVENUES APPROPRIATED BY LESSEE ON AN ANNUAL BASIS. Nothing herein shall constitute a pledge by Lessee of the full faith and credit or taxing power of the Lessee. The person or entity in charge of preparing Lessee's budget will include in the budget request for each fiscal year the Rental Payments to become due during such fiscal year. Lessor acknowledges that appropriation for Rental Payments is a governmental function which Lessee cannot contractually commit itself in advance to perform. Lessee reasonably believes that moneys in an amount sufficient to make all Rental Payments can and will lawfully be

appropriated and made available to permit Lessee's continued utilization of the Equipment in the performance of its essential functions during the applicable Lease Terms.

3.3. Unconditional Rental Payments. Subject to Section 3.4 hereof: (a) Lessee's obligation to make Rental Payments and any other payments hereunder shall be absolute and unconditional; (b) Lessee shall make these payments when due and shall not withhold any of these payments pending final resolution of any disputes; (c) Lessee shall not assert any right of set-off or counterclaim against its obligation to make these payments; and (d) Lessee's obligation to make Rental Payments or other payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment.

3.4. Nonappropriation. If during the then current fiscal year of Lessee, sufficient funds are not appropriated to make Rental Payments required under a Lease for the following fiscal year (an "Event of Nonappropriation"), Lessee shall be deemed not to have renewed such Lease for the following fiscal year, and the Lease shall terminate at the end of the then current fiscal year, and Lessee shall not be obligated to make Rental Payments under the Lease beyond the then current fiscal year for which funds have been appropriated. Upon an Event of Nonappropriation, Lessee shall return the Equipment subject to the Lease to Lessor in accordance with the requirements of Section 11.3. Lessee shall notify Lessor in writing no later than 30 days following an Event of Nonappropriation, but failure to provide such notice shall not operate to extend the Lease Term. If Lessee fails to return the applicable Equipment or otherwise comply with Section 11.3, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages and for any loss suffered by Lessor as a result of Lessee's failure to take such actions as required. In addition, Lessor may, by written instructions to any escrow agent who is holding proceeds of the Lease, instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor.

3.5 Security Interest. As security for Lessee's obligations to pay all Rental Payments and all other amounts due and payable under each Lease and to perform and observe all covenants, agreements and conditions (direct or indirect, absolute or contingent, due or to become due or existing or hereafter arising) of Lessee under such Lease, Lessee hereby grants to Lessor a first priority, security interest in any and all of the Equipment (now existing or hereafter acquired) under each Lease, moneys and investments held from time to time in the escrow fund under each Escrow Agreement and any and all proceeds of any of the foregoing. Lessee agrees to execute and deliver to Lessor all necessary documents to evidence and perfect such security interest, including, without limitation, Uniform Commercial Code financing statements and any amendments thereto and certificates of title or certificates of origin (or applications thereof) noting Lessor's interest thereon.

4. PURCHASE AND PREPAYMENT

4.1. End of Lease Term. Lessee shall have the option to purchase all of the Equipment under a Lease only upon the expiration of the Lease Term and payment in full of all Rental Payments then due and all other amounts then owing under the Lease, and the payment of \$1.00 to Lessor.

4.2. Excess Proceeds. Lessee's obligations under a Lease shall be prepaid in part from the excess proceeds of the Lease on the terms set forth in any Escrow Agreement pursuant to which proceeds of the Lease are being held.

4.3. Release of Lessor's Interest. Upon timely receipt, in collected funds, of all amounts required for the purchase of the Equipment subject to any Lease pursuant to Section 4.1, such Lease shall terminate, all of Lessor's right, title and interest in and to the Equipment shall terminate, and Lessor shall deliver to Lessee all such documents and instruments as Lessee may reasonably request to evidence the termination of the Lease and Lessor's interest in the Equipment, without warranty by or recourse to Lessor.

5. REPRESENTATION, WARRANTIES AND COVENANTS.

5.1. Representations and Warranties. Lessee shall be deemed to make the following representations and warranties to Lessor with respect to each Lease, in each case as of the Lease Date for such Lease:

(a) Lessee is a state or political subdivision of the State within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations issued thereunder ("the Regulations"), duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement, the Lease and the transactions contemplated hereby and thereby, and to perform all of its obligations under this Agreement and the Lease.

(b) The execution and delivery of this Agreement and the Lease Schedule have been duly authorized by all necessary action of Lessee's governing body and such action is in compliance with all public bidding and other State and federal laws applicable to this Agreement and the acquisition and financing of the Equipment by Lessee.

(c) This Agreement and the Lease Schedule have been duly executed and delivered by and constitute the valid and binding obligations of Lessee, enforceable against Lessee in accordance with their respective terms.

(d) The execution, delivery and performance of this Agreement and the Lease Schedule by Lessee does not (i) violate any State or federal law or local law or ordinance, or any order, writ, injunction, decree, or regulation of any court or other governmental agency or body applicable to Lessee, or (ii) conflict with or result in the breach or violation of any term or provision of, or constitute a default under, any note, bond, mortgage, indenture, agreement, deed of trust, lease or other obligation to which Lessee is bound.

(e) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, challenging Lessee's authority to enter into this Agreement or the Lease Schedule or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement or the Lease Schedule.

(f) Provided payments per Payment Schedule are due in the current fiscal year, Lessee or Lessee's governing body has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments during the current fiscal year, and such moneys will be applied in payment of all Rental Payments due and payable during such current fiscal year.

(g) Lessee has an immediate need for, and expects to make immediate use of, the Equipment, which need is not temporary or expected to diminish during the applicable Lease Term.

5.2. Tax Covenants.

(a) Lessee covenants and agrees that it will (i) complete and timely file an information reporting return with the Internal Revenue Service ("IRS") in accordance with Section 149(e) of the Code; (ii) not permit the Equipment to be directly or indirectly used for a private business use within the meaning of Section 141 of the Code including, without limitation, use by private persons or entities pursuant to contractual arrangements which do not satisfy IRS guidelines for permitted management contracts, as the same may be amended from time to time; (iii) invest and reinvest moneys on deposit in any escrow fund related to each Lease from time to time in a manner that will not cause such Lease to be classified as an

“arbitrage bond” within the meaning of Section 148(a) of the Code; (iv) rebate an amount equal to excess earnings in any such escrow fund to the federal government if required by, and in accordance with, Section 148(f) of the Code and make the determinations and maintain the records required by the Code; and (v) comply with all provisions and regulations applicable to establishing and maintaining the excludability of the interest component of the Rental Payments under each Lease from federal gross income pursuant to Section 103 of the Code.

(b) If Lessor either (i) receives notice, in any form, from the IRS; or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor that Lessor may not exclude the interest component of any Rental Payment under a Lease from federal gross income, then Lessee shall pay to Lessor, within thirty (30) days after Lessor notifies Lessee of such determination, the amount which, with respect to Rental Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest component of all Rental Payments under the Lease due through the date of such event) that are imposed on Lessor as a result of the loss of the exclusion, will restore to Lessor the same after tax yield on the transaction evidenced by such Lease (assuming tax at the highest marginal corporate tax rate) that it would have realized had the exclusion not been lost. Additionally, Lessee agrees that upon the occurrence of such an event, it shall pay additional rent to Lessor on each succeeding Rental Payment due date in such amount as will maintain such after tax yield to Lessor. Lessor’s determination of the amount necessary to maintain its after-tax yield as provided in this subsection (b) shall be conclusive (absent manifest error).

6. INSURANCE; CASUALTY AND CONDEMNATION

6.1. Liability and Property Insurance. Lessee shall, at its own expense, procure and maintain continuously in effect during each Lease Term: (a) public liability insurance for death or injuries to persons, or damage to property arising out of or in any way connected to the Equipment sufficient to protect Lessor and its assigns from liability in all events, with a coverage of not less than \$1,000,000 per occurrence unless specified differently in the related Lease Schedule, and (b) insurance against such hazards as Lessor may require, including, but not limited to, all-risk casualty and property insurance, in an amount equal to the full replacement cost of the Equipment.

6.2. Insurance Requirements. All insurance policies required by Section 6.1 shall be taken out and maintained with insurance companies acceptable to Lessor and shall contain a provision that thirty (30) days prior to any change in the coverage (including cancellation) the insurer must provide written notice to the insured parties. No insurance shall be subject to any co-insurance clause. Each liability insurance policy shall be endorsed to name Lessor and its assigns as an additional insured party and each casualty and property insurance policy shall be endorsed to name Lessor and its assigns as loss payee, in each case regardless of any breach of warranty or other act or omission of Lessee. Lessee may self-insure against the risks described in Section 6.1 with the prior written consent of Lessor.

7. ADDITIONAL OBLIGATIONS

7.1. Use and Maintenance of Equipment. Lessee shall, at its own expense, maintain the Equipment in good condition and proper working order, and shall make all necessary repairs and replacements to keep the Equipment in such condition. The Equipment will be used by Lessee only for the purpose of performing Lessee’s essential governmental functions. Lessee shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any manufacturer’s guidelines or in violation of any applicable law or regulation or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain and maintain all permits and licenses necessary for the installation and operation of the Equipment. Lessee shall have sole responsibility to maintain and repair the Equipment. Lessee shall keep (or in the case of Equipment constituting motor vehicles, house) the Equipment at the address specified in the related Lease Schedule; provided that Lessee may change the location at which any Equipment is kept

(or housed) with thirty (30) days prior written notice to Lessor specifying the address of the new location. Lessee shall provide Lessor access at all reasonable times to examine and inspect the Equipment and provide Lessor with such access to the Equipment as may be reasonably necessary to perform maintenance on the Equipment in the event of failure by Lessee to perform its obligations hereunder. If Lessor reasonably determines that Lessee is not maintaining any of the Equipment in accordance with this Section, Lessor may (in addition to any other remedies it may have) require Lessee to enter into maintenance contracts for such Equipment in form approved by Lessor and with approved providers.

