



p. (800) 471-2122 f. (320) 252-2111
333 33rd Ave S. St. Cloud, MN 56301

March 9, 2021

City of Shakopee
1255 Fuller St S
Shakopee, MN 55379

Dear Bill:

Thank you for choosing us to finance your equipment. Included is the documentation package needed to complete the financing terms, use the following steps for reference. If you have questions, please contact your representative or our sales department at (800) 471-2122.

☐ **1: SIGN and DATE the enclosed documentation:**

- Invoice and Automatic Payment Authorization
- Credit Application
- Equipment Master Lease Agreement (4 pages, **MUST RETURN ALL PAGES**)
- Equipment Schedule A
- Incumbency Certificate
- Sales Tax Exempt Form- **must be completely filled out.**

INCLUDE the following:

- ✓ **PROVIDE NORTHLAND CAPITAL WITH COPY OF DRIVER'S LICENSE FOR ALL DOCUMENT SIGNERS (Full Name and Expiration Date must be readable)**

☐ **2: INCLUDE PAYMENT in the amount of \$9,281.53 or COMPLETE the Automatic Payment Authorization form to have this payment withdrawn electronically.**

Payment payable to Northland Capital for the advance payment of \$9,281.53 plus sales tax \$0.00 and \$0.00 for the documentation fee totals the amount of \$9,281.53.

☐ **3: RETURN ALL ORIGINAL PAGES of enclosed documentation:**

- All signed and unsigned pages (original signatures required, fax copies not acceptable)

☐ **4: MAIL or OVERNIGHT the required information to the following address:**

Mailing Address:

Northland Capital Financial Services, LLC
PO Box 7278
St. Cloud, MN 56302

OR

Overnight/Physical Address:

Northland Capital Financial Services, LLC
333 33rd Avenue South
St. Cloud, MN 56301

We appreciate your business, thank you for partnering with us.

Sincerely,

Greg Pabich, CLFP
Director of Business Development



INVOICE AND AUTOMATIC PAYMENT AUTHORIZATION

Date of Invoice: March 9, 2021

To: City of Shakopee

1255 Fuller St S Shakopee, MN 55379

Contract No.	Description	Amount Due
21599-001	Advance Payment	\$9,281.53
	Sales Tax	\$0.00
	Documentation Fee	\$0.00
	TOTAL DUE	\$9,281.53

I authorize Northland Capital Financial Services, LLC and the bank named below to initiate entries to my designated account to make the payment on this invoice.

NAME OF FINANCIAL INSTITUTION _____

ADDRESS OF FINANCIAL INSTITUTION _____

CITY _____ STATE _____ ZIP CODE _____

Please withdraw the payment directly from my:

☐ CHECKING ACCOUNT ☐ SAVINGS ACCOUNT

ROUTING NUMBER

(9 DIGITS REQUIRED) _____

ACCOUNT NUMBER

(DO NOT USE CHECK #) _____

YOUR FINANCIAL INSTITUTION 123 MAIN STREET CITY, STATE 12345		
NOTE:		
1234567890	000123456	1001

Routing Number Account Number Check Number

A facsimile signature or copies of signed documents transmitted to us by electronic mail or fax shall be as binding as an original signature for execution of this document.

SIGNATURE **X** _____ Date _____

Recurring Setup

☐ Check this box to have payments for Contract#21599-001 automatically withdrawn on the due date.



800.471.2122 f: 866.950.2111

Application
mail@northlandcapital.com

Ref: 104301

Legal Name: City of Shakopee dba: _____
Business Start Date: 1/1/2000 Address: 1255 Fuller St S
City: Shakopee State: MN Zip: 55379 County: Scott
Phone: (952) 233-9500 Fax: _____ Contact/Mobile Phone: _____
E-mail: _____ Website: _____
Entity Type: State/Local Government State of Organization: MN State ID#: _____ Fed ID #: _____

If corporation, partnership or LLC, the following may be requested: either articles of incorporation, partnership agreement or LLC articles of organization. If corporation or LLC, bylaws, operating agreement or similar organizational documents. If other, applicable formation/organization document(s).

Owner*: _____ DOB: _____ Title: _____ % Ownership: _____
Address: _____ City: _____ State: _____ Zip: _____
Owner*: _____ DOB: _____ Title: _____ % Ownership: _____
Address: _____ City: _____ State: _____ Zip: _____
*If additional space is needed, please attach separate sheet *Include copy of drivers license(s)*

Reference Name _____ Phone _____ Contact _____

**complete this financial grid or include balance sheet/income statement*

Income Summary (most recent year)

Total Assets \$ _____ Total Liabilities \$ _____ Total Revenue \$ _____
Crops Planted: _____ Other Income \$ _____
Acres Rent: _____ # Acres Own: _____ Herd Size: _____ Net Income \$ _____ Own: # Trucks _____ # Trailers _____
*additional financial information may be requested Seed Sales \$ _____

Dealer: Push Pedal Pull, Inc.

Quantity	Equipment Description	Price (\$ US Dollars)
1	Various Exercise Equipment	171,998.00

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All information in this application and all attachments are correct to the best of my knowledge. I authorize Northland Capital and/or its lenders, participants and assigns to verify employment and all financial and other information submitted with this application, including obtaining a consumer credit report, to act on this application. I authorize such parties making continued inquiries about such information and obtaining a consumer credit report during the term of obligations. As required by law, my identity will be verified. I authorize all past or present creditors to release any and all necessary credit information, and to respond fully to requests for information based on this application when transmitted by electronic or other means. The above permissions and authorizations will apply to any creditor to whom this application is submitted. I certify that the obligations applied to hereunder are for business, commercial or agricultural purposes and not for personal, family and household purpose. I certify that authorization has been obtained from those listed above, however have not signed below, to obtain their consumer credit report as they are applying to Northland Capital for credit. I agree that Northland Capital and/or its lenders, participants and assigns may freely communicate credit, financial, transactional and other information about me in connection with the administration of any loan or lease. I agree that Northland Capital and/or its lenders, participants and assigns may freely communicate credit, financial, transactional and other information about me or any owner in connection with the administration of any loan or lease, including releasing credit bureau reports to lenders working with Northland Capital who may provide credit relating to this application.

