

Supplement to Master Lease

TRAC



Lease Servicing Center, Inc. dba NCL Government Capital | 510 22nd Ave E., Suite 501 | Alexandria, MN 56308

Supplement Number **004** dated as of **December 20, 2024** to
Master Lease Number **15905** dated as of **March 31, 2021**

Name and Address of Lessee:

City of Saint Paul
15 W. Kellogg Blvd
Saint Paul, MN 55102

Notice: Lessor reserves the right to withdraw the terms of this Supplement and issue a modified Supplement without notice to Lessee if Lessor is not in receipt of a fully executed original or facsimile of this document within five (5) business days of the date of this Supplement. However, in that event, no such modifications will be binding on Lessee unless and until Lessee executes the modified document containing all such modifications.

This is a Supplement to the Master Lease identified above between Lessor and Lessee (the "Master Lease"). Upon the execution and delivery by Lessor and Lessee of this Supplement, Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the equipment described below upon the terms and conditions of this Supplement and the Master Lease. All terms and conditions of the Master Lease shall remain in full force and effect except to the extent modified by this Supplement. This Supplement and the Master Lease as it relates to this Supplement are hereinafter referred to as the "Lease".

Equipment Description: 45 (Quantity) 2025 Chevrolet Equinox EV 2LT

After Lessee signs this Lease, Lessee authorizes Lessor to insert any missing information or change any inaccurate information (such as the model year of the Equipment or its serial number or VIN) into this Equipment Description.

Equipment Location: 755 Prior Avenue North, Saint Paul, MN 55103

SUMMARY OF PAYMENT TERMS	
Initial Term (Months): 53	Total Cost: \$1,507,815.00
Payment Frequency: Annual	Total Basic Rent: \$1,586,574.00
Basic Rental Payment: \$396,643.50 plus applicable sales and use tax	Interim Rent Daily Rate: N/A
Number of Installments: 4	Cutoff Date: N/A
Advance Payments: First due on 5/15/2025	Security Deposit: N/A

The Basic Rental Payment amount, the Total Basic Rent and the Interim Rent Daily Rate set forth above were calculated based on Lessor's cost of funds within two business days of the date of this Supplement set forth above. Notwithstanding anything in this Supplement or the Master Lease to the contrary, if Lessor has not received a Delivery and Acceptance Certificate signed by Lessee covering all of the items of Equipment that are the subject of this Supplement and all other documentation and information required by Lessor, which may include, without limitation, evidence of insurance, invoices, landlord waivers and evidence of no adverse liens or security interests on the Equipment within fifteen (15) business days of the date of this Supplement, and Lessor's cost of funds has increased subsequent to the date of this Supplement, the Basic Rental Payment amount, the Total Basic Rent and the Interim Rent Daily Rate will be increased to provide the same yield to Lessor as would have been obtained if Lessor's cost of funds had not increased. The Basic Rental Payment amount, the Total Basic Rent and the Interim Rent Daily Rate shall be calculated by Lessor taking into account its cost of funds two business days prior to the date that this Lease is funded. Lessee agrees that the funding date shall not occur until Lessor has received all documentation and information required by Lessor. In such event Lessee and Lessor shall sign an amendment to this Supplement reflecting the change in Total Basic Rent, Basic Rental and Interim Rent Daily Rate.

Option to Purchase. At the expiration of the Initial Term, provided no Event of Default has occurred and is continuing, upon not less than ninety (90) days prior written notice to Lessor, Lessee shall have the option to purchase all but not less than all of the Equipment subject to this Supplement for amount equal to **20%** of the original cost of the Equipment not including the title and registration fees (the "TRAC Amount"), which is the parties' good faith estimate of the fair market value of the Equipment at the expiration of the Initial Term. Upon payment of such amount and any applicable sales tax, Lessor will convey all of its right, title and interest to the Equipment to the Lessee, WITHOUT RECOURSE OR WARRANTY WHATSOEVER, except that Lessor will convey such title as it received free and clear of any liens and encumbrances by or through Lessor.

THIS AGREEMENT INCLUDES THE TERMS ON THE ATTACHED PAGE(S).

Terminal Rental Adjustment Clause (TRAC):

(a) In accordance with Section 7701(h) of the Internal Revenue Code of 1986, under penalty of perjury, Lessee hereby certifies that it intends that more than 50% of the use of the Equipment is to be in a trade or business of Lessee.