7.2. Taxes. Lessee shall pay all taxes, assessments and other charges which are assessed or levied against the Equipment or any part thereof, during the Lease Term, whether assessed against Lessee or Lessor. With respect to any 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 the then current fiscal year of the Lease Term for such Equipment.

7.3. Modification of Equipment. Lessee will not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition will change or impair the originally intended value, function or use of the Equipment.

7.4. Liens. Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other claim with respect to the Equipment (each, a "Lien"), other than the respective rights of Lessor and Lessee as herein provided. Lessee shall promptly, at its own expense, take such actions as may be necessary duly to discharge or remove any such claim if the same shall arise at any time.

7.5. Financial Information. Lessee shall deliver to Lessor (i) its annual audited financial statements within 365 days after the end of the Fiscal Year unless audited financial statements are not available in that timeframe, in which case unaudited financial information will be provided and audited financial statements will be submitted to Lessor when and if available (ii) its annual budget each fiscal year promptly following the approval thereof, and (iii) such other financial statements and information relating to the ability of Lessee to satisfy its obligations under this Agreement and the Lease as may be reasonably requested by Lessor from time to time.

8. TITLE; NO WARRANTIES BY LESSOR

8.1. Title. During the Lease Term, legal title to all Equipment shall be in Lessee, subject to Lessor's interests under the applicable Lease Schedule and this Agreement. Upon an Event of Default or an Event of Nonappropriation, title shall immediately vest in Lessor free and clear of any right, title or interest of Lessee.

8.2. Personal Property. The Equipment is and shall at all times be and remain personal property and not fixtures.

8.3. No Warranties. LESSEE ACQUIRES AND LEASES THE EQUIPMENT UNDER EACH LEASE "AS IS." LESSEE ACKNOWLEDGES THAT LESSOR DID NOT MANUFACTURE THE EQUIPMENT UNDER ANY LEASE. LESSOR DOES NOT REPRESENT THE MANUFACTURER, SUPPLIER, OWNER OR DEALER, AND LESSEE SELECTED THE EQUIPMENT BASED UPON LESSEE'S OWN JUDGMENT. LESSOR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE OR AS TO THE EQUIPMENT'S VALUE, DESIGN, CONDITION, USE, CAPACITY OR DURABILITY. LESSEE AGREES THAT REGARDLESS OF CAUSE, LESSOR IS NOT RESPONSIBLE FOR, AND LESSEE WILL NOT MAKE ANY CLAIM AGAINST LESSOR FOR, ANY DAMAGES, WHETHER CONSEQUENTIAL, DIRECT, SPECIAL OR

INDIRECT INCURRED BY LESSEE IN CONNECTION WITH THE EQUIPMENT UNDER ANY LEASE. NEITHER THE MANUFACTURER, SUPPLIER OR DEALER NOR ANY SALESPERSON, EMPLOYEE OR AGENT OF THE MANUFACTURER, SUPPLIER OR DEALER IS LESSOR'S AGENT OR HAS ANY AUTHORITY TO SPEAK FOR LESSOR OR TO BIND LESSOR IN ANY WAY. For and during the Lease Term under each Lease, Lessor assigns to Lessee any manufacturer's or supplier's product warranties, express or implied, applicable to any Equipment and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's sole expense. Lessee agrees that (a) all Equipment will have been purchased by Lessor for the benefit of the Lessee in accordance with Lessee's specifications from suppliers selected by Lessee, (b) Lessor is not a manufacturer or dealer of any Equipment and has no liability for the delivery or installation of any Equipment, (c) Lessor assumes no obligation with respect to any manufacturer's or supplier's product warranties or guaranties, (d) no manufacturer or supplier or any representative of said parties is an agent of Lessor, (e) any warranty, representation, guaranty or agreement made by any manufacturer or supplier or any representative of said parties shall not be binding upon Lessor, and (f) the Lessor shall cause the supplier to identify the Lessee as an intended beneficiary of its warranty, if any.

9. RISK OF LOSS; CASUALTY

9.1. Risk of Loss. As between Lessee and Lessor, Lessee bears the entire risk of loss, theft, damage or destruction of any Equipment in whole or in part for any reason whatsoever. No loss to any Equipment shall relieve Lessee from the obligation to make any Rental Payments or to perform any other obligation under any Lease. Proceeds of any insurance recovery will be applied to Lessee's obligations under this Section 9.

9.2. Notice of Loss. If a casualty occurs to any Equipment, Lessee shall immediately notify Lessor of the same and Lessee shall, unless otherwise directed by Lessor, immediately repair the same.

9.3. Application of Proceeds. If Lessor determines that any item of Equipment has suffered a casualty loss is beyond repair, then Lessee shall either: (a) immediately replace such Equipment with similar equipment in good repair, condition and working order free and clear of any liens and deliver to Lessor a purchase order, bill of sale or other evidence of sale to Lessee covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under the applicable Lease, or (b) on the next scheduled Payment Date, pay Lessor all amounts owed by Lessee under the applicable Lease, including the Rental Payment due on such date.

9.4. Claims and Expenses. Lessee shall bear the risk of loss for, shall pay directly and shall defend against any and all claims, liabilities, proceedings, actions, expenses (including reasonable attorney's fees), damages or losses arising under or related to any Equipment, including, but not limited to, the possession, ownership, lease, use or operation thereof. These obligations of Lessee shall survive any expiration or termination of any Lease. Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses (including attorney's fees), damages or losses which arise directly from events occurring after any Equipment has been returned by Lessee to Lessor in accordance with the terms of the applicable Lease or which arise directly from the gross negligence or willful misconduct of Lessor.

10. ASSIGNMENT

10.1. Assignment by Lessor. Lessor may assign its rights, title and interest in and to any Lease, any Equipment or any Escrow Agreement (including the escrow fund thereunder), and/or may grant or assign a security interest in any Lease, its Equipment or any Escrow Agreement (including the escrow fund thereunder), in whole or in part, to any party at any time and from time to time without Lessee's consent. Any such assignee or lien holder (an "Assignee") shall have all of the rights of Lessor under the applicable

Lease and Escrow Agreement. LESSEE AGREES NOT TO ASSERT AGAINST ANY ASSIGNEE ANY CLAIMS, ABATEMENTS, SETOFFS, COUNTERCLAIMS, RECOUPMENT OR ANY OTHER SIMILAR DEFENSES WHICH LESSEE MAY HAVE AGAINST LESSOR. Unless otherwise agreed by Lessee in writing, any such assignment transaction shall not release Lessor from any of Lessor's obligations under the applicable Lease. An assignment or reassignment of any of Lessor's right, title or interest in a Lease, its Equipment or any Escrow Agreement (including the Escrow Fund thereunder) shall be enforceable against Lessee only after Lessee receives a written notice of assignment that discloses the name and address of each such Assignee. Lessee shall keep a complete and accurate record of all such assignments in the form necessary to comply with Section 149(a) of the Code. Lessee agrees to acknowledge in writing any such assignments if so requested.

10.2. Assignment and Subleasing by Lessee. Neither this Agreement nor any Lease or any Equipment may be assigned, subleased, sold, transferred, pledged or mortgaged by Lessee during the term of this Lease.

11. EVENTS OF DEFAULT; REMEDIES

11.1. Events of Default Defined. The occurrence of any of the following events with respect to the Lease shall constitute an Event of Default under the Lease:

(a) Lessee's failure to pay any Rental Payment or other amount required to be paid to Lessor under the Lease within ten (10) days following the due date thereof, other than by reason of an Event of Nonappropriation;

(b) Lessee fails to perform or observe any of its obligations under Section 6, 7.4 or 10.2 hereof;

(c) With the exception of the above clauses (a) or (b), Lessee's failure to perform or abide by any condition, agreement or covenant with respect to the Lease for a period of thirty (30) days after written notice by Lessor to Lessee specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of time prior to its expiration;

(d) any statement, representation or warranty made by Lessee in the Lease or in any writing delivered by Lessee pursuant thereto or in connection therewith proves at any time to have been false, misleading or erroneous in any material respect as of the time when made;

(e) Lessee shall be in default with respect to the payment or performance of any indebtedness, liability or obligation to Lessor or any of its affiliates under any note, loan agreement, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement (including the occurrence of any Event of Default under any other Lease then held by Lessor), whether accelerated or otherwise and any applicable grace period with respect thereto has expired; or

(f) Lessee applies for or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or of all or a substantial part of its assets, or a petition for relief is filed by Lessee under any federal or state bankruptcy, insolvency, moratorium or similar law.

11.2. Remedies on Default. Upon the occurrence of any Event of Default with respect to a Lease, Lessor shall have the right, at its option and without any further demand or notice to one or more or all of the following remedies with respect to the Lease:

(a) Lessor, with or without terminating the Lease, may declare all Rental Payments payable under the Lease to the end of the then-current fiscal year of Lessee to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable.

(b) Lessor may require Lessee to promptly return all Equipment to Lessor in the manner set forth in Section 11.3 (and Lessee agrees that it shall so return the Equipment), or Lessor may, at its option, enter upon the premises where any Equipment is located and repossess such Equipment without demand, without any court order or other process of law and without liability for any damage occasioned by such repossession; and Lessor may thereafter dispose of the Equipment. If Lessor terminates the Lease and disposes of any or all of the Equipment, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs and expenses (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all costs and expenses incurred in completing the disposition of the Equipment; (iii) any sales or transfer taxes incurred in the disposition of the Equipment; (iv) any Rental Payments payable under the Lease to the end of the then-current fiscal year of Lessee; (v) the outstanding principal component of Rental Payments under the Lease; and (vi) any other amounts then due under the Lease. Any disposition proceeds remaining after the requirements of clauses (i), (ii), (iii), (iv), (v) and (vi) have been met shall be paid to Lessee. No deficiency shall be allowed against Lessee, except with respect to any unpaid Rental Payments to the end of the then-current fiscal year of Lessee and unpaid costs and expenses incurred by Lessor in connection with the repossession and disposition of the Equipment.