FAIR CREDIT REPORTING ACT: If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, contact Customer Service Manager, 333 33rd Avenue South, Saint Cloud, MN 56301, 800.471.2122 within 60 days from the date of decision notification. A written statement of reasons for denial will be sent within 30 days of receiving request.

The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. A number of federal agencies share enforcement responsibilities of this law. Determining which agency to contact depends on the type of creditor you dealt with. Consult the creditor to whom this application is addressed for information on its regulator, or contact The Federal Trade Commission, Consumer Response Center, Washington, D.C. 20580, 877.382.4357.

SIGN
&
DATE

X

Date: _____

9.16.1



Master Contract # 21599M

Contract # 21599-001

V5.20 Ref#: 104301

LESSOR: Northland Capital Financial Services, LLC
333 33rd Ave S. St. Cloud, MN 56301
PO Box 7278 St. Cloud, MN 56302
(800) 471-2122 . Fax (320) 252-2111

EQUIPMENT MASTER LEASE AGREEMENT- Page 1 of 4

LESSEE: (hereinafter referred to as "You" or "Your")

FULL LEGAL NAME: City of Shakopee

ADDRESS: 1255 Fuller St S

CITY: Shakopee

STATE: MN

ZIP: 55379

BILL-TO ADDRESS: 1255 Fuller St S

CITY: Shakopee

STATE: MN

ZIP: 55379

QUANTITY EQUIPMENT ☒ See attached Schedule "A" for additional equipment, if checked**TERM AND PAYMENT SCHEDULE**

48 Monthly Payments

Rent Payment:
(Plus applicable taxes) **\$3,395.00**

You agree to pay at the time you sign the lease:
An Advance Payment of \$9,281.53 plus
sales tax of \$0.00 = \$9,281.53

EQUIPMENT LOCATION

Address: 1255 Fuller St S

City: Shakopee

State: MN

Zip: 55379

County: Scott

END OF LEASE OPTIONS: You will have the following options at the end of the original term, provided the lease has not terminated early and no event of default under the Lease has occurred and is continuing.

1. Renew the Lease per Paragraph 5.
2. Return the Equipment as provided in Paragraph 5 of this Lease.
3. Purchase the Equipment as provided in Paragraph 5 of this Lease for a Purchase Option Price equal to Fair Market Value.

LEASE

This Lease is written in plain English as a convenience to you (the Lessee). References to us, we or our are to the Lessor. **DO NOT SIGN IF YOU HAVE NOT READ OR DO NOT UNDERSTAND THIS LEASE.** You agree to all the terms and conditions shown on this first page hereof and the Additional Terms and Conditions set forth on the attached pages, which such Additional Terms and Conditions are hereby incorporated by reference as if fully set forth herein. You acknowledge receipt of a copy of this Lease (including the Additional Terms and Conditions).

City of Shakopee

Northland Capital Financial Services, LLC

LESSEE

LESSOR

**SIGN
&
DATE****X****X**

SIGNATURE Bill Mars

Mayor

DATE

SIGNATURE

DATE

TITLE

ACCEPTANCE CERTIFICATE

YOU FURTHER HEREBY ACKNOWLEDGE THAT THE EQUIPMENT HAS BEEN RECEIVED IN OPERATING CONDITION AND REPAIR AND HEREBY ACCEPT IT AS SATISFACTORY IN ALL RESPECTS FOR ITS PURPOSE UNDER THIS LEASE.

City of Shakopee

LESSEE

**SIGN
&
DATE****X****X**

SIGNATURE Bill Mars

Mayor

DATE

1. Lease: Subject to the terms and conditions of this Lease, we agree to lease to you, and you agree to lease from us, the equipment described above and on any attached Equipment Schedule A, together with all attachments, replacements, parts, additions, repairs and accessories incorporated in or now or hereafter affixed to said equipment (the "Equipment"). If you and we execute more than one Equipment Lease Agreement Schedule that incorporates these Additional Terms and Conditions, each such Equipment Lease Agreement shall be a separate "Lease" for all legal purposes.

2. Term: The term ("Term") of this Lease with respect to each item of Equipment shall: (a) commence upon a date (the "Commencement Date") which is, at our option, either (i) that you execute an Acceptance Certificate for the Equipment, (ii) three (3) days after delivery of the Equipment if you do not notify us of a reason you cannot accept it, (iii) the date we pay the vendor for the Equipment after delivery or (iv) your first use of the Equipment; and (b) continue thereafter for the number of consecutive months set forth on the first page hereof or on the Payment Addendum hereto unless otherwise extended in accordance with Paragraph 5 below.

3. Rent: You shall pay all rent under this Lease in the amount set forth on the first page hereof or on the Payment Addendum hereto, plus applicable taxes as increased from time to time ("Rent"). The first payment of Rent shall be due and payable, in advance, on the Commencement Date and thereafter, each payment of Rent shall be due and payable monthly on the same day of the month as the Commencement Date, or at a later date we designate in writing. If we elect, you shall pay interim rent calculated on a per diem basis (1/30th of a Rent payment) until a date we specify not more than 30 days after the Commencement Date and the Term shall be extended by such interim period. Rent shall be payable to us, without invoice or other written demand, at the address specified on the first page hereof or to any other address that we subsequently give you in writing for purposes of making payment.