(b) If the Lessee does not exercise its option to purchase the Equipment for the TRAC Amount, then during the last ninety (90) days of the Initial Term of the Lease, Lessee shall have the obligation to obtain bona fide bids for the purchase of the Equipment subject to this Supplement and shall provide Lessor with notice of each such bid. Not later than the last day of the Initial Term, Lessor shall sell such Equipment for cash on an "AS-IS, WHERE IS" basis and without recourse or warranty to the highest bona fide bidder. The proceeds of sale (the "Proceeds") shall be distributed as follows:

First, to pay to Lessor any amounts then due and payable under this Lease;

Second, to pay all sales taxes and other taxes applicable to the sale or transfer of such Equipment to the extent not paid by the buyer and to reimburse Lessor or its agent for any expenses incurred by Lessor relating to the sale;

Third, if Proceeds remaining after payment of the amounts in the preceding clauses ("Remaining Proceeds") are less than the TRAC Amount, then Lessor shall retain the Remaining Proceeds and Lessee shall pay Lessor on the last day of the Initial Term, the amount of the deficiency between the Remaining Proceeds and the TRAC Amount as an adjustment to the rent payable under this Lease, but in any event not more than **20%** of the original cost of the Equipment not including the title and registration fees.

Any amount paid to or by the Lessee pursuant to this clause shall be the "Terminal Rental Adjustment".

If the Remaining Proceeds are greater than the TRAC Amount, then Lessor shall retain the Remaining Proceeds up to the TRAC Amount and then pay to Lessee the balance of the Remaining Proceeds as an adjustment to the rent payable under this Lease.

(c) If no bona fide bids are received for the Equipment during such ninety (90) day period, then the actual fair market value of such Equipment shall be deemed to equal zero for purposes of the rental adjustment set forth herein, and Lessee shall pay to Lessor the full TRAC Amount on the last day of the Initial Term as an adjustment to the rent payable under this Lease and Lessor will convey all of its right, title and interest to the Equipment to Lessee, WITHOUT RECOURSE OR WARRANTY WHATSOEVER.

Lessee acknowledges that it has been advised that it will not be treated as the owner of the Equipment for federal income tax purposes.

Notwithstanding anything to the contrary contained herein, if the rate of interest, late payment fee, prepayment premium or any other charges or fees due hereunder are determined by a court of competent jurisdiction to be usurious, then said interest rate, fees or charges shall be reduced to the maximum amount permissible under applicable law and any excess amounts shall be applied towards the Lessee's obligations hereunder.

Amendment Regarding this Lease: For the purposes of the Lease evidenced by this Supplement only, the Master Lease is amended, as it relates to this Supplement, as follows:

1. The second paragraph of paragraph 2 (relating to automatic extension) is hereby deleted.
2. Paragraph 18 (relating to Lessor's Loss) is amended by changing "10%" where it appears therein to **20%** of the equipment cost not including the title and registration fees.

Secured Party:

**Lease Servicing Center, Inc. dba
NCL Government Capital**

Debtor:

City of Saint Paul

Dated as of December 20, 2024

By

Title

By Kyle Citta

City Attorney

Title

By Jaime Tincher

Deputy Mayor

Title

Rent Commencement Date

By Sean Kershaw

Director of Public Works

Title

By John McCarthy

Director of Office of Financial Services

Title

TRAC Delivery and Acceptance Certificate

Lease Servicing Center, Inc. dba NCL Government Capital | 510 22nd Ave E., Suite 501 | Alexandria, MN 56308

Contract Number **15905** dated as of **March 31, 2021**
Supplement Number **004** dated as of **December 20, 2024**

Name and Address of Customer:

City of Saint Paul
15 W. Kellogg Blvd
Saint Paul, MN 55102

Equipment Description: 45 (Quantity) 2025 Chevrolet Equinox EV 2LT

Equipment Location: 755 Prior Avenue North, Saint Paul, MN 55103

Delivery and Acceptance Certification:

Customer, by its signature below, acknowledges and confirms to Lease Servicing Center, Inc. dba NCL Government Capital that (i) Customer has received and irrevocably accepted all of the personal property described above (the "Equipment") as of the Acceptance Date set forth below and agrees that the Equipment is now subject to the agreement referred to above, (the "Contract"); (ii) Customer shall bear all risk of loss or damage to the Equipment and shall insure the Equipment in accordance with the terms of the Contract; and (iii) Customer's obligations under the Contract are absolute and unconditional. Customer further acknowledges and agrees that Lease Servicing Center, Inc. dba NCL Government Capital may advance funds on account of the Equipment in reliance upon this certificate, and that Customer is fully obligated under the Contract.