(c) By written notice to any escrow agent that is holding proceeds of the Lease under an Escrow Agreement, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment of Lessee's obligations under the Lease; or

(d) Lessor may exercise any other remedy available, at law or in equity, with respect to such Event of Default. Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in exercising any remedy hereunder.

11.3. Return of Equipment; Release of Lessee's Interest. Upon termination of any Lease prior to the payment of all Rental Payments (whether as result of an Event of Nonappropriation or Event of Default) thereunder, Lessee shall, within ten (90) days after such termination, at its own expense: (a) perform any testing and repairs required to place the related Equipment in the condition required by Section 7; (b) if deinstallation, disassembly or crating is required, cause such Equipment to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Lessor; (c) return such Equipment to a location in the continental United States specified by Lessor, freight and insurance prepaid by Lessee; and (d) comply with any additional return conditions specified in the Lease Schedule. Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title and ownership to Lessor and termination of Lessee's interest in the Equipment.

With respect to any provision of the Agreement requiring Lessee to return all or any portion of the Equipment to Lessor or to transfer title to all or any portion of the equipment to Lessor, Lessee agrees to voluntarily do so. In the event that Lessee fails or refuses to return or transfer the Equipment or title thereto voluntarily as set forth above, Lessor acknowledges that the Agreement does not and shall not create a right in Lessor to involuntarily dispossess Lessee of title to or possession of all or any item of the Equipment.

11.4. Late Charge. To the extent permitted by applicable law, Lessee shall pay Lessor a charge on any Rental Payment not paid on the date such payment is due at a rate equal to the interest rate set forth in the applicable Lease Schedule plus 5% per annum or the maximum amount permitted by law, whichever is less (the "Default Rate"), from such date.

11.5. No Remedy Exclusive. Each of the rights and remedies under this Agreement and each Lease is cumulative and may be enforced separately or concurrently. No course of dealing or conduct between Lessor and Lessee shall be effective to amend, modify or change any provisions of this Agreement

or any Lease. No failure or delay by Lessor to insist upon the strict performance of any term, covenant or agreement of the Agreement or any Lease, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, covenant or agreement or of any such breach, or preclude Lessor from exercising any such right, power or remedy at any later time or times.

11.6. Costs and Attorneys' Fees. Upon the occurrence of an Event of Default, Lessee agrees to pay to Lessor or reimburse Lessor for, in addition to all other amounts payable hereunder, all of Lessor's costs of collection, including reasonable attorneys' fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Lessee, shall be secured by this Agreement until paid, and shall bear interest at the Default Rate. In the event suit or action is instituted to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial and on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

12. MISCELLANEOUS PROVISIONS

12.1. Notices. All written notices to be given under this Agreement shall be given (a) personally, (b) by mail in registered or certified form, with postage prepaid, or (c) by overnight courier, charges prepaid, in each case to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time, and to any assignee at its address as it appears on the registration books maintained by Lessee. Any such notice shall be deemed to have been received 72 hours after deposit in the United States mail, 24 hours after deposit with a courier, or, if given by other means, when delivered.

12.2. Binding Effect. This Agreement and each Lease hereunder shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. Specifically, as used herein the term "Lessor" means, with respect to a Lease, any person or entity to whom Lessor has assigned its right to receive Rental Payments under such Lease.

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

12.4. Entire Agreement; Amendments. Each Lease constitutes the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. Each Lease may be amended or modified only by written documents duly authorized, executed and delivered by Lessor and Lessee.

12.5. 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 provisions, Articles, Sections or clauses hereof.

12.6. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required to perfect, confirm, establish, reestablish, continue or complete the interests of Lessor in this Agreement and each Lease, to consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement and each Lease.

12.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

12.8. Usury. It is the intention of the parties hereto to comply with any applicable usury laws; accordingly, it is agreed that, notwithstanding any provisions to the contrary herein or in any Lease Schedule, in no event shall this Agreement or any Lease hereunder require the payment or permit the collection of interest or any amount in the nature of interest or fees in excess of the maximum amount permitted by applicable law. Any such excess interest or fees shall first be applied to reduce principal, and when no principal remains, refunded to Lessee. In determining whether the interest paid or payable exceeds the highest lawful rate, the total amount of interest shall be spread through the applicable Lease Term so that the interest is uniform through such term.

12.9. Waiver of Jury Trial. To the extent permitted by applicable law, Lessor and Lessee hereby waive any right to trial by jury in any action or proceeding with respect to, in connection with or arising out of this Agreement.

12.10. USA Patriot Act Compliance Notification. Lessor hereby notifies Lessee that pursuant to the requirements of the USA PATRIOT Act (the "Patriot Act"), it is required to obtain, verify and record information that identifies Lessee, which information includes the name and address of Lessee and other information that will allow Lessor to identify Lessee in accordance with the Patriot Act. Lessee shall, promptly upon Lessor's request, provide all documentation and other information that Lessor requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

12.11. Relationship of Parties. Lessee acknowledges and agrees that (i) this Agreement and each Lease and the transactions related thereto is an arm's-length commercial transaction between Lessor and Lessee, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, Lessor is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of Lessee, (iii) Lessor has not assumed an advisory or fiduciary responsibility in favor of Lessee with respect to the transactions contemplated hereby or the discussions, undertakings, and procedures leading thereto (regardless of whether Lessor or any affiliate thereof has provided other services or is currently providing other services to Lessee on other matters) and Lessor has no obligation to Lessee with respect to the transactions contemplated hereby except the obligations expressly set forth in this Agreement and any Lease, and (iv) Lessee has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

12.12. Counterparts. This Agreement and any Lease Schedules may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and in making proof of this Agreement and any Lease Schedules it shall not be necessary to produce or account for more than one such counterpart.

12.13. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement and any Lease Schedule shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement and such Lease Schedule(s). The parties agree that any electronically signed document (including this Agreement and any Lease Schedule) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts", if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the

internet as a “pdf” (portable document format) or other replicating image attached to an e mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

12.14. Determination of Issue Price for Tax Purposes. On the date of this agreement, the Lessor is paying the Lessee the Purchase Price for the Lease. The Lessor is not acting as an Underwriter (defined below) with respect to the Lease. Other than an assignment of the entire lease to [Name of Bank], as set forth in the Notice and Acknowledgement of Assignment dated the date hereof, the Lessor has no present intention to sell, reoffer, or otherwise dispose of the Lease (or any portion of the Lease or any interest in the Lease) until maturity or earlier redemption by the Lessee. Other than an assignment of the entire Lease to [Name of Bank], as set forth in the Notice and Acknowledgment of Assignment dated the date hereof, the Lessor has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Lease and the Lessor has not agreed with the Lessee pursuant to a written agreement to sell the Lease to persons other than the Lessor or a related party to the Lessor.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (defined below) or a related party. The term "related party" for purposes of this definition generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Lessee (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Lease to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Lease to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Lease to the Public).

[The remainder of this page is intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, Lessor has caused this Agreement to be executed in its corporate name by its duly authorized officer, and Lessee has caused this Agreement to be executed in its name by its duly authorized officer.

CITY OF SHEBOYGAN

Lessee

LEASE SERVICING CENTER, INC.

Lessor

By: 

Name: Michael Vandersteen

Title: Mayor

Address: 828 Center Ave
Sheboygan, WI 53081
Attn: Marty Halverson

Telephone: (920) 459-3304
E-mail: Marty.Halverson@sheboyganwi.gov

By: _____

Name:

Title:

Address: 220 22nd Ave E., Ste 106
Alexandria, MN 56308
Attn.

Telephone: (320) 763-7600
E-mail: chris@lscfinancial.com

LEASE SCHEDULE NO. 1
to Master Lease Purchase Agreement

Dated: December 2, 2019

This Lease Schedule (this "Lease Schedule") relates to the Master Lease Purchase Agreement dated as of December 2, 2019 (the "Agreement") between the undersigned Lessor and Lessee, together with the terms and conditions of the Agreement incorporated herein by reference, constitutes a Lease. Unless otherwise defined herein, capitalized terms will have the same meaning ascribed to them in the Agreement. All terms and conditions of the Agreement are incorporated herein by reference.

1. Equipment Description. As used in the Lease, "Equipment" means all of the property described in Exhibit 1 attached to this Lease Schedule and all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto.
2. Purchase Price. The Purchase Price for the Equipment is \$2,001,206.40, which amount shall be deposited in the Escrow Fund established pursuant to that certain Escrow Agreement dated as of December 2, 2019 among Lessor, Lessee and City National Bank of Florida.
3. Rental Payments; Lease Term. The Rental Payments to be paid by Lessee to Lessor, the Lease Date of this Lease and the Lease Term of this Lease are set forth on the Payment Schedule attached to this Lease Schedule as Exhibit 2.
4. Essential Use; Current Intent of Lessee. Lessee represents that (a) the use of the Equipment is essential to Lessee's proper, efficient and economic functioning or to the services that Lessee provides to its citizens, (b) the Equipment will be used by Lessee only for the purpose of performing its governmental or proprietary functions consistent with the permissible scope of its authority and will not be used in a trade or business of any person or entity, and (c) the useful life of the Equipment is not less than the stated full Lease Term of this Lease. Lessee has determined that a present need exists for the Equipment which need is not temporary or expected to diminish in the near future. Lessee currently intends for the full Lease Term: to use the Equipment; and to continue this Lease.
5. Representations, Warranties and Covenants. Lessee hereby represents, warrants and covenants that its representations, warranties and covenants set forth in the Agreement are true and correct as though made on the date of execution of this Lease Schedule.
6. Terms and Conditions Specific to this Lease:
 - (a) Pursuant to Section 1.4, the Equipment shall be deemed "delivered, installed and accepted" when the Equipment has been delivered to the Lessee and accepted by the Lessee.
 - (b) Location of the Equipment: Pursuant to Section 7.1 of the Agreement, the Equipment will be kept throughout the City of Sheboygan and used by residents of the Lessee to facilitate the Lessee's collection of garbage and recycling. Equipment may freely be transferred throughout the City of Sheboygan without permission of Lessor as part of the administration of the essential governmental function of collecting garbage and recycling. Because the Equipment will be distributed to third parties throughout the City of Sheboygan, no waiver of interest in the real property where the Equipment will be located (pursuant to Section 1.3(a)(3) of the Agreement) is necessary. Because the Equipment will be stored on property


owned by third parties, the Lessee cannot and does not guarantee Lessor with access to the Equipment for maintenance purposes. The parties agree that such access for maintenance purposes is not necessary with respect to this Equipment.

