

EQUIPMENT LEASE/PURCHASE AGREEMENT

This Equipment Lease/Purchase Agreement dated as of [____], 2023, (the “Lease”), and entered into between THE HUERFANO COUNTY ASSET MANAGEMENT CORPORATION, INC. (“Lessor”), and HUERFANO COUNTY, COLORADO (the “Lessee”).

WITNESSETH

WHEREAS, Lessor desires to lease the Equipment, as hereinafter defined, to Lessee and Lessee desires to lease the Equipment from Lessor subject to the terms and conditions of and for the purpose set forth in this Lease; and

WHEREAS, Lessee is authorized by Article XX, Section 6 of the Colorado Constitution, Section 30-11-101(1)(c), Colorado Revised Statutes (“C.R.S.”), as amended, and Section 30-11-104.1, as amended, C.R.S. (collectively, the “Applicable Laws”) to enter into rental or leasehold agreements in order to provide necessary land, buildings, equipment and other property for governmental or proprietary purposes.

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

The following terms will have the meanings indicated below unless the context clearly requires otherwise:

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

“**Equipment**” means the equipment described in **Exhibit B** hereto and all substitutions, modifications, additions and improvements thereto, which is the subject of this Lease.

“**Fiscal Year**” means the Lessee’s Fiscal Year as described on **Exhibit A** which is also the Lessee’s Budget Year.

“**Lease**” means this Equipment Lease/Purchase Agreement, including the exhibits attached hereto.

“**Lease Term**” means the Original Term and any Renewal Term thereof.

“**Lessee**” means Huerfano County, Colorado which is leasing the Equipment from Lessor under the provisions of this Lease.

“**Lessor**” means Huerfano County Asset Management Corporation Inc., acting as Lessor hereunder, and any surviving, resulting, or transferee corporation or any assignee of Lessor.

“**Option Purchase Price**” means the amount which Lessee may, in its discretion, pay Lessor in order to purchase the Equipment, as set forth in **Exhibit A** hereto.

“**Original Term**” means the period from the Commencement Date until the end of the Fiscal Year of Lessee in effect at the Commencement Date.

“**Renewal Terms**” means the optional renewal terms of this Lease, each having a duration of one year and a term coextensive with Lessee’s Fiscal Year, as provided for in Article IV of this Lease.

“**Rental Payments**” means the basic rental payments payable by Lessee pursuant to the provisions of this Lease during the Lease Term payable in consideration of the right of Lessee to use the Equipment during the then current portion of the Lease Term. Rental Payments shall be payable by Lessee to the Lessor or its assigns in the amounts and at the times during the Lease Term set forth in **Exhibit A** of this Lease.

“**Vendor**” means the dealer(s) of the manufacturer from whom Lessee requires that the Equipment be purchased.

ARTICLE 2 COVENANTS OF LESSEE

Lessee represents, covenants and warrants for the benefit of Lessor as follows:

- (a) Lessee is a duly organized and existing County of the State of Colorado (the "State").
- (b) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.
- (c) Lessee represents it has full power and authority to enter into this Lease which has been duly authorized, executed and delivered by Lessee and is a valid and binding obligation of Lessee enforceable in accordance with its terms, and all requirements for execution, delivery, and performance of this Lease have been, or will be, complied with in a timely manner.
- (d) Lessee has been duly authorized to execute and deliver this Lease under the terms and provisions of the formal proceedings taken by its governing body pursuant to an ordinance duly adopted by the governing body of the Lessee, or by other appropriate official approval, and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease.
- (e) Rental Payments will not cause the Lessee to exceed its applicable spending limits for the Fiscal Year under Article X, Section 20 of the Colorado Constitution.
- (f) During the Lease Term, the Equipment will be used by Lessee for the purpose of performing one or more essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee’s authority.
- (g) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization or performance of, or expenditure of funds pursuant to, this Lease.
- (h) Information supplied and statements made by Lessee in any financial statement or current budget prior to or contemporaneously with this Lease are true and correct.
- (i) During the period this Lease is in force, Lessee will comply with the covenants as defined and set forth in **Exhibit A** attached hereto.