Delivery and Acceptance Date: _____

TRAC Certificate:

Customer certifies, under penalty of perjury, that it intends that more than 50 percent of the use of the Equipment is to be in a trade or business of the Customer and that it has been advised that it will not be treated as the owner of the Equipment for Federal income tax purposes.

Customer: **City of Saint Paul**

By Kyle Citta
City Attorney
Title

By Jaime Tincher
Deputy Mayor
Title

By Sean Kershaw
Director of Public Works
Title

By John McCarthy
Director of Office of Financial Services
Title

Certification By Lessee

Lease Servicing Center, Inc. dba NCL Government Capital | 510 22nd Ave E., Suite 501 | Alexandria, MN 56308

This Certification is provided by the undersigned ("**Lessee**") in connection with that certain Lease Supplement Number. 004 dated as of December 20, 2024 between **Lease Servicing Center, Inc. dba NCL Government Capital** ("**Lessor**") and Lessee (the "**Lease Schedule**", and together with the Master Lease Agreement (the "**Master Lease**") dated as of March 31, 2021, between Lessor and Lessee, the "**Lease**").

The parties intend and agree that the Lease constitute a "qualified motor vehicle operating agreement" within the meaning of Section 7701(h) of the Internal Revenue Code of 1986, as now or hereafter amended, and this Certification is required to be provided pursuant to that Section.

Lessee hereby certifies, under penalty of perjury, that it intends that more than fifty (50) percent of the use of the Equipment (as defined in the Lease Schedule) is to be in a trade or business of the Lessee.

Lessee acknowledges that it has been advised that it will not be treated as the owner of the Equipment for Federal income tax purposes.

Lessee agrees to indemnify Lessor pursuant to the Lease for any claim, losses, costs, damages and expenses (including, without limitation, attorneys' fees and expenses) of whatsoever kind and nature resulting from Lessee's breach of the above representations and certifications.

IN WITNESS WHEREOF, Lessee has caused this Certification to be duly executed as of the [redacted] day of [redacted], 2024.

City of Saint Paul

Lessee

By Kyle Citta

City Attorney

Title

By Jaime Tincher

Deputy Mayor

Title

By Sean Kershaw

Director of Public Works

Title

By John McCarthy

Director of Office of Financial Services

Title

Certification of Authority



Lease Servicing Center, Inc. dba NCL Government Capital | 510 22nd Ave E., Suite 501 | Alexandria, MN 56308

CERTIFICATION OF AUTHORITY TO SIGN GOVERNMENTAL LEASE

Re:

Between Lease Servicing Center, Inc. dba NCL Government Capital, Lessor
And City of Saint Paul, Lessee
For Lease #15905 and all Supplements (The LEASE)

The undersigned hereby certifies that he/she has signed the LEASE; that he/she had, and continues to have, full power and authority to do so, and that he/she has followed all required administrative procedures and has complied with all legal or other provisions necessary to ensure that the LEASE is a legal and binding obligation of the LESSEE.

Date of this certification:

Lease Signatory:

Signature

X

Name

Kyle Citta

Title

City Attorney

Signature

X

Name

Jamie Tincher

Title

Deputy Mayor

Signature

X

Name

Sean Kershaw

Title

Director of Public Works

Signature

X

Name

John McCarthy

Title

Director of Office of Financial Services

Attesting Official:

Signature

X

Name

Title



Certification of Authority

Lease Servicing Center, Inc. dba NCL Government Capital | 510 22nd Ave E., Suite 501 | Alexandria, MN 56308

Please sign this document in the presence of a notary to confirm signatures. The notary may sign in the space below. If no notary is available each above signor may provide a photocopy of his/her driver's license. This is a legal document, which confirms your signatures and does NOT personally obligate you for the lease payments.

Signed before me on this day of , 2024.