4. Collection Charges, Application of Payments: Should you fail to pay any Rent or other sum required to be paid by you to us hereunder, within ten (10) days after the due date of such payment, you shall pay to us a late charge equal to the lesser of (a) at our option, either: (i) fifteen percent (15%) of the payment which is late, or (ii) one and one half percent (1.5%) per month on such amount; and (b) the highest rate permitted by applicable law (the "Late Charge Rate"). **You also agree to pay a collection charge to make up for the time and expense in making any call or generating a letter, of up to \$50.00 per call and per letter. You agree to pay a charge of up to \$50.00 for each check returned for non-sufficient funds or other reasons. All payments shall, at our option, be applied first to any costs of collection, second to any late charges, third to delinquent payments and the remainder thereof to Rent or other payments you owe us.** You also agree to pay us a documentation fee at lease origination of \$0.00 and, if the Equipment is one or more titled vehicles, a fee of \$99.00 per month after the end of the third month of the Term if we do not receive properly issued titles for each such vehicle.

5. End of Lease Options: At the end of the Term, you may choose one of the following options as to all, but not less than all, of the Equipment:

a. **Automatic Renewal:** Should you choose #1 of the "END OF LEASE OPTIONS" stated on the first page of this Lease, this Lease will automatically renew for successive thirty (30) day renewal terms on the same terms and conditions and the same Rent payment unless you send us written notice that you do not want the Lease to renew at least thirty (30) days before the end of the Term or any renewal term. We may cancel the renewal terms by sending you notice that we do not want this Lease to renew at least fifteen (15) days before the end of the Term or any renewal term. **IF YOU DO NOT PROPERLY CHOOSE ANOTHER OPTION, THIS OPTION #1 WILL BE DEEMED YOUR CHOICE.**

b. **Return of Equipment:** Should you at the end of this Term, choose #2 of the "END OF LEASE OPTIONS" stated on the first page of this Lease, you shall provide us with not more than one hundred twenty (120) days and not less than sixty (60) days prior written notice and will, on the last day of the Term, immediately deliver the Equipment to us in a condition as good as received, less normal wear and tear, to any place in the United States designated by us. You will prepay all expenses of crating and shipping by means we designate, and you will properly insure the shipment. You also agree to pay us a reasonable administration fee for processing the Equipment not to exceed \$500.00.

c. **Purchase Option Price:** Should you at the end of this Term, choose #3 of the "END OF LEASE OPTIONS" stated on the first page of this Lease and if you are not in default under this Lease, you have the option of purchasing all, but not less than all, of the Equipment at the expiration of the Term (or, with our consent any renewal term) for an amount (the "Purchase Option Price") equal to the Total Cost of the Equipment multiplied by the Purchase Option Percentage or amount as specified on this first page of this Lease together with all applicable sales, use or similar taxes. Upon payment of the purchase price, we will transfer the Equipment to you on an "AS-IS" basis. The conveyance of the Equipment from us to you will be without warranty or representation of any kind and will be completed by our execution of a bill of sale in form and substance satisfactory to us.

6. Ownership of Equipment: The Equipment is, and shall at all times be and remain, our sole and exclusive property, and you shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. You agree to keep Equipment free from all liens.

7. No Warranties: You acknowledge and agree that you have selected the Equipment and the vendor, supplier or manufacturer thereof (the "Supplier") and that we have not participated in any way in your selection of the Equipment or the Supplier. All Equipment is provided in "AS IS" condition with **NO WARRANTY OR GUARANTY OF ANY KIND OR NATURE WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE AND WE DISCLAIM ANY AND ALL SUCH WARRANTIES.** OUR SOLE AND EXCLUSIVE LIABILITY HEREUNDER AND IN ANY WAY RELATED TO THIS LEASE SHALL NOT EXCEED THE TOTAL RENTS FOR LEASE OF THE EQUIPMENT. IN NO EVENT SHALL WE BE LIABLE FOR ANY INTERRUPTION OF BUSINESS, LOST PROFITS, OR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND OR NATURE WHATSOEVER EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. NO WAIVER, ALTERATION OR MODIFICATION OF THIS LIMITATION OF WARRANTY SHALL BE BINDING AGAINST US UNLESS IN WRITING AND SIGNED BY OUR EXECUTIVE OFFICER. To the extent they are transferable and so long as you are not in default hereunder, we assign to you for the Term all warranties, if any, made by manufacturer or supplier to us. We are not liable to you for any modification or rescission of supplier or manufacturer warranties. You agree to continue making payments under this Lease regardless of any claims you may have against the Supplier. **WE ARE NOT AFFILIATED WITH OR PRINCIPALS OR AGENTS OF THE SUPPLIER AND NO PERSON OTHER THAN OUR OFFICERS MAY BIND US TO ANY AGREEMENT OR WAIVE THE TERMS OF THE LEASE.**

8. Use, Maintenance and Installation: You will: (a) cause the Equipment to be installed, operated and maintained: (i) SOLELY FOR BUSINESS AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES; (ii) only in the ordinary course of your business; (iii) with due care to prevent injury to any person or property; (iv) in accordance with applicable manuals and instructions; and (v) by competent and duly qualified and authorized agents or employees only; (b) comply with all applicable regulatory rules and laws and the other terms and conditions of this Lease; (c) maintain the Equipment at your sole cost and expense in at least the operating order, repair and condition as when delivered to and accepted by you, reasonable wear and tear from the proper use thereof alone excepted, and (d) furnish at your sole cost and expense, all parts, supplies, services and utilities necessary for the operation or maintenance of the Equipment, all of which will immediately become our property. You may not modify the Equipment without our prior written consent. You assume all risk for the use, operation and storage of the Equipment and for damages and injuries incident thereto, whether to agents, employees, customers, consumers, invitees and guests of you, us or of third parties and whether or not occasioned by our or your negligence or malfeasance. You acknowledge for purposes of occupational safety, environmental and other laws and liability, that we have no participation in the maintenance or use of the Equipment and you are its sole operator, with discretion and control as to its selection, operation and management. You may not use the Equipment in any unsafe manner, in violation of any law or regulation or to haul, store or otherwise deal with any hazardous materials and you will obtain any and all licenses or permits applicable to your use of the Equipment.