**ARTICLE 3
LEASE OF EQUIPMENT**

Lessor demises and leases the equipment to Lessee, and Lessee leases the equipment from Lessor, in accordance with the provisions of this Lease to have and to hold for the Lease Term.

**ARTICLE 4
LEASE TERM**

Section 4.01. Commencement of Lease Term. The Original Term of this Lease shall commence on the Commencement Date as indicated in **Exhibit A** hereto and shall terminate at 12:00 midnight of the last day of Lessee's current Fiscal Year. The Lease Term may be continued solely at the option of Lessee for such additional Renewal Terms, each of one (1) year duration, as would be required to make all Rental Payments set forth in **Exhibit A** hereto. Lessee shall advise Lessor by written notice, sent Certified Mail postage prepaid, not less than thirty (30) days prior to the end of the Renewal Term then in effect, if funds are not appropriated for the next succeeding Fiscal Year. The Lease shall continue in the event no such notice is given and the Lessee has included the obligation to make the payment set forth in **Exhibit A** hereto in its budget for the applicable Fiscal Year. The option to continue this Lease shall not be construed to create a multiple Fiscal Year direct or indirect debt. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Rental Payments shall be as provided in **Exhibit A** of this Lease.

Nothing herein shall be construed as creating or constituting a general obligation or other indebtedness or multiple fiscal year financial obligation of the Lessee within the meaning of any constitutional, home rule charter, or statutory provision, nor a mandatory charge or requirement against the Lessee in any ensuing fiscal year beyond the then current fiscal year. The Lessee shall have no obligation to make any payment with respect to this Lease except in connection with the payment of the Rental Payments and certain other payments under this Lease, which payments may be terminated by the Lessee in accordance with the provisions of this Lease. This Lease does not constitute a mandatory charge or requirement of the Lessee in any ensuing fiscal year beyond the then current fiscal year or constitute or give rise to a general obligation or other indebtedness or multiple fiscal year financial obligation of the Lessee within the meaning of any constitutional or statutory debt limitation and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation whatsoever. No provision of this Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Lessee within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. This Lease shall not directly or indirectly obligate the Lessee to make any payments beyond those budgeted and appropriated for the Lessee's then current fiscal year.

Section 4.02. Termination of Lease Term. The Lease Term will terminate upon the earliest of any of the following events:

- (a) Lessee and Lessor elect to terminate the Lease;
- (b) the expiration of the Original Term or any Renewal Term of this Lease and the non-renewal of this Lease in the event of non-appropriation of funds pursuant to Section 6.05;
- (c) the exercise by Lessee of the option to purchase the Equipment granted under the provisions of Article 11 of this Lease;
- (d) the termination of this Lease by reason of damage to or the destruction or condemnation of the Equipment as provided in Section 9.02 hereof;

- (e) a Default by Lessee and Lessor's election to terminate this Lease under Article 13 of this Lease; or
- (f) the payment by Lessee of all Rental Payments authorized or required to be paid by Lessee hereunder.

ARTICLE 5 ENJOYMENT OF EQUIPMENT

Lessor hereby covenants to provide Lessee during the Lease Term with quiet use and enjoyment of the Equipment, and Lessee shall during the Lease Term peaceably and quietly have and hold and enjoy the Equipment, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Lease.

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

ARTICLE 6 RENTAL PAYMENTS

Section 6.01. Rental Payments to Constitute a Current Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments hereunder shall constitute a current expense of Lessee payable in the Lessee's current Fiscal Year and not in any other Fiscal Year so as to be construed as multiple Fiscal Year direct or indirect debt or other financial obligation and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of Lessee.

Section 6.02. Payment of Rental Payments. Lessee shall pay Rental Payments, exclusively from legally available funds, in lawful money of the United States of America to the Lessor during the Original Term and any Renewal Terms as hereinafter provided. The Rental Payments during the Original Terms and any additional Renewal Terms shall be the amounts in the "Rental Payment" column as set forth in **Exhibit A** attached hereto and made a part hereof.