- (c) Section 9.2 of the Agreement covers Notice of Loss. Section 9.3 of the Agreement covers Application of Proceeds. This shall replace Sections 9.2 and 9.3 of the Agreement with respect to this Lease: At the end of each calendar year, the Lessee shall provide a report to Lessor with the number of carts that were—to the best of the Lessee’s knowledge—damaged beyond repair, destroyed, or lost. This report shall not include any carts that were damaged and replaced through any applicable warranty (even if the cart would have otherwise been classified as “damaged beyond repair” or “destroyed”). The report shall also provide the number of spare carts the Lessee has in inventory at the time of the report, and, if appropriate, any steps the Lessee is taking to ensure the Lessee can continue to administer its garbage and recycling program.
- (d) Section 11.2(b) of the Agreement states that Lessor may “enter upon the premises where any Equipment is located and repossess such Equipment without demand, without any court order or other process of law and without liability for any damage occasioned by such repossession; and Lessor may thereafter dispose of the Equipment.” Lessor may enter upon any premises owned or controlled by the Lessee to repossess Equipment pursuant to Section 11.2(b). The parties recognize that the Lessee cannot and does not authorize the Lessor to enter upon any premises owned or controlled by anyone who is not a party to this Agreement.

IN WITNESS WHEREOF, Lessor has caused this Lease Schedule to be executed in its corporate name by its duly authorized officer, and Lessee has caused this Lease Schedule to be executed in its name by its duly authorized officer.

CITY OF SHEBOYGAN
Lessee

LEASE SERVICING CENTER, INC.
Lessor

By: 
Name: Michael Vandersteen
Title: Mayor

By: _____
Name:
Title:

Address: 828 Center Ave
Sheboygan, WI 53081
Attn: Marty Halverson

Address: 220 22nd Ave E., Ste 106
Alexandria, MN 56308
Attn.

Telephone: (920) 459-3304
E-mail: Marty.Halverson@sheboyganwi.gov

Telephone: (320) 763-7600
E-mail: chris@lscfinancial.com

Exhibit 1

Equipment Description

<u>Vendor</u>	<u>Quantity</u>	<u>Description</u>	<u>Price per Unit</u>	<u>Total Price</u>
Wastequip	18,720	Model 79296 – Toter 96 Gallon EVR II Universal/Nestable Cart	\$52.35	\$979,992.00
Wastequip	18,720	Model 79296 – Toter 96 Gallon EVR II Universal/Nestable Cart	\$52.35	\$979,992.00
		Shipping		\$41,222.40

Location of Equipment: Sheboygan, WI

Equipment Total: \$2,001,206.40

Exhibit 2**Payment Schedule****Equipment Cost: \$2,001,206.40****Annual Rate: 3.85%**

Date	Payment	30/360 days	Rate	Interest	Principal	Balance	Prepayment
12/23/19						2,001,206.40	N/A No-call
05/15/20	328,395.95	142.00	3.850%	30,390.54	298,005.41	1,703,200.99	N/A No-call
06/15/20	5,464.44	30.00	3.850%	5,464.44	0.00	1,703,200.99	N/A No-call
07/15/20	5,464.44	30.00	3.850%	5,464.44	0.00	1,703,200.99	N/A No-call
08/15/20	5,464.44	30.00	3.850%	5,464.44	0.00	1,703,200.99	N/A No-call
09/15/20	5,464.44	30.00	3.850%	5,464.44	0.00	1,703,200.99	N/A No-call
10/15/20	5,464.44	30.00	3.850%	5,464.44	0.00	1,703,200.99	N/A No-call
11/15/20	5,464.44	30.00	3.850%	5,464.44	0.00	1,703,200.99	N/A No-call
12/15/20	5,464.44	30.00	3.850%	5,464.44	0.00	1,703,200.99	N/A No-call
01/15/21	201,341.22	30.00	3.850%	5,464.44	195,876.78	1,507,324.21	N/A No-call
01/15/22	201,341.22	360.00	3.850%	58,031.98	143,309.24	1,364,014.97	N/A No-call
01/15/23	201,341.22	360.00	3.850%	52,514.58	148,826.65	1,215,188.32	N/A No-call
01/15/24	201,341.22	360.00	3.850%	46,784.75	154,556.47	1,060,631.85	N/A No-call
01/15/25	201,341.22	360.00	3.850%	40,834.33	160,506.90	900,124.96	N/A No-call
01/15/26	201,341.22	360.00	3.850%	34,654.81	166,686.41	733,438.55	N/A No-call
01/15/27	201,341.22	360.00	3.850%	28,237.38	173,103.84	560,334.71	N/A No-call
01/15/28	201,341.22	360.00	3.850%	21,572.89	179,768.34	380,566.37	N/A No-call
01/15/29	201,341.22	360.00	3.850%	14,651.81	186,689.42	193,876.96	N/A No-call
01/15/30	201,341.22	360.00	3.850%	7,464.26	193,876.96	0.00	N/A No-call
	2,380,059.22			378,852.82	2,001,206.40		

ACCEPTANCE CERTIFICATE

Lease Servicing Center, Inc.
220 22nd Ave E., Ste 106
Alexandria, MN 56308

Re: Lease Schedule No. 1 dated December 2, 2019 (the "Lease Schedule") to that certain Master Lease Purchase Agreement dated as of December 2, 2019 (the "Agreement") and together with the Lease Schedule, the "Lease") between Lease Servicing Center, Inc., as Lessor, its successors and assigns, and City of Sheboygan, as Lessee

Ladies and Gentlemen:

I, the undersigned, hereby certify that I am the duly qualified and acting officer of Lessee identified below and, with respect to the above-referenced Lease Schedule, that:

1. The Equipment subject to the Lease Schedule and the Lease has been delivered and installed, is in good working order and is fully operational and has been fully accepted by Lessee on or before the date hereof.

2. Attached hereto are true and correct copies of the manufacturers' and dealers' invoices for the Equipment.

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

4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Lease) exists at the date hereof.

Date of Acceptance:

CITY OF SHEBOYGAN
Lessee

By:
Name: Michael Vandersteen
Title: Mayor

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement"), dated as of December 2, 2019, by and among Lease Servicing Center, Inc. (and any successors and permitted assigns "Lessor"), City of Sheboygan, a body corporate and politic and a political subdivision existing under the laws of the State of Wisconsin ("Lessee"), and City National Bank of Florida, in its capacity as escrow agent hereunder ("Escrow Agent").

Reference is made to that certain Lease Schedule No. 1 dated December 2, 2019 to that certain Master Lease Purchase Agreement dated as of December 2, 2019, each between Lessor and Lessee (hereinafter collectively referred to as the "Lease"), covering the acquisition and lease of certain Equipment described therein (the "Equipment"). It is a requirement of the Lease that the Purchase Price \$2,001,206.40 be deposited into a segregated escrow account under terms satisfactory to Lessor, for the purpose of fully funding the Lease, and providing a mechanism for the application of such amounts to the purchase of and payment for the Equipment.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Creation of Escrow Account.

(a) There is hereby created an escrow fund to be known as the "City of Sheboygan Escrow Account 001" (the "Escrow Account") to be held by the Escrow Agent for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof.

(b) The Escrow Agent shall place all escrow funds in a demand deposit account or as otherwise agreed upon between the parties.

(c) Unless the Escrow Account is earlier terminated in accordance with the provisions of paragraph (d) below, amounts in the Escrow Account shall be disbursed by the Escrow Agent in payment of amounts described in Section 2 hereof upon receipt of written instruction(s) from Lessor, as is more fully described in Section 2 hereof. If the amounts in the Escrow Account are insufficient to pay such amounts, Lessee shall deposit into the Escrow Account any funds needed to complete the acquisition of the Equipment. Any moneys remaining in the Escrow Account on or after the earlier of (i) March 30, 2021 ("Termination Date") and (ii) the date on which Lessee executes an Acceptance Certificate shall be applied as provided in Section 4 hereof.

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

(e) The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Escrow Agent, and for the disposition of the same in accordance herewith. In the event conflicting instructions as to the disposition of all or any portion of the Escrow Account are at any time given by Lessor and Lessee, the Escrow Agent shall abide by the instructions or entitlement orders given by Lessor without consent of the Lessee.

(f) Unless the Escrow Agent is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee agrees to and does hereby release and indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this agreement; and in connection therewith, does to the extent permitted by law indemnify the Escrow Agent against any and all expenses; including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

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

(h) The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. Lessee shall reimburse the Escrow Agent for all such reasonable costs and expenses. The Escrow Agent shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct.

(i) Lessee shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent's attorneys, agents and employees incurred for non-routine administration of the Escrow Account and the performance of the Escrow Agent's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Escrow Account.