9. Location of Equipment: The Equipment must at all times be located at the location specified in the Lease, except during periods when the Equipment is being used for its intended purpose at other locations, under the direction or control of you, or when the Equipment is being maintained or repaired at the location of your service providers. We shall have the right to enter upon your premises to inspect the Equipment at any time upon reasonable notice or during normal business hours and you will ensure that we have similar rights wherever the Equipment may be located. You must promptly advise us of any circumstances with respect to the location of the Equipment which may in any manner affect our title to the Equipment. You will not allow the Equipment to be used outside of the United States without our prior written consent.

10. Personal Property: The Equipment is, and shall at all times be and remain, personal property and shall not constitute fixtures notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed, attached to, imbedded in, permanently resting upon, real property or any building thereon, or attached in any manner to what is permanent as by means of cement, plaster, nails, bolts, screws or otherwise. It is the intention of the parties hereto, and the reality, that the Equipment shall consist solely of personal property and that the same shall not constitute fixtures under the laws of the state where the Equipment is located at any time.

11. Insurance: You shall obtain and maintain on or with respect to the Equipment at your own expense (a) liability insurance insuring against

liability for bodily injury and property damage with a minimum limit of \$1,000,000.00 combined single limit and/or occurrence and (b) physical damage insurance insuring against loss or damage to the Equipment in an amount not less than the greater of the total of all Rent and the purchase option amount or full replacement value of the Equipment and with a deductible not exceeding \$5,000.00. You will furnish us on the Commencement Date and on request with a certificate of Insurance evidencing compliance and naming us as an additional insured thereunder for the liability coverage and as sole lender loss payee for the property damage coverage. Each such policy shall be in such form and with such insurers as may be satisfactory to us, and shall contain a lender loss payee clause requiring the insurer to give to us at least 10 days prior written notice of any alteration in the terms of such policy or the cancellation thereof, and a clause specifying that no action or misrepresentation by you shall invalidate such policy. We shall be under no duty to ascertain the existence of or to examine any such policy or to advise you in the event any such policy shall not comply with the requirements hereof. If you do not provide us with acceptable evidence of insurance on demand, we may, but will not be required to, buy insurance protecting our interests. No such insurance will name you as an insured or protect or relieve you from liability. In the event you fail to deliver to us a certificate evidencing liability and physical damage insurance complying with the terms of this Lease, you will pay us for the insurance we obtain, with each Rent payment, an amount we calculate that will include (a) a premium that may be higher than if you maintained the required insurance, (b) a finance charge of up to 1.5% per month on any advances of premium made by us or our agents or a monthly property damage surcharge up to .35% of the equipment cost and (c) billing and processing fees which generate a profit to us and our agents. **YOU HEREBY ACKNOWLEDGE AND AGREE THAT YOU WILL INCUR ADDITIONAL EXPENSE BY FAILING TO COMPLY WITH THESE INSURANCE REQUIREMENTS.** We agree to discontinue billing these charges upon receipt of satisfactory evidence of the required insurance.

12. Casualty and Risk of Loss: You assume and shall bear the entire risk of loss, theft, destruction, damage, condemnation, or other casualty, whether or not insured against, of the Equipment from any and every cause whatsoever from and after the date of this Lease, and will hold us harmless from and against such risk. In the event the Equipment is physically damaged to a material extent by any occurrence whatsoever, or is lost, stolen, condemned or destroyed (a "Casualty Occurrence"), you shall immediately notify us and shall, at our option, either: (a) place such Equipment in good repair, condition, and working order, acceptable to us, or (b) replace the same with like equipment of the same or later model in good repair, condition, and working order (free from all liens), or (c) pay to us an amount equal to the Casualty Value. As used herein, the "Casualty Value" shall be an amount which we reasonably calculate (without regard to insurance) to give us all of the benefits of our ownership of such Equipment and amounts payable hereunder but for such Casualty Occurrence, including: (i) any accrued and unpaid Rent as of the date of such Casualty Occurrence; (ii) the present value of all future Rent payments discounted to present value at a rate equal to 3% per annum (the "Discount Rate"); (iii) the Purchase Option Price set forth in Paragraph 5(c) discounted to present value at the Discount Rate; (iv) any depreciation or other tax benefits of ownership of the Equipment which we would have received under this Lease but for such Casualty Occurrence; and (v) the amount of any indemnity or other obligations owed to us hereunder. In addition to the foregoing, you shall also pay to us interest from the date we calculate the Casualty Value until paid at a rate equal to the Late Charge Rate. No such Casualty Occurrence will relieve you of your duties hereunder or at the end of the Term; provided, however, that after payment in full of the Casualty Value, you shall have no further rental obligations hereunder with respect to such Equipment and shall be responsible for the sale or other disposition of such Equipment.

13. Indemnification: You shall indemnify us, our officers, shareholders, employees, agents, successors or assigns ("Indemnified Parties"), against and hold all Indemnified Parties harmless from, any and all claims, actions, suits, proceedings, damages, cost, expenses, obligations, liabilities and liens, including without limitation any of the foregoing arising or imposed in connection with latent or other defects of the Equipment, negligence, gross negligence, strict liability, patent liability or any other malfeasance, on account of personal injury, property damage or otherwise, imposed on or incurred by or asserted against any Indemnified Parties including, without limitation, reasonable attorneys' fees incurred in connection with the foregoing, in any way relating to this Lease, or in any way relating to the manufacture, purchase, acceptance, rejection, ownership, delivery, installation, possession, use, operation, maintenance, condition, registration, sale, return, replacement, storage or disposition of the Equipment, or any accident in connection therewith or by operation of law. You shall give us prompt written notice of any matter hereby indemnified against and agrees that unless directed to the contrary by notice from us, you shall assume full responsibility for the defense thereof. The indemnity in this Paragraph shall include all occupational safety and environmental liability, including any that result from your breach of the terms hereof.