Section 6.03. Interest Rate. A portion of each Rental Payment is paid as, and represents the interest on the lease as described on **Exhibit A** which shall accrue during the Original Term and Renewal Terms.

Section 6.04. Rental Payments to be Unconditional. The obligations of Lessee to make payment of the Rental Payments required under this Article VI and other sections hereof and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided under this Lease. Notwithstanding any dispute between Lessee and Lessor, any Vendor, or any other person, Lessee shall make all payments of Rental Payments when due and shall not withhold any Rental Payments pending final resolution of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make such payments required under this Lease. Lessee's obligation to make Rental Payments during the Original Term and the then current Renewal Terms shall not be abated through accident or unforeseen circumstances.

Section 6.05. Non-appropriation. Lessee shall not be obligated to make payment of the Rental Payments provided for in this Lease beyond the then current Original or Renewal Term. In the event sufficient funds shall not be specifically budgeted and for any other reason appropriated for the payment of the Rental Payments required to be paid in the next occurring Renewal Term under **Exhibit A** hereto to continue the leasing of the Equipment for any reason, Lessee agrees at Lessee's cost and expense

peaceably to deliver the Equipment to Lessor unencumbered and in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear resulting from proper use alone excepted, to such location, as Lessor shall designate at or within a reasonable distance from the general location of the Equipment

Section 6.06. No Lessor Liability. This is a financing arrangement only, and to the extent lawful, Lessee therefore waives any and all claims against Lessor for any and all liability, obligations, losses, claims and damages whatsoever regardless of the cause thereof, any expenses in connection therewith, including, without limiting, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Lease, the ownership of any item of the Equipment, the ordering, acquisition, use, operation, condition, purchase delivery, rejection, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person. This waiver shall continue in full force and effect notwithstanding full payment of all obligations under this Lease and the termination of the Lease Term. Lessee agrees not to withhold or abate any portion of payment required by reason of any defects, malfunctions, breakdowns or infirmities of the Equipment.

Section 6.07. Transportation Costs and Change of Condition. All transportation charges shall be borne by Lessee. Lessee will immediately notify Lessor of any changes occurring in or to the Equipment, of a change in Lessee's address or in any fact or circumstance warranted or represented by Lessee to Lessor, or if any Event of Default occurs.

Section 6.08. Location of Equipment. Lessee shall, whenever requested, advise Lessor of the exact location and condition of the Equipment and shall give Lessor immediate notice of any attachment or other judicial process affecting the Equipment. Lessor may, for the purpose of inspection, at all reasonable times enter upon any job, building or place where the Equipment and the books and records of Lessee with respect thereto are located.

Section 6.09. Return of Equipment. In the event of the return of any of the Equipment in addition to preparing the Equipment for shipping and paying the delivery cost, Lessee will also return to Lessor the maintenance records and other documents covering or information relating to such Equipment as may be requested by Lessor.

ARTICLE 7 TITLE TO EQUIPMENT; PERSONAL PROPERTY; SECURITY INTEREST

Section 7.01. Title to the Equipment. During the term of this Lease, title to the Equipment and any and all substitutions, repairs, replacements or modifications will be in Lessor.

Section 7.02. Personal Property. The Equipment is, and shall at all times be and remain, personal property notwithstanding that the Equipment or any part thereof may be, or may hereafter become, in any manner affixed or attached to, or imbedded in, or permanently resting upon, real property or any buildings thereon or any fixture, or attached in any manner to what is permanent as by means of cement, plaster, nails, bolts, screws or otherwise.

Section 7.03. Security Interest. To evidence the existence of this Lease and secure the payment of all Lessee's obligations under this Lease, Lessee grants to Lessor a security interest based upon the terms and conditions set forth in this Lease, constituting a first lien on all modifications, attachments, accessions and substitutions to or for the Equipment and any proceeds of the Equipment. Lessee agrees to execute such additional documents, including financing statements, affidavits, notices and similar

instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest and, upon assignment, the security interest of the Assigns of Lessor in the Equipment. The remaining security interest shall be released upon payment in full of all the Rental Payments and upon Lessee's exercise of its Option to Purchase.