(j) The Escrow Agent or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation (the "Effective Date"), which shall be a date not less than 60 days after such notice is delivered to an express carrier, charges prepaid, unless an earlier resignation date and the appointment of a successor shall have been approved by the Lessee and Lessor. After the Effective Date, the Escrow Agent shall be under no further obligation except to hold the Escrow Account in accordance with the terms of this Agreement, pending receipt of written instructions from Lessor regarding further disposition of the Escrow Account.

(k) The Escrow Agent shall have no responsibilities, obligations or duties other than those expressly set forth in this Agreement and no implied duties responsibilities or obligations shall be read into this Agreement.

2. Acquisition of Equipment.

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

(b) Authorized Escrow Account Disbursements. It is agreed as between Lessee and Lessor that Disbursements from the Escrow Account shall be made for the purpose of paying (including the reimbursement to Lessee for advances from its own funds to accomplish the purposes hereinafter described) the cost of acquiring the Equipment.

(c) Requisition Procedure. No disbursement from the Escrow Account shall be made unless and until Lessor has approved such requisition. Prior to disbursement from the Escrow Account there shall be filed with the Escrow Agent a requisition for such payment in the form of Disbursement Request attached hereto as Schedule I, stating each amount to be paid and the name of the person, firm or corporation to whom payment thereof is due and the manner of disbursement (check or wire).

Each such requisition shall be signed by an authorized representative of Lessee (an "Authorized Representative") and by Lessor, and shall be subject to the following conditions, which Escrow Agent shall conclusively presume have been satisfied at such time as a requisition executed by Lessee and Lessor is delivered to it:

1. Delivery to Lessor of an executed Disbursement Request in the form attached hereto as Schedule I; and
2. Delivery to Lessor true and correct copies of invoices (and proofs of payment of such invoices, if Lessee seeks reimbursement) and bills of sale (if title to such Equipment has passed to Lessee) therefor as required by Section 1.3 of the Lease and any additional documentation reasonably requested by Lessor.

Lessee and Lessor agree that their execution of the form attached hereto as Schedule I and delivery of the executed form to Escrow Agent confirms that all of the requirements and conditions with respect to disbursements set forth in this Section 2 have been satisfied.

3. Deposit to Escrow Account. Upon satisfaction of the conditions specified in Section 1.3 of the Lease, Lessor will cause the Purchase Price to be deposited in the Escrow Account. Lessee agrees to pay any costs with respect to the Equipment in excess of amounts available therefor in the Escrow Account.

4. Excessive Escrow Account. Lessor shall provide Escrow Agent written instructions and a representation that one of the following conditions has been satisfied, (upon which representation Escrow Agent shall conclusively rely) (a) the Termination Date; or (b) the date on which Lessee executes an Acceptance Certificate; or (c) upon a termination of the Escrow Account as otherwise provided herein. Upon receipt of such written instructions, any funds remaining in the Escrow Agreement shall be distributed by the Escrow Agent first, ten percent (10%) of the funds then remaining in the Escrow Account shall be disbursed to the Escrow Agent as its escrow agent fees ("Fees") and second, the remaining balance after deducting the Fees shall be disbursed to the Lessor and Lessor shall apply such funds to amounts owed by Lessee under the Lease.

5. Security Interest. The Escrow Agent and Lessee acknowledge and agree that the Escrow Account and all proceeds thereof are being held by Escrow Agent for disbursement or return as set forth herein. Lessee hereby grants to Lessor a first priority perfected security interest in the Escrow Account, and all proceeds thereof.

6. Control of Escrow Account. In order to perfect Lessor's security interest by means of control in (i) the Escrow Account established hereunder, (ii) all funds now or hereafter credited to the Escrow Account, (iii) all of Lessee's rights in respect of the Escrow Account, and (iv) all products, proceeds

and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), Lessor, Lessee and Escrow Agent further agree as follows:

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

(b) Escrow Agent will comply with all entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee.

(c) Provided that account investments shall be held in the name of the Escrow Agent, Escrow Agent hereby represents and warrants (a) that the records of Escrow Agent show that Lessee is the sole owner of the Collateral, (b) that Escrow Agent has not been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Lessor's claim pursuant to this Agreement, and (c) that Escrow Agent is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Escrow Agent is obligated to accept from Lessor under this Agreement and entitlement orders that Escrow Agent, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Lessor if any person requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

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

(f) Lessee hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Lessor to Escrow Agent.

(g) Escrow Agent will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Escrow Agent will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

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

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

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

8. Miscellaneous. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. This agreement may not be amended except in writing signed by all parties hereto. This agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below.

Notices and other communications hereunder may be delivered or furnished by electronic mail; provided that any formal notice be attached to an email message in PDF format; and provided further that any notice or other communication sent to an e-mail address shall be deemed received upon and only upon the sender's receipt of affirmative acknowledgement or receipt from the intended recipient. For purposes hereof no acknowledgement of receipt generated on an automated basis shall be deemed sufficient for any purpose hereunder or admissible as evidence of receipt.

If to Lessor: Lease Servicing Center, Inc.
220 22nd Ave E., Ste 106
Alexandria, MN 56308
Attention: Chris Canavati

If to Lessee: City of Sheboygan
828 Center Ave
Sheboygan, WI 53081
Attention: Marty Halverson

If to Escrow Agent: City National Bank of Florida
25 West Flagler Street
Miami, FL 33130
Attention: Client Services

9. This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin.

10. Any bank or corporation into which the Escrow Agent may be merged or with which it may be consolidated, or any bank or corporation to whom the Escrow Agent may transfer a substantial amount of its escrow business, shall be the successor to the Escrow Agent without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding. Any bank or corporation into which the Lessor may be merged or with which it may be consolidated, or any bank or corporation to whom the Lessor may transfer a substantial amount of its business, shall be the successor to the Lessor without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding.

11. This Agreement may be amended, modified, and/or supplemented only by an instrument in writing executed by all parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement as of the date first above written.

Lease Servicing Center, Inc.
as Lessor

City of Sheboygan
as Lessee

By: _____
Name: _____
Title: _____

By: _____
Name: Michael Vandersteen
Title: Mayor

City National Bank of Florida
as Escrow Agent

By: _____
Name: _____
Title: _____

SCHEDULE I
to the Escrow Agreement
DISBURSEMENT REQUEST

Re: Lease Schedule No. 1 dated December 2, 2019 to that certain Master Lease Purchase Agreement dated as of December 2, 2019, each between Lessor and Lessee (hereinafter collectively referred to as the "Lease") (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease.)

In accordance with the terms of the Escrow Agreement, dated as of December 2, 2019 (the "Escrow Agreement") by and among Lease Servicing Center, Inc., as lessor (and its successors and permitted assigns, "Lessor"), the City of Sheboygan ("Lessee") and City National Bank of Florida, as escrow agent (the "Escrow Agent"), the undersigned hereby requests the Escrow Agent pay the following persons the following amounts from the Escrow Account created under the Escrow Agreement for the following purposes:

Payee's Name and Address (if disbursement via wire, must include wire transfer instructions)	Invoice Number	Dollar Amount	Purpose

(i) (a) Each obligation specified in the foregoing table has been incurred by Lessee in the stated amount, (b) the same is a proper charge against the Escrow Account for costs relating to the Equipment identified in the Lease, and (c) has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof).

(ii) Each item of Equipment relating to an obligation specified in the foregoing table has been delivered, installed and accepted by Lessee. Attached hereto is a true and correct copy of the invoice with respect to such obligation.

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

(iv) This requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee).

(v) The Equipment is insured in accordance with the Lease.

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

(vii) The representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

(vii) No material adverse change has occurred since the date of the execution and delivery of the Lease.

Dated: _____

CITY OF SHEBOYGAN

By: _____
Name: Michael Vandersteen
Title: Mayor

Disbursement of funds from the Escrow Account in accordance with the foregoing Disbursement Request hereby is authorized

LEASE SERVICING CENTER, INC.
as Lessor under the Lease

By: _____
Name: _____
Title: _____

BCICAPITAL INC.
as Assignee under the Lease

By: _____
Name: _____
Title: _____

PAY PROCEEDS LETTER

December 2, 2019


Lease Servicing Center, Inc.
220 22nd Ave E., Ste 106
Alexandria, MN 56308

Ladies and Gentlemen:

The undersigned, an authorized officer of the City of Sheboygan ("Lessee"), hereby authorizes Lease Servicing Center, Inc. ("Lessor") to pay the proceeds of the financial accommodations provided to Lessee by Lessor evidenced by that certain Master Lease Purchase Agreement dated as of December 2, 2019 and the related Lease Schedule No. 1 dated December 2, 2019, each between Lessor and Lessee, to the following account of Lessee:

<u>Destination</u>	<u>Amount of Deposit:</u>
City National Bank of Florida Account #	\$2,001,206.40

CITY OF SHEBOYGAN

By: 
Name: Michael Vandersteen
Title: Mayor

TAX CERTIFICATE

This Tax Certificate (this "Certificate") is executed and delivered as of December 2, 2019 (the "Lease Date") by the City of Sheboygan ("Lessee") in connection with that certain Master Lease Purchase Agreement dated as of December 2, 2019 (the "Agreement") by and between Lessee and Lease Servicing Center, Inc. ("Lessor") and Lease Schedule No. 1 dated as of December 2, 2019, between Lessee and Lessor (the "Lease Schedules," and together with the Agreement, the "Lease"). The terms capitalized herein but not defined herein shall have the meanings assigned to them in the Lease.

Section 1. In General.

1.1. This Certificate is executed for the purpose of establishing the reasonable expectations of Lessee as to future events regarding the financing of certain equipment (the "Equipment") to be acquired by Lessor and leased to Lessee pursuant to and in accordance with the Lease. As described in the Lease, Lessor shall apply \$2,001,206.40 (the "Principal Amount") toward the acquisition of the Equipment and Lessee shall make Rental Payments under the terms and conditions as set forth in the Lease.