14. Taxes and Fees: You shall be responsible for and shall indemnify and hold us harmless against any and all sales, use, property, excise and other taxes, all license, penalties and fines, and registration fees now or hereafter imposed by any governmental body or agency upon the Equipment or its use or the Rent hereunder. If we pay any of the above for you, you agree to reimburse us on demand. You also agree to reimburse us on demand for any filing or release fees and other reasonable administrative expenses. Sales or use tax due up front may be billed monthly, plus a finance charge. Upon our request, you shall prepare and file all tax returns relating to taxes for which you are permitted to file under the laws of the applicable taxing jurisdiction.

15. Assignment: YOU HAVE NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT AND ANY SUCH EVENT SHALL CONSTITUTE AN IMMEDIATE EVENT OF DEFAULT. You shall not (i) permit the sale or transfer of any shares of your capital stock or of any of your ownership interest to any person, persons, entity or entities (whether in one transaction or in multiple transactions) which results in a transfer of a majority interest in your ownership and/or the control of the Lessee from the person, persons, entity or entities who hold ownership and/or control of the Lessee as of the date of this Equipment Master Lease; (ii) consolidate with or merge into or with any other entity, or purchase or otherwise acquire all or substantially all of the assets or stock or other ownership interest of any person or entity or sell, transfer, lease or otherwise dispose of all or substantially all of your assets to any person or entity; or (iii) allow a Blocked Person to have an ownership interest in or control of Lessee. "Blocked Person" means any person or entity that is now or at any time (A) on a list of Specially Designated Nationals issued by the Office of Foreign Assets Control ("OFAC") of the United States Department of the Treasury or any sectoral sanctions identification list, or (B) whose property or interests in property are blocked by OFAC or who is subject to sanctions imposed by law, including any executive order of any branch or department of the United States government or (C) otherwise designated by the United States or any regulator having jurisdiction or regulatory oversight over us, to be a person with whom we are not permitted to extend credit to or with regard to whom, a lessee relationship may result in penalties against us or limitations on a lessor's ability to enforce a transaction. Any change in ownership or control of you or any sale of your assets outside of the ordinary course of business constitutes reasonable grounds for insecurity, entitling us to proceed under Minn. Stat. § 336.2A-401. You shall provide us written notice of such change or sale fifteen (15) days prior to the change or sale occurring. We may sell, assign or transfer this Lease and our interest in the Equipment without any notice to you. You agree that if we sell, assign or transfer any interest in this Lease or the Equipment, the transferee will have the same rights and benefits that we have and will not have to perform any of our obligations. You agree that the rights of the transferee will not be subject to any claims that you may have against us.

16. Default: Any one or more of the following will constitute an Event of Default under this Lease:

a. You fail to pay Rent or any other sum to be paid under this Lease as and when due;

b. You fail to procure or maintain any insurance coverage required by this Lease or an Event of Default occurs under any Lease or other obligation you owe to us;

c. You violate, or attempt to violate, Paragraph 15 hereof, change your name or jurisdiction of organization without 90 days prior written notice to us, or merge, consolidate, or otherwise change your organizational form without prior consent;

d. You fail to perform or observe any duty, obligation or covenant contained in this Lease other than those set forth in subparagraph (a) through subparagraph (c) above, inclusive, and such failure continues for ten (10) days after the earlier of: (i) the day we provide you written notice of such default; or (ii) the date that any of your officers or employees have actual knowledge of the event, condition or occurrence that constitutes the Event of Default;

e. You become insolvent or unable to pay your debts as they mature or in accordance with customary business practice or you commit an act of bankruptcy, or apply for, consent to, or acquiesce in the appointment of a trustee or a receiver for you or any of your property or in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for you or for a substantial part of your property or any bankruptcy, insolvency, dissolution or liquidation proceeding is instituted by or against you and, in each case, is not discharged within thirty (30) days thereof;

f. There is a transfer, termination, cessation or liquidation of your business or that of any corporate guarantor or if an individual guarantor should die or any guarantor shall suffer an event described in subsection e, above;

g. Any representation, warranty or statement of material fact made or furnished to us or our representatives by or on behalf of you, or any financial statement, document, instrument or other information submitted to us or our representatives by or on behalf of you, is false or misleading in any material respect;

17. Remedies Upon Default: Upon the occurrence of any Event of Default as defined in Paragraph 16 above, and at any time thereafter, we may, at our option, and with or without notice, declare the Casualty Value and other

amounts payable or to become payable to us under and by reason of this Lease and any other Lease or obligation you owe to us, to be immediately due and payable, and may proceed to enforce payment of such obligations and to exercise any and all rights and remedies provided for by this Lease and any other obligation, by any statute or otherwise available by law, in equity or in bankruptcy, or insolvency proceeding, including without limitation the following:

- a. proceed by appropriate court actions to enforce performance by you or to recover from you any and all damages and expenses which we sustain by reason of your default or an account of our enforcement of remedies under this Lease, including without limitation reasonable attorneys' fees;
- b. terminate your rights under this and any other Lease or other obligation to us; and/or
- c. take possession of or disable the Equipment. We will have the right to remove the Equipment from your property, and, for the purposes of removal and possession, we or our representatives may enter any of your premises without legal process. We may require you to assemble the Equipment and to make it available to us at any place we designate. You voluntarily and knowingly waive, to the extent permitted by law, any and all rights to notice and/or hearing prior to any retaking of possession of the Equipment by us or our representatives. Upon any retaking of possession of the Equipment by us, all your rights in the Equipment, or to its use and possession, shall terminate. Repossession will not, however, constitute a termination of this Lease unless we expressly so notify you in writing, and notwithstanding any repossession of the Equipment, or any other action which we may take under this Lease, you shall be and remain liable for the full performance of all obligations on your part to be performed under this Lease including the payment of all Rent, maintenance of all insurance and indemnification of us.

All remedies hereunder are cumulative, and may be exercised concurrently or separately; provided, however that: (i) nothing in this Paragraph 17 shall be construed as granting or conferring to us or imposing on you a duplicative right, entitlement, obligation, or recovery with respect to any matter arising out of the same facts and circumstances; (ii) no provision hereof shall be construed to provide us recovery for any costs, damages or other amounts for which we have been fully compensated by you under any other provision of this Lease; and (iii) remedies hereunder are intended only to allow us to enjoy the benefit of the bargain and to make us whole.