Notwithstanding the above, both parties hereto acknowledge and agree that this document represents a lease and not a conditional sale or financing of the Equipment. Notwithstanding anything contained herein to the contrary, Lessee acknowledges Lessor's right to file a financing statement to evidence Lessor's purchase money security interest in the Equipment in the event a court of competent jurisdiction determines that this document creates a conditional sale or financing of the Equipment and further agrees, in such event, that this document represents a grant of a security interest to the Lessor in the Equipment.

ARTICLE 8 MAINTENANCE; MODIFICATION; TAXES; INSURANCE; AND OTHER CHARGES

Section 8.01. Maintenance of Equipment by Lessee. Lessee agrees that at all times during the Lease Term, Lessee will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment or cause the Equipment to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition and that Lessee will from time to time make or cause to be made all necessary and proper scheduled maintenance, repairs, replacements and renewals. Lessor shall have no responsibility in any of these matters or for the making of improvements or additions to the Equipment.

Section 8.02. Modification or Alteration of Equipment. Subject to the following, Lessee shall have the privilege at its own cost and expense of making substitutions, replacements, modifications and improvements to the Equipment, and the same shall be, consistent with Section 7.01, included under the terms of this Lease a part of the Equipment or be considered proceeds thereof. Specifically, Lessee covenants and agrees that:

- (a) Any substitutions, modifications or improvements of or to the Equipment shall not in any way damage the Equipment nor cause it to be used for purposes other than those authorized under the Applicable Laws.
- (b) The Equipment, as improved or modified in accordance with this Article VIII shall be of a value not less than the value of the Equipment immediately prior to the improvement or modification.
- (c) Any property for which a substitution or replacement is made pursuant to this Section 8.02 may be disposed of by Lessee in any manner and in the sole discretion of Lessee, subject to any requirements of the Vendor so long as the substitution or replacement for such property is of equal or greater value. Lessee shall notify Lessor, in writing, at least ten (10) days prior to any such substitution or replacement so that Lessor shall have the right to amend the Equipment list attached hereto as **Exhibit B** and file an amendment to any financing statements Lessor deems necessary.
- (d) Other than Lessor's lien as described herein, Lessee will not permit any lien to be established or remain against the Equipment, including but not limited to a mechanic's or other lien for labor or materials furnished in connection with any remodeling, substitutions, additions, modifications, improvements, repairs, renewals or replacement so made by Lessee.

Section 8.03. Taxes, Other Governmental Charges and Utility Charges. The parties to this Lease contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property. In the event the use, possession or acquisition of the Equipment is found to be subject to taxation in any form, Lessee will pay during the Lease Term, as the same respectively becomes due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Equipment and any equipment or other property acquired by Lessee in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Equipment as well as all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment; provided that with respect to any governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term. In the event of the assessment of any taxes on the Equipment, Lessee shall promptly notify Lessor of such assessment and provide proof of payment or a sustained protest.

Section 8.04. Provisions Regarding Insurance. At its own expense Lessee shall cause casualty, public liability and property damage insurance to be carried and maintained, or shall demonstrate to the satisfaction of Lessor that adequate self-insurance is provided, with respect to the Equipment, sufficient to protect the Full Insurable Value, as that term is hereinafter defined, of the Equipment and to protect Lessor from liability in all events. All insurance proceeds from casualty losses shall be payable as hereinafter provided in this Lease. At closing, Lessee shall furnish to Lessor certificates evidencing such coverage through the Original Term, and certificates evidencing such coverage through each Renewal Term, when effective. Alternatively, Lessee may insure the Equipment under a blanket insurance policy or policies which cover not only the Equipment but other properties. If Lessee shall insure similar properties by self-insurance, Lessee will insure the Equipment by means of an adequate insurance fund set aside and maintained out of its revenues.

