

EQUIPMENT LEASE-TO-OWN AGREEMENT

THIS EQUIPMENT LEASE TO OWN AGREEMENT (“Agreement”) is made and entered into by and between _____ (“Lessee”), and River Heights City (“Lessor”) on April ___, 2023.

RECITALS

- A. Lessor is the owner of the equipment described in Exhibit A attached hereto.
- B. Lessee is a Utah municipality.
- C. Lessee is currently in need of the equipment subject of this Agreement.
- D. Lessor and Lessee have communicated to one another the above-described circumstances, and have heretofore negotiated the terms of this Lease to Own Agreement and desire to memorialized the terms of their agreement.

NOW, THEREFORE, in consideration of the covenants promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Lessor and Lessee hereby agree as follows:

1. Lease. The Lessor leases to the Lessee and the Lessee rents from the Lessor the equipment listed on Exhibit A (“Equipment”).
2. Initial Term. The initial term of this Agreement shall begin upon the execution of this Agreement and shall run for a period of 1 year.
3. Option to Extend. Lessee shall have the option to extend this Agreement for 5 additional 1 year terms by giving 30 days’ notice to Lessor. Any extended terms shall be governed by this Agreement and all provisions, including the rental cost, shall be the same as the initial term.
4. Rental Payment. The Lessee’s obligation to pay rental hereunder shall begin on May 1, 2023. The Lessee shall pay Lessor at the place as Lessor shall designate, without prior demand therefore and without any deduction or set-off whatsoever, fixed a yearly amount of \$5,000.00 per year.
5. Option to Purchase. Provided that Lessee does not incur any breach in the terms and conditions of this Agreement, the Lessor grants the Lessee the option to purchase the Equipment following the end of the Lease Period or any extended term. The purchase price after the initial term shall be \$19,000.00. The Lessee shall give the Lessor a fifteen-day written notice before exercising this option. During any subsequent terms, the purchase price shall decrease by the accumulated Rental Payments made during any additional terms (For Example, if the Lessee exercises the option to purchase after the first additional term following the initial term, the option price would be \$14,000 (\$19,000 subtracting 2024 rental payment of \$5,000)).

6. Maintenance. Lessee shall maintain the Equipment in serviceable condition, at its sole cost and expense, subject only to warranty obligations of the manufacturer.
7. Risk of Loss. The Lessor shall be relieved from all risks of physical loss or damage to the Equipment during periods of transportation and use.
8. Insurance. The Lessee shall, at its own cost and expense, to keep the Equipment insured to protect all interests of the Lessee and Lessor, against all risks of loss, theft, or damage from every cause whatsoever, for not less than the then current value of the Equipment. The insurance policies and the proceeds therefrom shall be the sole property of the Lessor and the Lessor shall be named as a co-insured in all policies and as sole loss payee thereunder. Lessee shall purchase insurance in the amount reasonable under the circumstances to cover the liability of the Lessee for public liability and shall exhibit such policies to Lessor within thirty (30) days of this Agreement.
9. Ownership. The Equipment shall—other than if the Lessee exercises its option to purchase the equipment as described herein—at all times remain the property of the Lessor and the Lessee shall have no right or property interest therein but only the right to use the same under this Lease. Lessor shall have the right to display notice of its ownership by affixing to the Equipment an identifying plate, stencil, or other indicia of ownership.
10. Taxes and Licenses. The Lessor shall pay all taxes, license fees, and assessments levied on the Equipment or relating to this Lease. The Lessor will cooperate with the Lessee and furnish the Lessee with any information available to the Lessor in connection with the Lessee's obligations under this paragraph.
11. Encumbrances. Lessee shall keep the Equipment free and clear of all judgments, levies, liens, and encumbrances.
12. Costs and Attorney Fees. In the event of failure to faithfully perform the terms of the agreement, the defaulting party shall pay all costs, including reasonable attorney's fees, resulting from the enforcement of this contract or any right arising out of such breach.
13. Notices. Any notice, election, payment, report or other correspondence required or permitted hereunder shall be deemed to have been properly given or delivered when made in writing and (a) delivered personally to the party to whom directed, (b) when sent by United States mail with all necessary postage or charges fully prepaid and addressed to the party to whom directed at its below specified address, or (c) when transmitted by email or telephone text messaging to the party to whom directed at the below specified email and/or telephone number. Any party may at any time change its address, email or telephone number for purposes of this Agreement by giving written notice of such change of address to all other parties.

IF TO LESSOR:

Rodney Ellis

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LESSOR:
COMPANY

By:
Its:

LESSEE:
RIVER HEIGHTS CITY

By: Jason Thompson
Its: Mayor

ATTEST:

By: Sheila Lind, City Recorder