If we incur any expenses, including attorneys' fees, in the enforcement of any of our rights under this Lease, or if we bring any action, proceeding or suit, then we may recover from you such reasonable expenses so incurred. Promptly after you have notice thereof, you shall give notice to us of any Event of Default and any event that has occurred and is continuing which constitutes an Event of Default but for the requirement that notice be given or time lapse or both.

18. Non-Cancellable Lease: This Lease cannot be cancelled or terminated except as expressly provided herein. YOU CONFIRM FOR OUR BENEFIT AND THE BENEFIT OF ANY ASSIGNEE OR TRANSFEREE OF ANY OF OUR INTEREST IN THE LEASE THAT THE LEASE IS YOUR ABSOLUTE, UNCONDITIONAL OBLIGATION AND NOT SUBJECT TO ANY RIGHT OF SETOFF OR REDUCTION OF RENT OR OTHER OBLIGATIONS OR ANY COUNTERCLAIM OR DEFENSE FOR ANY REASON WHATSOEVER, ALL OF WHICH ARE HEREBY WAIVED TO THE FULLEST EXTENT PERMITTED BY LAW. This understanding is a material consideration to our entering into this Lease and is consistent with your decision to finance acquisition of the Equipment hereunder rather than by borrowing the funds and purchasing the Equipment. YOUR OBLIGATIONS HEREUNDER SHALL SURVIVE EXPIRATION OR TERMINATION FOR ANY REASON OF THE LEASE.

19. Finance Lease; Security Interest: This is an agreement of lease and it is the intention of the parties that this agreement constitutes a true lease that is a finance lease as that term is defined in Article 2A of the Uniform Commercial Code. You acknowledge that (a) you have reviewed and approved any written contract with the Supplier pursuant to which the Equipment is purchased (the "Supply Contract"); and (b) we have informed or advised you in writing, either previously or by this Lease of the identity of the Supplier; that you may have rights under the Supply Contract; and that you may contact the Supplier for a description of any such rights you may have under the Supply Contract. If, notwithstanding the intention of the parties, this Lease is deemed to be a loan, you hereby grant to us a first priority purchase money security interest in the Equipment (including all inventory, fixtures and other property comprising the same). In any event, as additional security for your obligations under this Lease, you hereby grant us a first priority security interest in any and all subleases, chattel paper, accounts, general intangibles, and security deposits relating to the foregoing and any and all proceeds therefore.

20. Security Deposit: You shall pay to us the security deposit on the first page of this Lease upon execution. If for any reason this Lease is not finalized or the Equipment not accepted, it is specifically agreed that we may retain this security deposit as liquidated damages for loss of a bargain and that we have fully earned such amount. You agree that the security deposit will not bear interest, may be commingled with other funds and that we may apply it to any amount due under this Lease, in which event you will restore the security deposit to its original amount promptly. Such security deposit will be returned to you at the expiration of this Lease, less any amounts outstanding hereunder and any outstanding charges or expense.

21. Consent to Minnesota Law, Jurisdiction and Venue: It is agreed between the parties that this Lease has been negotiated within Stearns County, Minnesota, and finally executed within Stearns County, Minnesota, and accordingly, the Lease and all related documentation shall be governed by, and construed in accordance with, the laws of the State of Minnesota (without regard to principles of conflicts of laws) and any suit by either of the parties pursuant to this Lease shall be maintained in and the venue for any such litigation shall be in Stearns County District Court, Stearns County, Minnesota; provided we may bring an action to recover possession of the Equipment, and for any related matter, in any place where any of the Equipment is located

22. Waivers: No party hereto will be deemed to have waived any right, power, or privilege under this Lease or any provision hereof unless such waiver shall have been executed in writing by the party to be charged with such waiver or expressly stated herein. The failure of any party hereto to enforce at any time any of the provisions of this Lease will in no way be construed to be a waiver of such provisions, nor in any way affect the validity of this Lease or any part thereof, or the right of any party to thereafter enforce each and every such provision. No waiver of any breach of this Lease will be held to be a waiver of any other or subsequent breach. All remedies afforded in this Lease will be taken and construed as cumulative and in addition to every other remedy provided herein or by law. EACH PARTY WAIVES THE RIGHT TO TRIAL BY JURY. You waive all rights and remedies under UCC Article 2A to the extent permitted by law.

23. Miscellaneous: This Lease shall constitute the entire agreement between the parties, and shall not be modified except in writing signed by an authorized executive officer on behalf of the parties hereto, or, if such modification expressly states that it modifies this Lease, signed by the party against whom the modification may be enforced. Without limiting the foregoing, it is expressly agreed that this Lease cannot be modified by course of performance.

24. Further Assurances: You grant us authority to file any financing statements necessary to protect and preserve our ownership of or rights in the Equipment. Promptly upon our written request, you agree to execute, acknowledge and deliver such instruments, and to take such other action, as may reasonably be necessary in our opinion to protect our or our assignee's or transferee's interest in the Equipment, this Lease and any Rent, including without limitation the obtaining and execution of landlord and mortgagee waivers, certificates of title, financing statements in recordable form, and a search for any judgment or liens against you. You will pay or reimburse us for any such actions and all administrative expenses, including reasonable attorneys' fees and cost. You also agree to provide such financial information relating to you as we may from time to time reasonably request. We may file or record a copy of this Lease as a financing statement or for any other purpose. You acknowledge that we may change insertions in any Lease to correct obvious clerical errors or adjust for final, documented costs and Equipment price and description. In the event there is more than one Lessee named in this Lease, the obligations of each shall be joint and several. Time is of the essence with respect to the obligations of Lessee under this Lease.

25. Binding Effect: This Lease shall be binding upon the parties hereto and upon their respective successors, and permitted assigns.