1.2. The individual executing this Certificate on behalf of Lessee is an officer of Lessee delegated with the responsibility of reviewing and executing the Lease, pursuant to the resolution or other official action of Lessee adopted with respect to the Lease, a copy of which has been delivered to Lessor.

1.3. The Lease is being entered into for the purpose of providing funds for financing the cost of acquiring, equipping and installing the Equipment which is essential to the governmental functions of Lessee, which Equipment is described in the Lease Schedules. The Principal Amount will be paid to Lessee on the date hereof.

1.4. Lessee will complete and timely file for each payment schedule issued under the Lease a Form 8038-G relating to such Lease with the Internal Revenue Service in accordance with Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 2. Non-Arbitrage Certifications.

2.1. The Rental Payments due under the Lease will be made with monies retained in Lessee's general operating fund (or an account or subaccount therein). No sinking, debt service, reserve or similar fund or account will be created or maintained for the payment of the Rental Payments due under the Lease or pledged as security therefor.

2.2. There have been and will be issued no obligations by or on behalf of Lessee that would be deemed to be (i) issued or sold within fifteen (15) days before or after the Lease Date, (ii) issued or sold pursuant to a common plan of financing with the Lease and (iii) paid out of substantially the same source of funds as, or deemed to have substantially the same claim to be paid out of substantially the same source of funds as, the Lease. The Lessee is issuing its Sewerage System Revenue Bonds, Series 2019D (the "Revenue Bonds"), which sale may occur within 15 days of the Lease Date. However, the Revenue Bonds will not be paid from substantially the same source of funds as the Rental Payments and so, pursuant to Regulation Section 1.150-1(c)(2), are not treated as part of the same issue as the Lease.

2.3. Other than the Principal Amount, Lessee does not and will not have on hand any funds that are or will be restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, as a substitute, replacement or separate source of financing for the Equipment.

2.4. No portion of the Principal Amount is being used by Lessee to acquire investments which produce a yield materially higher than the yield realized by Lessor from Rental Payments received under the Lease. As used in this certificate, the term "yield" means yield computed by the actuarial method using a 360-day year and semi-annual compounding, resulting in a discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the issue price, fair market value, present value or purchase price thereof, as applicable, and is determined in all respects in accordance with Section 148 of the Code.

2.5. The Principal Amount does not exceed the amount necessary for the governmental purpose for which the Lease was entered into. Such funds are expected to be needed and fully expended for payment of the costs of acquiring, equipping and installing the Equipment.

2.6. Lessee does not expect to convey, sublease or otherwise dispose of the Equipment, in whole or in part, at a date which is earlier than the final Payment Date under the Lease.

Section 3. Disbursement of Funds; Reimbursement to Lessee.

3.1. It is contemplated that the entire Principal Amount will be used to pay the acquisition cost of Equipment to the vendors or manufacturers thereof, provided that, if applicable, a portion of the Principal Amount may be used by Lessee as reimbursement for acquisition cost payments already made by it so long as the conditions set forth in Section 3.2 below are satisfied.

3.2. Lessee shall not use any portion of the principal amount in order to be reimbursed for Equipment acquisition cost payments already made by it unless each of the following conditions have been satisfied:

(a) Lessee adopted a resolution or otherwise declared its official intent in accordance with Treasury Regulation § 1.150-2 (the "Declaration of Official Intent"), wherein Lessee expressed its intent to be reimbursed from the proceeds of a borrowing for all or a portion of the cost of the Equipment, which expenditure was paid to the Vendor not earlier than sixty (60) days before Lessee adopted the Declaration of Official Intent;

(b) The reimbursement being requested will be made by a written allocation before the later of eighteen (18) months after the expenditure was paid or eighteen (18) months after the items of Equipment to which such payment relates were placed in service;

(c) The entire payment with respect to which reimbursement is being sought is a capital expenditure, being a cost of a type properly chargeable to a capital account under general federal income tax principles; and

(d) Lessee will use any reimbursement payment for general operating expenses and not in a manner which could be construed as an artifice or device under Treasury Regulation § 1.148-10 to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.

Section 4. Use and Investment of Funds; Temporary Period.

4.1. Lessee has incurred or will incur, within six (6) months from the Lease Date, binding obligations to pay an amount equal to at least five percent (5%) of the Principal Amount toward the costs of the Equipment. An obligation is not binding if it is subject to contingencies within Lessee's control. The ordering and acceptance of the items of Equipment will proceed with due diligence to the date of final acceptance of the Equipment.

4.2. An amount equal to at least eighty-five percent (85%) of the Principal Amount will be expended to pay the cost of the Equipment by the end of the three-year period commencing on the Lease Date. No portion of the Principal Amount will be used to acquire investments that do not carry out the governmental purpose of the Lease and that have a substantially guaranteed yield in excess of the yield on the Lease.

4.3. (a) Lessee covenants and agrees that it will rebate an amount equal to excess earnings on the Principal Amount to the Internal Revenue Service if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by and otherwise comply with the regulations applicable thereto. Lessee reasonably expects to cause the Equipment to be acquired by no later than 18 months from the Lease Date.

(b) Lessee will provide evidence to Lessor that the rebate amount has been calculated and paid to the Internal Revenue Service in accordance with Section 148(f) of the Code unless: (i) the entire Principal Amount is expended on the Equipment by the date that is the six-month anniversary of the Lease Date or (ii) the Principal Amount is expended on the Equipment in accordance with the following schedule: At least fifteen percent (15%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within six months from the Lease Date; at least sixty percent (60%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment within 12 months from the Lease Date; and one hundred percent (100%) of the Principal Amount and interest earnings thereon will be applied to the cost of the Equipment by no later than 18 months from the actual Lease Date.

Section 5. No Private Use; No Consumer Loan.

5.1. Lessee will not exceed the private use restrictions set forth in Section 141 of the Code. Specifically, Lessee will not permit more than 10% of the Principal Amount to be used for a Private Business Use (as defined herein) if, in addition, the payment of more than ten percent (10%) of the Principal Amount plus interest earned thereon is, directly or indirectly, secured by (i) any interest in property used or to be used for a Private Business Use or (ii) any interest payments in respect of such property or derived from any payment in respect of property or borrowed money used or to be used for a Private Business Use.

In addition, if both (A) more than five percent (5%) of the Principal Amount is used as described above with respect to Private Business Use and (B) more than five percent (5%) of the Principal Amount plus interest earned thereon is secured by Private Business Use property or payments as described above, then the excess over such five percent (5%) (the "Excess Private Use Portion") will be used for a Private Business Use related to the governmental use of the Equipment. Any such Excess Private Use Portion of the Principal Amount will not exceed the portion of the Principal Amount used for the governmental use of the particular project to which such Excess Private Use Portion is related. For purposes of this paragraph 5.1, "Private Business Use" means use of bond proceeds or bond financed-property directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and excluding use as a member of the general public.

5.2. No part of the Principal Amount or interest earned thereon will be used, directly or indirectly, to make or finance any loans to non-governmental entities or to any governmental agencies other than Lessee.

Section 6. No Federal Guarantee.

6.1. Payment of the principal or interest due under the Lease is not directly or indirectly guaranteed, in whole or in part, by the United States or an agency or instrumentality thereof.

6.2. No portion of the Principal Amount or interest earned thereon shall be (i) used in making loans the payment of principal or interest of which are to be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts if such investment would cause the financing under the Lease to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 7. Post-Issuance Compliance.

7.1 In the event an action takes place (or is anticipated to take place) that will cause the Equipment not to be used for qualified uses under Section 141 of the Code, Lessee will consult with bond counsel as soon as practicable about taking remedial action as described in Treasury Regulation Section 1.141-12. Lessee will take all actions necessary to ensure that the “nonqualified bonds” (as defined in Treasury Regulation Section 1.141-12) are properly remediated in accordance with the requirements of the Treasury Regulations. Lessee is familiar with the Internal Revenue Service’s Voluntary Compliance Agreement Program pursuant to which issuers of tax-exempt debt may voluntarily resolve violations of the Code and applicable Treasury Regulations on behalf of the holders of such debt or themselves through closing agreements with the Internal Revenue Service.

7.2. Lessee will actively monitor the requirements of the Code and the Treasury Regulations (a) set forth in this certificate and confirm that such requirements are met no less than once per year; (b) related to the allocation and accounting of proceeds to capital projects and will maintain a list that specifies the allocation of proceeds of the Lease to the costs of the Equipment; and (c) related to arbitrage limitations, including yield restriction, rebate requirements and the investment of gross proceeds of the Lease. The office within Lessee that is currently responsible for such monitoring is the finance department.