Lessee shall carry Worker's Compensation insurance covering all employees working on, in, near or about the Equipment, or demonstrate to the satisfaction of Lessor that adequate self-insurance is provided, and shall require any other person or entity working on, in, near or about the Equipment to carry such coverage, and will furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

The term "Full Insurable Value" as used herein shall mean the Option to Purchase Value payable as of the beginning of the payment period then in effect as may be applicable during the Original or any Renewal Term.

Any insurance policy issued pursuant to this Section 8.04 shall be so written or endorsed as to make losses, if any, payable to Lessor and the assigns of Lessor, as their respective interests may appear. The Net Proceeds of the insurance required in this Section 8.04 shall be applied as provided in Section 9.02 hereof. Lessee shall not cancel or materially modify an insurance policy issued pursuant to this Section 8.04 without first giving written notice thereof to Lessor at least ten (10) days in advance of such cancellation.

Section 8.05. Advances. In the event Lessee shall fail to maintain the full insurance coverage required by this Lease, fail to keep the Equipment in good repair and operating condition, or fail to perform any other covenant or obligation of this Lease, Lessor may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same, make any such repairs or replacements as are necessary and provide for payment thereof or perform any other covenant or

obligation of Lessee hereunder; and all amounts so advanced therefor by Lessor shall be paid by Lessee to Lessor, upon demand.

ARTICLE 9
DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF
NET PROCEEDS

Section 9.01. Damage, Destruction and Condemnation. Unless Lessee shall have exercised its option to purchase the Equipment by making payment of the Option Purchase Price, as provided herein, and if prior to the termination of the Lease Term (a) the Equipment or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof or the estate of Lessee, Lessor or its assigns in the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification or improvement of the Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

For the purposes of Section 8.04 and this Article 9, the term “Net Proceeds” shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys’ fees) incurred in the collection of such claim or award.

Section 9.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 9.01 hereof, Lessee shall, subject to annual appropriation and at the determination of the Lessee’s governing body, either (a) complete the work and pay any cost in excess of the amount of the Net Proceeds and Lessee agrees that if by reason of any such insufficiency of the Net Proceeds, Lessee shall make any payments pursuant to the provisions of this Section 9.02, Lessee shall not be entitled to any reimbursement therefore from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article 6 hereof, or (b) Lessee shall pay to Lessor the amount of the then applicable Option Purchase Price and, upon such payment, the Lease Term shall terminate and title to the Equipment, if not previously conveyed to Lessee, shall then be conveyed by Lessor to Lessee as provided in Article 11 of this Lease. The amount of the Net Proceeds in excess, if any, of the then applicable Option Purchase Price, may be retained by Lessee.

ARTICLE 10
DISCLAIMER OF WARRANTIES; VENDOR’S WARRANTIES;
USE OF THE EQUIPMENT

Section 10.01. Disclaimer of Warranties. LESSOR HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE OR THE CONFORMITY OF THE EQUIPMENT TO SPECIFICATION OR PURCHASE ORDER, ITS DESIGN, DELIVERY, INSTALLATION OR OPERATION. LESSEE LEASES THE EQUIPMENT AS IS. ALL WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES OR USES OF LESSEE, ARE HEREBY WAIVED AND DISCLAIMED. All such risks shall be borne by Lessee without in any way excusing Lessee from its obligations under this Lease, and Lessor shall not be liable to Lessee for any damages on account of such risks. In no event shall Lessor be liable for an incidental, indirect, special or consequential damage in connection with or arising

out of this Lease or the existence, furnishing, functioning or Lessee's use of any item or products or services provided for in this Lease.

Section 10.02. Vendor's Warranties. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in Default hereunder, to assert from time to time whatever claims and rights including warranties of the Equipment which Lessor may have against the Vendor of the Equipment. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the Vendor of the Equipment, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessee or Lessor with respect to this Lease. Lessee expressly acknowledges that Lessor makes, and has made, no representation or warranties whatsoever as to the existence or availability of any such warranties of the Vendor of the Equipment. Lessor may, but shall have no obligation whatsoever to, participate in such claim or action on such warranty, at Lessor's expense. Any recovery under such a warranty shall be made payable jointly to Lessee and Lessor.