26. Severability: If this Lease or any provision hereof shall be deemed invalid, illegal or unenforceable in any respect or in any jurisdiction, the validity, legality and enforceability of this Lease in all other respects and in other jurisdictions shall not be in any way impaired or affected thereby

27. Notices: Unless otherwise specifically provided hereunder, any notice, consent or other communication required or permitted to be given by any provision of this Lease shall be in writing and shall be deemed to have been duly and properly given or served for any purpose if delivered via United States First Class mail, postage prepaid, and addressed to the address set forth at the first page hereof or at such other address as such party may give notice of in accordance with this paragraph from time to time. We may rely on your facsimile signature or copies of signed documents transmitted to us by electronic mail or fax. This Lease may be executed, communicated, and retained electronically and an electronic copy shall be admissible in any legal action. For purposes of perfecting a security interest in electronic chattel paper, the sole electronic original of this Lease shall be the authoritative copy and no security interest may be perfected except through control of such authoritative copy. For purposes of perfecting a security interest in other chattel paper by possession, only the counterpart of this Lease that bears our manually-applied signature constitutes chattel paper and no security interest may be perfected except through possession of such manually-executed copy.



Equipment Schedule "A"

Equipment Schedule "A" for Contract No. 21599-001

This schedule is hereby verified as correct by the Lessee and becomes a part of the Lease.

<u>Quantity</u>	<u>Equipment</u>	<u>Serial Number</u>
3	2021 True Fitness VC900-19 Palisade Climber Base.	_____ _____ _____
2	2021 Precor RBK835 P31 Recumbent Bike.	_____ _____
3	2021 Precor UBK 835 P310 Upright Bike.	_____ _____ _____
2	2021 True Fitness TI1000-19 Alpine Runner.	_____ _____
1	2021 Lifecore Fitness ATR825 Assault Airrunner.	_____ _____
1	2021 True Fitness XL1000-19 Traverse Base.	_____
2	2021 PushPedalPull JPTA Octane Rower.	_____ _____
2	2021 Precor AMT 835 P30 Open Stride Trainer.	_____ _____
6	2021 Precor EFX 835 V2 P30 Elliptical.	_____ _____ _____ _____ _____ _____
4	2021 Precor EFX 833 V2 P31 Elliptical.	_____ _____ _____ _____
3	2021 Nustep T4R Recumbent Cross Trainer	_____ _____ _____
6	2021 Precor TRM 731 P31 Treadmill.	_____ _____ _____ _____ _____ _____

LESSOR: Northland Capital Financial Services, LLC

LESSEE: City of Shakopee

Signature

Date

X

Signature

Bill Mars

Date

Title

Mayor

Title



INCUMBENCY CERTIFICATE

FOR: City of Shakopee (the "Corporation")
TO: Northland Capital Financial Services, LLC,
its principals, successors and assigns ("Northland")

RE: Contract # 21599-001 ("Agreement")

I, William H. Reynolds DO HEREBY CERTIFY that I am a duly qualified officer of the corporation holding the office noted below; that the Corporation is duly organized, validly existing and in good standing under the laws of Minnesota, that I have custody of the charter and by-laws of the Corporation; that based on an examination of the aforementioned charter, by-laws and other relevant records, the following persons have been duly elected to the offices set out opposite their respective names, they continue to hold these offices at the present time, the signatures which appear below are known to me and are the true signatures of each of them respectively; and that any one of the following persons has been authorized to execute the Agreement and other attendant documents for and in the name of and on behalf of the Corporation with full authority to bind the Corporation thereto.

Name	Office	Signature
Bill Mars	Mayor	

Dated as of March 9, 2021

X

Signature

City Administrator

Title

X

William H. Reynolds

Print Name

Certificate of Exemption

Purchaser: Complete this certificate and **give it to the seller.**

Seller: If this certificate is not completed, you must charge sales tax. Keep this certificate as part of your records.

This is a blanket certificate, unless one of the boxes below is checked. This certificate remains in force as long as the purchaser continues making purchases or until otherwise cancelled by the purchaser.

☒ Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____.

☐ If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make purchases for a specific job. Enter the exempt entity name and specific project:

Exempt entity name _____ Project description _____

Name of Purchaser _____

Business Address _____ City _____ State _____ ZIP code _____

Purchaser's Tax ID Number _____ State of Issue _____

If no tax ID number, Enter one of the following: FEIN _____ Driver's license number/State issued ID number _____ State of Issue _____ Number _____

Name of seller from whom you are purchasing, leasing, or renting

Northland Capital Financial Services, LLC

Seller's Address _____ City _____ State _____ ZIP code _____
333 33rd Ave S St Cloud MN 56301

Type of Business

- | | |
|--|--|
| ☐ 01 Accommodation and food services | ☐ 11 Transportation and warehousing |
| ☐ 02 Agricultural, forestry, fishing, hunting | ☐ 12 Utilities |
| ☐ 03 Construction | ☐ 13 Wholesale trade |
| ☐ 04 Finance and insurance | ☐ 14 Business services |
| ☐ 05 Information, publishing and communications | ☐ 15 Professional services |
| ☐ 06 Manufacturing | ☐ 16 Education and health-care services |
| ☐ 07 Mining | ☐ 17 Nonprofit organization |
| ☐ 08 Real estate | ☐ 18 Government |
| ☐ 09 Rental and leasing | ☐ 19 Not a business (explain) _____ |
| ☐ 10 Retail trade | ☐ 20 Other (explain) _____ |

Reason for Exemption

- | | |
|---|--|
| ☐ A Federal government (department) _____ | ☐ J Agricultural production |
| ☐ B Specific government exemption (from list on back) | ☐ K Industrial production/manufacturing |
| ☐ C Tribal government (name) _____ | ☐ L Direct pay authorization |
| ☐ D Foreign diplomat # _____ | ☐ M Multiple points of use (services, digital goods, or computer software delivered electronically) |
| ☐ E Charitable organization # _____ | ☐ N Direct mail |
| ☐ F Educational organization # _____ | ☐ O Other (enter number from back page) _____ |
| ☐ G Religious organization # _____ | ☐ P Percentage exemption |
| ☐ H Resale | ☐ Advertising (enter percentage) _____% |
| ☐ I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project) | ☐ Utilities (enter percentage) _____% |
| | ☐ Electricity (enter percentage) _____% |

I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

Signature of Authorized Purchaser _____ Print Name Here _____ Title _____ Date _____

Exemption descriptions

See the Form ST3 instructions and exemption descriptions for more information about the following exemptions.