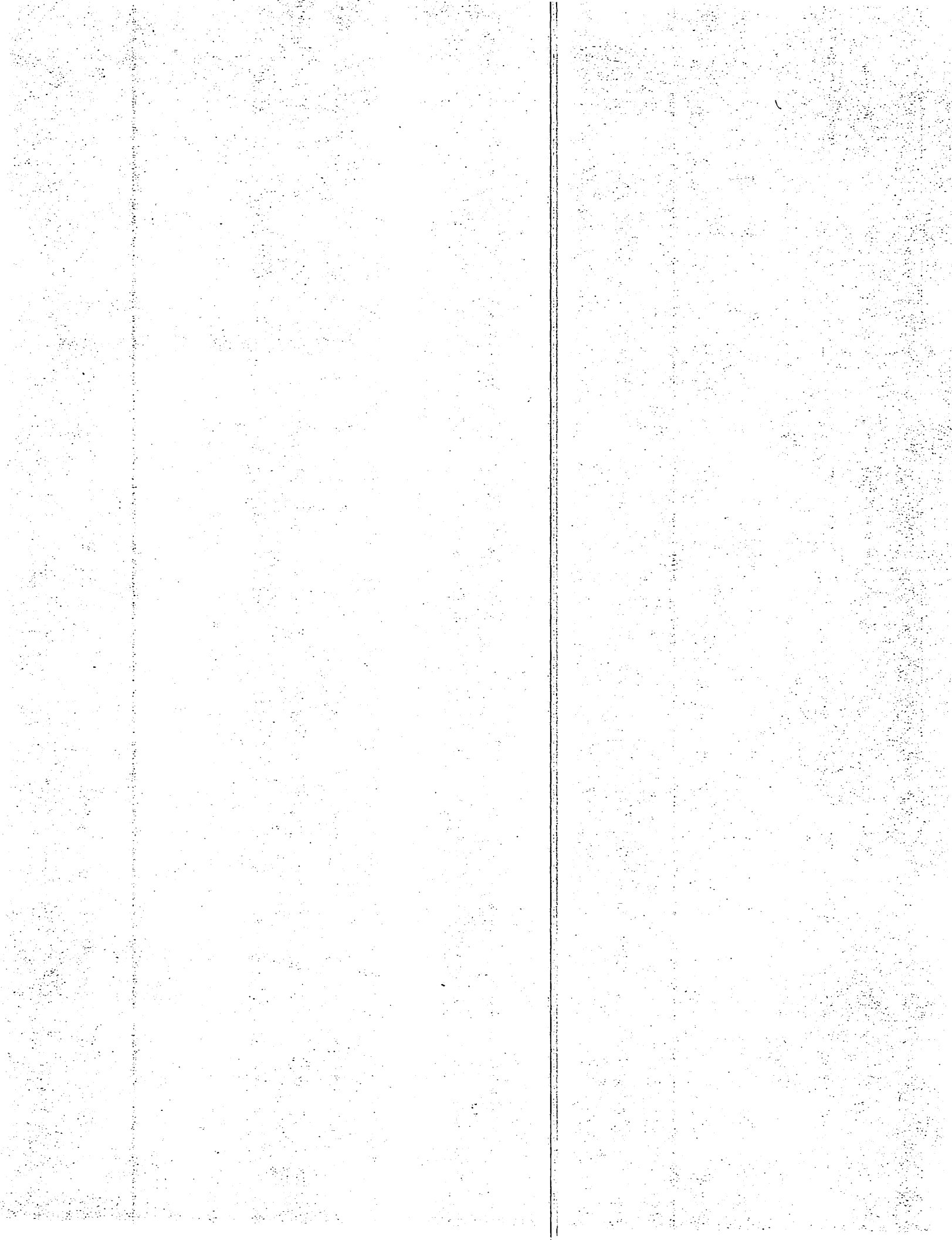
Section 8. Miscellaneous.

8.1. Lessee shall keep a complete and accurate record of all owners or assignees of the Lease in form and substance satisfactory to comply with the registration requirements of Section 149(a) of the Code unless Lessor or its assignee agrees to act as Lessee’s agent for such purpose.

8.2. Lessee shall maintain complete and accurate records establishing the expenditure of the Principal Amount and interest earnings thereon for a period of five (5) years after payment in full under the Lease.

8.3. To the best of the undersigned’s knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances that would materially change the expectations expressed herein.

[Signature Page Follows]



IN WITNESS WHEREOF, this Tax Certificate has been executed on behalf of Lessee as of the
Lease Date.

CITY OF SHEBOYGAN

Lessee

By: 

Print Name: Michael Vandersteen

Title: Mayor


[Signature Page to Tax Certificate]



INCUMBENCY CERTIFICATE

The undersigned, the duly appointed and acting City Clerk for the **City of Sheboygan**, a political subdivision of the State of Wisconsin ("Lessee") certifies as follows:

1. The individuals identified below are the duly elected or appointed officers of Lessee holding the offices set forth opposite their respective names.

2. The individuals identified below have the authority on behalf of Lessee to enter into that certain Master Lease Purchase Agreement dated as of December 2, 2019 between such entity and **Lease Servicing Center, Inc.**, as Lessor.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>Michael Vandersteen</u>	<u>Mayor</u>	
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, I have duly executed this certificate as of this  day of , 2019.

By: 
Name: Meredith DeBruin
Title: City Clerk

NOTICE AND ACKNOWLEDGMENT OF ASSIGNMENT

Reference is hereby made to that certain Master Lease Purchase Agreement dated as of December 2, 2019 (the "**Lease Agreement**"), between Lease Servicing Center, Inc. ("**Lessor**") and the City of Sheboygan ("**Lessee**"). Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Lease Agreement.

Lessor hereby gives Lessee notice, and Lessee hereby acknowledges receipt of notice, that Lessor has assigned to _____ ("**Assignee**"), whose offices are at _____, all right, title, interest and obligations of Lessor in and to Lease Schedule No. 1 dated as of December 2, 2019 ("**Lease Schedule**"), executed pursuant to the Lease Agreement, and the Lease Agreement together with all schedules, exhibits, addenda, instruments, certificates and other agreements executed in connection therewith, in each case solely to the extent related to such Lease Schedule (together with the Lease Schedule, collectively, the "**Lease Documents**") together with the equipment described in the Lease Documents (the "**Equipment**");

From and after the date of this Notice, all payments now or hereafter becoming due pursuant to the Lease Documents or with respect to the Equipment described in the Lease Documents shall be paid directly to Assignee as Assignee shall direct in Assignee's invoices.

In recognition of Assignee's reliance upon this Notice and Acknowledgment of Assignment, Lessee certifies, confirms and agrees as follows:

1. The Lease Documents have been duly authorized, executed and delivered by Lessee; constitute the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with the terms thereof; are in full force and effect on the date of execution of this notice by such party; are free from all defenses, set-offs, claims, counterclaims or any right to cancellation or termination (other than the right to not appropriate funds); and no default or event which, with the passage of time or the giving of notice, or both, would constitute a default under the Lease Documents has occurred. All names, addresses, signatures, amounts and other facts contained in the Lease Documents are correct.

2. There are no modifications, amendments or supplements to, or waiver of Lessee's obligations under, the Lease Documents which relate to the Lease Documents; and any future modification, termination, amendment, supplement or waiver to the Lease Documents which relates to the Lease Documents, or settlement of amounts due thereunder which relates to the Lease Documents, shall be ineffective without Assignee's prior written consent.

3. There has been no prepayment of any sums payable under the Lease Documents. Under Lease Schedule No. 1, there are remaining 1 payment of \$328,395.95 due on 5/15/2020 followed by 7 interest only payments of \$5,464.44 starting 6/15/2020 with the last one being due 12/15/2020 followed by 10 annual rental payments under the Lease Documents, each in the amount of \$201,341.22, commencing 1/15/2021 with the final payment due 1/15/2030. No casualty has occurred with respect to the Equipment. The Equipment has been or will be delivered to and accepted by Lessee and to the extent delivered, is in good working order, the condition required under the Lease Agreement, and suitable for Lessee's purposes in all respects. The Equipment is or will be in the possession of Lessee. The Lease Documents are current in all respects, including, but not limited to, the payment of any applicable sales, use and personal property taxes.

4. Lessee acknowledges and agrees that (i) Assignee shall be the lien holder on the Equipment and Assignor shall have no interest or authority of any nature regarding the Equipment or the Lease Documents, (ii) Lessee will deal exclusively with respect to the Lease Documents with Assignee, and

Lessee will deliver all payments and copies of all notices and other communications given or made by Lessee relating to the Lease Documents and the Equipment to Assignee at the address listed above, (iii) so far as enforcement of the Lease Documents is concerned, notwithstanding the existence of other schedules or supplements thereto, the Lease Documents are separate and severable and Assignee may take enforcement action independently of other lessors, equipment owners or financing parties having an interest in the Lease Agreement and other equipment schedules not included in the Lease Documents, (iv) Lessee will execute such other instruments and take such actions as Assignee reasonably may require to further confirm the vesting of rights under the Lease Documents in Assignee and Assignee's ownership of the Equipment, and (v) Lessee waives any right to revoke its acceptance of the Equipment.

5. Lessee has not received notice of a prior sale, transfer, assignment, hypothecation or pledge of the Lease Documents or any payments due or to become due thereunder.

6. Lessee will keep the Lease Documents and the Equipment free and clear of all liens and encumbrances (other than the interest of Assignee or parties claiming by, through or under Assignee).

7. All representations and duties of Lessor intended to induce Lessee to enter into the Lease Documents, whether required by the Lease Documents or otherwise, have been fulfilled.

8. Lessee has executed one (1) original each of the Lease Documents (which were delivered to Lessor), and currently has no original in its possession.

9. All representations and warranties of the Lessee in the Lease Documents are true and correct.

10. Lessee agrees to promptly send to Assignee such financial statements and other notices as may be required to be sent to Lessor under the terms of the Lease Agreement, as assignee of Assignor's interest under the Lease Documents, directly to Assignee at Assignee's address set forth hereinabove.

11. Pursuant to the terms of the Lease Documents, Lessee hereby agrees to promptly add Assignee as a loss payee and as an additional insured under each casualty and liability insurance policy maintained by Lessee as may be required under the Lease Documents and to furnish to Assignee evidence of such insurance coverage not later than the date hereof.

[Signatures on following page.]

ACCEPTED AND AGREED to on this [redacted] day of [redacted], 2019.

Lease Servicing Center, Inc.
Lessor

City of Sheboygan
Lessee

By: _____
Name: _____
Title: _____

By: [redacted]
Name: Michael Vandersteen
Title: Mayor

Assignee

By: _____
Name: _____
Title: _____

Note: PLEASE COMPLETE INSURANCE AGENT CONTACT INFORMATION IN FULL.

INSURANCE AUTHORIZATION LETTER

Insurance Agency: _____ Agent: _____
Address: _____
Email: _____ Phone: _____

Re: Lease between **Lease Servicing Center, Inc.** (“Lessor”) and **City of Sheboygan** (“Lessee”)

The insurance coverages listed below are required to cover the interests of the named **Secured Party and its Affiliates, Successors & Assigns** (indicated below) in Equipment financed by and between Lessor and Lessee. You are therefore hereby authorized and instructed to provide the **Secured Party and its Affiliates, Successors & Assigns** the coverages described below.