Section 10.03. Use of the Equipment. Lessee will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each item of the Equipment) with all laws of the jurisdictions in which its operations involving any item of the Equipment may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the items of the Equipment, including but not limited to the Applicable Laws.

ARTICLE 11 OPTION TO PURCHASE

Section 11.01. Option to Purchase. Provided Lessee has complied with the terms and conditions of this Lease, Lessee shall have the option, on any date, as set forth on **Exhibit A** to purchase not less than all of the Equipment which is then subject to this Lease, "AS IS" and "WHERE IS". Lessee may exercise such option to purchase by giving written notice to Lessor, not less than sixty (60) days prior to the applicable date Lessee has chosen to exercise its option to purchase the Equipment (the "Exercise Date"), provided that upon Lessee's timely payment of all Rental Payments specified in **Exhibit A**, Lessee shall be deemed to have properly exercised its option to purchase the Equipment.

Upon the receipt of any grant money or other unencumbered funds of the Lessee hereafter available for such purposes, the Lessee may, at its option, prepay a portion of the Rental Payments due hereunder, and the remaining Rental Payments shall be recalculated to reflect the reduction in principal due and owing.

Section 11.02. Option Purchase Price. On or prior to the Exercise Date, Lessee shall pay to Lessor the Option Purchase Price.

Section 11.03. Effect of Exercise. Upon exercise of the option to purchase and payment of the applicable Option Purchase Price, Lessee shall be deemed to have acquired all of Lessor's right, title, and interest in and to the Equipment, free of any lien, encumbrance, or security interest except such liens, encumbrances, or security interest as may be created, or permitted and not discharged, by Lessee but without other warranties. Upon payment of the applicable Option Purchase Price, Lessor shall deliver to Lessee a quitclaim bill of sale transferring Lessor's interest in the Equipment to Lessee, without representations or warranties of any kind. Upon Lessee's payment of the Option Purchase Price, and

Lessor's delivery of a quitclaim bill of sale covering the Equipment, this Lease shall terminate except as to obligations or liabilities accruing hereunder prior to such termination and obligations and liabilities hereunder that expressly survive the termination of this Lease.

ARTICLE 12
ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 12.01. Assignment by Lessor. Lessor's right, title and interest in this Lease and the Equipment may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees. No subsequent assignment or reassignment of any of Lessor's right, title, or interest in this Lease or the Equipment shall be effective unless and until Lessee shall have received a duplicate original counterpart of the document by which such assignment or reassignment is made, disclosing the name and address of each such assignee. During the Lease Term, Lessee shall keep a complete and accurate record of all such assignments in form necessary to comply with Internal Revenue Code, Section 149 (a) (3), and the regulations, proposed or existing, from time to time promulgated thereunder.

Section 12.02. Assignment and Subleasing by Lessee. This Lease and the interest of Lessee in the Equipment may not be assigned or sublet by Lessee for any reason without the express written consent of Lessor; provided, however, that no such consent by Lessor shall relieve Lessee of its obligations hereunder.

ARTICLE 13
EVENTS OF DEFAULT AND REMEDIES

Section 13.01. Events of Default Defined. The following shall be "Events of Default" under this Lease and the terms "Event of Default" and "Default" shall mean, whenever they are used in this Lease, any one or more of the following events:

- (a) Failure by Lessee to pay any Rental Payment or other sums required to be paid hereunder at the time specified therein; and
- (b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other the obligation to pay money, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied as given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the Default is corrected.
- (c) Any representation or warranty made by Lessee hereunder shall be untrue as of the date made.
- (d) Lessee makes, permits, or suffers any unauthorized assignment, transfer, or other disposition of this Lease or any interest herein, or any part of the Equipment or any interest therein.
- (e) Lessee becomes insolvent; or admits in writing its inability to pay its debts as they mature; or applies for, consents to or acquiesces in the appointment of a trustee, receiver, or custodian for Lessee or a substantial part of its property; or, in the absence of such application, consent, or acquiescence, a trustee, receiver, or custodian is appointed for Lessee or a substantial part of its property and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is

instituted by or against Lessee and, if instituted against Lessee, is consented to or acquiesced in by Lessee or is not dismissed within sixty (60) days.