Signature of Notary

(Stamp)

**[FORM OF LEGAL OPINION]
To be on Attorney's Letterhead**

(Date)

Lease Servicing Center, Inc. dba NCL Government Capital
510 22nd Ave E., Ste 501
Alexandria, MN 56308

Ladies and Gentlemen:

As counsel for **City of Saint Paul** ("Lessee"), I have examined the Master Lease Agreement Number **15905** dated as of **March 31, 2021** (the "Master Lease") which has been incorporated by reference into that certain Supplement Number **004** thereto dated as of **December 20, 2024** (collectively, the "Lease"), each between the Lessee and Lease Servicing Center, Inc. dba NCL Government Capital ("Lessor"), and such other documents, instruments and records as I have considered relevant for purposes of this opinion. Based upon such examination, and such research and investigation as I deemed necessary, I am of the opinion that:

- 1.** Lessee is a political subdivision or agency of the State of Minnesota, duly organized and existing under the laws of such state. Lessee's full, true and correct legal name is **City of Saint Paul**.
- 2.** Lessee is authorized and has power under applicable law to enter into the Lease, and to carry out its obligations thereunder and the transactions contemplated thereby.
- 3.** The Lease has been duly authorized, approved, executed and delivered by and on behalf of Lessee, and is a valid and binding contract of Lessee enforceable in accordance with its terms, except to the extent limited by state and federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.
- 4.** The authorization, approval and execution of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public bidding and all other laws, rules and regulations of the State of Minnesota.
- 5.** The execution of the Lease and the appropriation of moneys to pay the rent payments coming due thereunder do not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.
- 6.** There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body, that challenges the organization or existence of Lessee; the authority of Lessee or its officers or its employees to enter into the Lease; the proper authorization, approval and/or execution of the Lease, Exhibits thereto and other documents contemplated thereby; the appropriation of moneys to make rent payments under the Lease for the current fiscal year of Lessee; or the ability of Lessee otherwise to perform its obligations under the Lease and the transactions contemplated thereby.
- 7.** Resolution No. _____ of the governing body of Lessee, was duly and validly adopted by such governing body on _____, 20____, and such resolution has not been amended or repealed and remains in full force and effect.

Very truly yours,

Counsel for Lessee

Internal Escrow Letter

12/20/2024

Lease Servicing Center, Inc. dba NCL Government Capital
510 22nd Ave E., Ste 1501
Alexandria, MN 56308

RE: Supplement Number 004 dated December 20, 2024 to Master Lease dated as of 3/31/2021 (the "Lease"), between City of Saint Paul (Lessee) and Lease Servicing Center Inc. dba NCL Government Capital (Lessor).

Ladies and Gentlemen:

We have entered into the above referenced Lease for the purpose of financing the equipment listed on the Supplement to Master Lease (the "Equipment") in the amount of **\$1,507,815.00** for Supplement Number 004 (the "Financed Amount"). The Lease payments have been assigned to KS State Bank (Assignee). All or some of the Equipment has not been purchased by the Assignee and delivered to the Lessee subject to the terms of the Lease. Lessee hereby requests that Assignee retain **\$1,507,815.00** for Supplement Number 004 (the "Retained Amount"). Lessee further requests that Assignee hold the Retained Amount in an internal escrow pending purchase and Assignee's receipt of confirmation from Lessee that the Equipment has been delivered, inspected and accepted for all purposes by the Lessee and that payment can be remitted to the vendor of such Equipment. There will be no separate escrow fee charged to Lessee for internally escrowing the Retained Amount.

Notwithstanding the Retained Amount, Lessee understands and agrees that the lease payments to the Assignee shall commence as of the effective date of the Lease and not upon the Lessee taking possession of all of the Equipment. To the extent the Lessee has any interest in the Retained Amount, the Lessee hereby grants the Assignee a security interest in the Retained Amount.

Lessee acknowledges that Assignee may commingle the Retained Amount held by Assignee for the benefit of Lessee with other funds held by Assignee for its own account, so long as Assignee maintains segregation of such amounts on the books and records of Assignee.

Sincerely,

Lessee: City of Saint Paul

By: _____
Name: Kyle Citta
Title: City Attorney
Date: _____

By: _____
Name: Jaime Tincher
Title: Deputy Mayor
Date: _____

By: _____
Name: Sean Kershaw
Title: Director of Public Works
Date: _____

By: _____
Name: John McCarthy
Title: Director of Office of Financial Services
Date: _____

Internal Escrow Letter

Attachment #1

Quantity	Year	Make	Type/Style/Model	VIN/Serial Number	Price
45	2025	Chevrolet	Equinox EV 2LT		\$1,507,815.00
				Total Cost:	\$1,507,815.00
				Down Payment	\$0
				Total Amount Financed	\$1,507,815.00