Evidence of insurance in the form of a Certificate is acceptable until the required formal Endorsements are issued. The Certificate(s) will not be acceptable unless all required endorsements are clearly stated. If you have any questions concerning the coverages, please notify **Lease Servicing Center, Inc.** at (320) 763-7600.

In Description Box of Each Certificate Please Make This Notation: Re: all Equipment financed by and between CITY OF SHEBOYGAN and Lessor under Lease Schedule No. 1.

Please forward the required Certificate(s) and Endorsements immediately to the following **Secured Party:**

Lease Servicing Center, Inc.
and or Its Assigns ATIMA
220 22nd Ave E., Ste 106
Alexandria, MN 56308
Phone: 320-763-7600
Email: receipt@lscfinancial.com

Comprehensive General Liability Coverage:

1. Limits of at least **\$1,000,000.00 per occurrence** for bodily injury and property damage coverage.
2. An Endorsement naming the above Secured Party and Its Affiliates, Successors & Assigns as an Additional Insured in so far as this Equipment is concerned.
3. An Endorsement giving each of the above named Secured Party and Its Affiliates, Successors & Assigns at least thirty (30) days written notice of any cancellation, reduction or alteration of coverage.

All Risk Physical Damage (Property) Coverage:


1. All Risk coverage for not less than the Total Equipment Cost of **\$2,001,206.40**.
2. A long form endorsement naming the above named Secured Party and Its Affiliates, Successors & Assigns as "**Additional Insured**" and "**Loss Payee**" in so far as this Equipment is concerned, unless prohibited by applicable state law.
3. An Endorsement giving the above named Secured Party and Its Affiliates, Successors & Assigns at least thirty (30) days written notice of any cancellation, reduction or alteration of coverage.
4. Any deductibles or self-insured retentions must be disclosed.

- **Self-insurance or captive insurance must be disclosed.**
- **Any deductibles or self-insured retentions must be disclosed.**

Each Certificate issued hereunder must confirm that the Secured Party's coverage under, and interest in, the relevant policy shall not be invalidated or otherwise adversely affected by any breach by Lessee or others of any warranty, declaration, representation or condition contained in such policy.

LESSEE:

CITY OF SHEBOYGAN

By: 
Name: Michael Vandersteen
Title: Mayor

LESSEE RESOLUTION

RE: Master Lease Purchase Agreement dated as of December 2, 2019 between Lease Servicing Center, Inc. (Lessor) and City of Sheboygan (Lessee) and Schedule No. 001 thereto dated as of December 2, 2019.

At a duly called meeting of the Governing Body of the Lessee (as defined in the Agreement) held on _____ the following resolution was introduced and adopted:

BE IT RESOLVED by the Governing Body of Lessee as follows:

1. **Determination of Need.** The Governing Body of Lessee has determined that a true and very real need exists for the acquisition of the Equipment described on Exhibit 1 of Schedule No. 001 to the Master Lease Purchase Agreement dated as of December 2, 2019, between City of Sheboygan (Lessee) and Lease Servicing Center, Inc. (Lessor).

2. **Approval and Authorization.** The Governing Body of Lessee has determined that the Agreement and Schedule, substantially in the form presented to this meeting, are in the best interests of the Lessee for the acquisition of such Equipment, and the Governing Body hereby approves the entering into of the Agreement and Schedule by the Lessee and hereby designates and authorizes the following person(s) to execute and deliver the Agreement and Schedule on Lessee's behalf with such changes thereto as such person(s) deem(s) appropriate, and any related documents, including any Escrow Agreement, necessary to the consummation of the transaction contemplated by the Agreement and Schedule. City of Sheboygan authorizes the Mayor, to enter into a Master Lease Purchase Agreement with Lease Servicing Center, Inc. to finance the purchase of (37,440) Model 79296 – Toter 96 Gallon EVR II Universal/Nestable Carts and All Attachments listed on Exhibit 1 in the amount of \$2,001,206.40 purchased from Wastequip with 1 payment of \$328,395.95 due on 5/15/2020 followed by 7 interest only payments of \$5,464.44 starting 6/15/2020 with the last one being due 12/15/2020 followed by 10 annual rental payments under the Lease Documents, each in the amount of \$201,341.22, commencing 1/15/2021 with the final payment due 1/15/2030

Authorized Individual(s): Michael Vandersteen – Mayor
(Printed or Typed Name and Title of individual(s) authorized to execute the Agreement)

3. **Adoption of Resolution.** The signatures below from the designated individuals from the Governing Body of the Lessee evidence the adoption by the Governing Body of this Resolution.

By: _____
(Signature of Secretary, Board Chairman or other member of the Governing Body – NOT the authorized individual listed above)

Print Name: _____ Title: _____
(Typed name of individual who signed directly above) (Title of individual who signed directly above)

Attested By: _____
(Signature of one additional person who can witness the passage of this Resolution)

Print Name: Meredith DeBruin Title: City Clerk
(Typed name of individual who signed directly above) (Title of individual who signed directly above)

CORPORATE SEAL HERE

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

[December 2, 2019]

We have acted as special tax counsel to the City of Sheboygan, Wisconsin in connection with the execution and delivery of a Master Lease Purchase Agreement dated as of [December 2, 2019] (the "Master Lease Purchase Agreement"), by and between the City of Sheboygan, Wisconsin (the "Lessee") and Lease Servicing Center, Inc. (the "Lessor"), and Lease Schedule No. 1 thereto (the Master Lease Purchase Agreement and said Lease Schedule No. 1 thereto, but not any other Schedules thereto, are collectively referred to herein as the "Lease Agreement"). The Lessee's obligations pursuant to the Lease Agreement are issued pursuant to a resolution adopted by the Common Council of the Lessee on [December 2, 2019] (the "Resolution"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Lease Agreement.

We have reviewed executed copies of the Lease Agreement and the Tax Certificate of the Lessee dated [December 2, 2019] (the "Tax Certificate") and, in addition, we have reviewed and considered the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations issued thereunder. We have also examined the other documents we deemed relevant and necessary in rendering this opinion. Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. In rendering this opinion, we are also relying on the opinion of the City Attorney with respect to state law matters including the validity and enforceability of the Lease Agreement.

Based upon the examination described above, it is our opinion under existing law that the interest component of each Rental Payment is excludable for federal income tax purposes from gross income and is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code on individuals. The Code contains requirements that must be satisfied subsequent to the execution and delivery of the Lease Agreement in order that the interest components of the Rental Payments be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest components of the Rental Payments to be included in gross income retroactively to the date of execution and delivery of the Lease Agreement. The Lessee has agreed to comply with all of those requirements and the opinion set forth in the first sentence of this paragraph is subject to the condition that the Lessee comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement.

We express no opinion regarding the accuracy, adequacy, or completeness of any offering material relating to the Lease Agreement. Further, we express no opinion regarding tax consequences arising with respect to the Lease Agreement other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our

[December 2, 2019]

Page 2

attention, or any changes in law that may hereafter occur. The opinions set forth in this letter may be relied upon by the addressees hereof and their respective successors and assigns.

QUARLES & BRADY LLP

[Letterhead of Counsel to Lessee]

[Closing Date]

Lease Servicing Center, Inc.
220 22nd Avenue East
Alexandria, MN 56308

Re: Lease Schedule No. 001, dated December 2, 2019, to Master Lease Purchase Agreement, dated as of December 2, 2019, between Lease Servicing Center, Inc., as Lessor, and the City of Sheboygan, as Lessee

Ladies and Gentlemen:

We have acted as counsel to the City of Sheboygan ("Lessee") in connection with the above-referenced transaction. In such capacity, we have reviewed (a) an executed counterpart of a certain Master Lease Purchase Agreement, dated as of December 2, 2019 (the "Agreement"), by and between Lease Servicing Center, Inc. ("Lessor") and Lessee and an executed counterpart of Lease Schedule No. 001, dated December 2, 2019 (the "Lease Schedule"), by and between Lessor and Lessee, which, among other things, provides for the lease of certain property listed in the Lease Schedule (the "Equipment") and a certain Escrow Agreement dated December 2, 2019 (the "Escrow Agreement"), among Lessor, Lessee, and City National Bank of Florida, as escrow agent, (b) an executed counterpart of the ordinances or resolutions of Lessee which, among other things, authorize Lessee to execute the Agreement and the Lease Schedule and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions. The Lease Schedule and the terms and provisions of the Agreement incorporated therein by reference together with the Rental Payment Schedule attached to the Lease Schedule are herein referred to collectively as the "Lease", and the Lease and the Escrow Agreement are referred to collectively as the "Transaction Documents." Terms capitalized in this opinion but not defined herein shall have the meanings assigned to them in the Lease. Based upon foregoing, it is [my][our] opinion that:

1. Lessee is a political subdivision of the State of Wisconsin (the "State") within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended, and is duly organized, existing and operating under the Constitution and laws of the State.

2. Lessee has the requisite power and authority to lease and acquire the Equipment and to execute and deliver the Transaction Documents and to perform its obligations under the Lease.

3. Each of the Transaction Documents has been duly authorized, executed and delivered by and on behalf of Lessee, and is a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

4. The authorization and execution of the Transaction Documents and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public records, public bidding and all other laws, rules and regulations of the State.

5. The execution of the Transaction Documents and the appropriation of moneys to pay the Rental Payments coming due thereunder do not and will 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.

6. There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Transaction Documents or the security interest of Lessor or its assigns, as the case may be, in the Equipment or other collateral thereunder.

This opinion may be relied upon by the addressee hereof and its successors and assignees of interests in the Transaction Documents.

Very truly yours,