Section 13.02. Remedies on Default. Whenever any Event of Default referred to in Section 13.01 hereof shall have happened and be continuing, the Lessor shall have the right, at its or their option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) terminate the Lease Term and give notice to the Lessee to surrender possession of the Equipment, which vacation and surrender the Lessor agrees to complete within thirty days from the date of such notice;
- (b) lease or sublease the Equipment or sell or assign any interest the Lender has in the Equipment;
- (c) recover from the Lessee: (i) the portion of Rental Payments for which a specific appropriation has been effected by the Lessee for such purpose, which would otherwise have been payable hereunder, during any period in which the Lessee continues to occupy, use or possess the Equipment; and (ii) Rental Payments for which a specific appropriation has been effected by the Lessee for such purpose, which would otherwise have been payable by the Lessee hereunder during the remainder, after the Lessee surrenders possession of the Equipment, of the Fiscal Year in which such Event of Lease Default occurs.
- (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Equipment under this Lease.

Section 13.03. Termination. Unless Lessee has properly exercised its option to purchase pursuant to Article 9 hereof, Lessee shall, upon the expiration of the term of this Lease or any earlier termination hereof pursuant to the terms of this Lease, deliver the Equipment to Lessor unencumbered and in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear resulting from proper use alone excepted, to such location, as Lessor shall designate at or within a reasonable distance from the general location of the Equipment. If Lessee fails to deliver the Equipment to Lessor, as provided in this Section 13.03, on or before the date of termination of this Lease, Lessee shall pay to Lessor upon demand, for each month during the hold-over period, an amount equal to highest amount due during the term of this Lease as a Rental Payment.

Section 13.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article 13 it shall not be necessary to give any notice, other than such notice as may be required in this Article 13.

ARTICLE 14 MISCELLANEOUS

Section 14.01. Force Majeure. If by reason of Force Majeure Lessee is unable in whole or in part to carry out its agreement on its part herein contained, other than the obligations on the part of Lessee contained in Article 6 hereof, Lessee shall not be deemed in Default during the continuance of such inability. The term "Force Majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any

kind of the government of the United States of America or of the state wherein Lessee is located or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee.

Section 14.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or by reputable overnight courier to the parties. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Lease or at such other address as either party may hereafter designate

Section 14.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 14.04. Severability. In the event any provision of this 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.

Section 14.05. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.06. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of Colorado wherein Lessee is located.

Section 14.07. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

Section 14.08. JURY TRIAL WAIVER. ALL PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY AND ALL LITIGATION RELATED TO AND/OR ARISING OUT OF THIS LEASE, ANY AGREEMENTS RELATED TO THIS LEASE, AND/OR THE TRANSACTION CONTEMPLATED BY THIS LEASE.

Section 14.09. LIMITATION OF REMEDIES AGAINST LESSOR. LESSOR SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY LOSS OF BUSINESS, LOSS OF PROFITS, CONSEQUENTIAL DAMAGES OR OTHER DAMAGE CAUSED BY AND OR RELATED TO THIS LEASE AND/OR THE EQUIPMENT INCLUDING BUT NOT LIMITED TO: TIME LOST IN REPAIR OR REPLACING ANY PROPERTY, IRRESPECTIVE OF THE CAUSE THEREOF; FAILURE OR DELAY IN DELIVERING ANY PROPERTY LEASED OR TO BE LEASED HEREUNDER; FAILURE TO PERFORM ANY PROVISION HEREOF; FIRE OR OTHER CASUALTY; RIOT, STRIKE OR OTHER LABOR DIFFICULTY; GOVERNMENTAL REGULATIONS OR RESTRICTIONS; THEFT, DAMAGE TO, LOSS OF, DEFECT IN OR FAILURE OF ANY PROPERTY LEASED HEREUNDER; OR ANY OTHER CAUSE WHETHER OR NOT DUE TO NEGLIGENCE OR BEYOND LESSOR'S CONTROL. THERE SHALL BE NO ABATEMENT OR APPORTIONMENT OF MONTHLY RENTAL PAYMENTS AT ANY TIME OR FOR ANY REASON EXCEPT AS SPECIFICALLY ALLOWED BY THE TERMS OF THIS LEASE.

Section 14.10. Time is of the Essence. Time is of the essence. No covenant or obligations hereunder to be performed by Lessee maybe waived except by the written consent of Lessor, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not

preclude Lessor from invoking such remedy at any later time prior to Lessee's cure of the condition giving rise to such remedy. Lessor's rights hereunder are cumulative and not alternative.

Section 14.11. No Third Party Beneficiaries. There are no third party beneficiaries of this Lease and/or the transaction contemplated by this Lease.

Section 14.12. Savings Clause. The parties acknowledge that this Lease is subject to and shall be implemented in accordance with Section 20 of Article X of the Constitution of Colorado. To that end, any provision of the Lease (or any exhibit, amendment, or addendum hereto) that requires payment of any nature in fiscal years subsequent to the current Fiscal Year, and for which there are not present cash reserves pledged irrevocably for purposes of the payment of such obligations, shall be contingent upon future appropriation by the Lessee of sufficient funds for purposes of payment of such obligations for any future Fiscal Year. Any provision of the Lease (or any exhibit, amendment, or addendum hereto) that is contrary or inconsistent with this paragraph shall be deemed to be void and of no force and effect, but shall not invalidate or render unenforceable any other provision hereof.

Section 14.13. Electronic Transactions. The parties agree that any individual or individuals who are authorized to execute this Lease on behalf of the Lessor or Lessee are hereby authorized to execute this Lease electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Lease shall carry the full legal force and effect of any original, handwritten signature. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law

<<Signatures on Next Page>>

IN WITNESS WHEREOF, Lessor has executed this Lease in its corporate name and attested by its duly authorized officers and Lessee has caused this Lease to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers. All of the above occurred as of the date first above written.

LESSOR:
HUERFANO COUNTY ASSET MANAGEMENT CORPORATION INC.

By: Arica Andreatta
Title: Chair of the Board

Address for Notices:
Huerfano County Asset Management Corporation, Inc.
401 Main Street, Suite 201
Walsenburg, CO 81089

LESSEE:
HUERFANO COUNTY, COLORADO

By: John Galusha
Title: Chair, Board of County Commissioners

Address for Notices:
401 Main Street, Suite 201
Walsenburg, CO 81089
Attn: Board of County Commissioners

ATTEST:

County Clerk and Recorder

[Signature page to Lease Purchase Agreement]

EXHIBIT A - LEASE TERMS

A-1

1. Lessee: Huerfano County, Colorado
2. Commencement Date: May 1, 2023
3. Final Expiration Date: December 31, 2033 or upon final payment.
4. Rental Payment Dates: Beginning July 1, 2023, and annually thereafter on May 1 and October 1 until Final Expiration Date.
5. Applicable Interest Rate: 2%
6. Financial Reporting Requirements:
 - a. Annually, Lessee shall deliver to Lessor copies of Lessee's audited financial statements and related audit report prepared by an independent public accounting firm acceptable to Lessor upon the first to occur of (i) two (2) weeks after the final audit is issued by the auditors or (ii) 270 Days after the end of Lessee's Fiscal year.
 - b. Annually, Lessee shall deliver to Lessor a copy of the Lessee's Annual Budget within sixty (60) days after the end of Lessee's Fiscal Year, which Annual Budget shall illustrate the Rental Payments due to the Lessor during the period covered by the Annual Budget.
 - c. Other financial reports as may be reasonably requested by Lessor.
7. Lessee's Fiscal/Budget Year: December 31

[Remainder of page intentionally left blank]

8. Rental Payment Schedule:

EXHIBIT B – EQUIPMENT LIST

B-1