Purchasers are responsible for knowing if they qualify to claim exemption from tax and will be held liable for any use tax, interest and possible penalties due if the items purchased are not eligible for exemption.

A. Federal government

Fill in department.

B. Specific government exemption

- Ambulance services
- Biosolids processing equipment
- Bullet-resistant body armor
- Chore/homemaking services
- Correctional facility meals or drinks
- Emergency rescue vehicle repair and replacement parts
- Emergency vehicle accessory items
- Firefighter equipment
- Hospitals
- Libraries
- Local governments
- Metropolitan Council
- Nursing homes
- Petroleum products used by government
- Regionwide public safety radio communication system
- Solid waste disposal facility
- State or local government agency from another state
- Transit program vehicles
- Water used directly in providing fire protection

C. Tribal government

Fill in the name of the Tribe.

D. Foreign diplomat

Fill in the number issued to the foreign diplomat.

E. Charitable organization

Organizations that operate exclusively for charitable purposes.

F. Educational organization

Schools, school districts, scouts, youth groups, etc.

G. Religious organization

Churches and other religious organizations.

H. Resale

Items or services purchased for resale. Liquor retailers cannot sell alcoholic beverages exempt for resale. M.S.340A.505

I. Qualifying capital equipment

Machinery and equipment purchased or leased primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process.

J. Agricultural production

Materials and supplies used or consumed in agricultural production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

K. Industrial production

Materials and supplies used or consumed in industrial production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

L. Direct pay

Direct pay authorization issued by the Department of Revenue. Cannot be used for meals, lodging and most services. The State of Minnesota (all state agencies) has direct pay authorization.

M. Multiple points of use

Services, digital goods, or electronically delivered computer software concurrently available for use in more than one taxing jurisdiction at the time of purchase.

N. Direct mail services

O. Other exemptions

1. Aggregate delivered by a third party hauler to be used in road construction
2. Airflight equipment
3. Ambulances
4. Aquaculture production equipment
5. Automatic fire-safety sprinkler systems
6. Coin-operated entertainment and amusement devices
7. Construction exemption for special projects under M.S. 297A.71
8. Exempt publications
9. Farm machinery
10. Handicapped accessible (building materials)
11. Handicapped accessible (vehicle costs)
12. Horse materials
13. Hospitals and outpatient surgical centers
14. Instructional materials for post-secondary school students
15. Instrumentalities of each and all the states

16. Job opportunity building zones (JOBZ)
 17. Logging equipment
 18. Materials used for business in a state where no sales tax applies
 19. Materials used to provide taxable services
 20. Medical supplies for a health-care facility
 21. Motor carrier direct pay (MCDP) authorization
 22. Nonprofit snowmobile clubs
 23. Nursing homes and boarding care homes
 24. Packing materials used to ship household goods outside Minnesota
 25. Poultry feed
 26. Prizes used for games at fairs or other events lasting fewer than six days
 27. Purchasing agent agreement with exempt organization
 28. Repair or replacement parts used in another state/country as part of a maintenance contract
 29. Resource recovery facility authorization
 30. Senior citizen group (exempt status authorization required)
 31. Ship replacement parts and lubricants
 32. Ski area items
 33. Solar energy systems
 34. Taconite production items
 35. Telecommunications, cable television and direct satellite equipment
 36. Textbooks
 37. Tribal government construction contract
 38. TV commercials
 39. Veteran organizations
 40. Waste-management containers and compactors
 41. Wind energy conversion systems and materials used to construct, install, repair or replace them.
 42. Preexisting construction contracts and bids.
 43. Lump-sum construction contracts — temporary exemption for new local tax on building materials
- ## P. Percentage exemptions
- Advertising materials for use outside Minnesota or local taxing area.
 - Utilities used in agricultural or industrial production.
 - Electricity used in the operation of qualified data centers.

Certificate of Exemption

Form ST3 instructions and exemption descriptions

Forms, fact sheets, and industry guides are available on our website at www.revenue.state.mn.us.

Purchasers

Complete this certificate and give it to the seller. Do not send it to the Department of Revenue.

You must include your Minnesota tax identification number if you have one.

Warning to purchaser: Purchasers are responsible for knowing if they qualify to claim exemption from tax and will be held liable for any use tax, interest and possible penalties due if the items purchased are not eligible for exemption.

Sellers

Keep this certificate as part of your records. Accepting a completed exemption certificate relieves you from collecting the tax. If this certificate is not completed, you must charge sales tax. You may be required to provide this exemption certificate (or the data elements required on the form) to the state to verify this exemption.

Exemption descriptions

Use Form ST3, Certificate of Exemption, to claim the following exemptions. Fact sheets are available for some of the items as noted. Contact our office for details about other exemptions not listed here.

A. Federal government. The seller must obtain a purchase order, payment voucher, work order, a completed Form ST3 or similar documentation to show the purchase was from the federal government.

B. Specific government exemptions. Fill in the title from the list below. For more information, see *Fact Sheet 142, Sales to Governments*, and/or *Fact Sheet 135, Fire Fighting, Police and Emergency Equipment*. Also *Government - Local Governments Industry Guide* and *Fact Sheet 139, Libraries*.

- Ambulance services
- Biosolids processing equipment
- Bullet-resistant body armor
- Chore/homemaking services
- Correctional facility meals or drinks
- Emergency rescue vehicle repair and replacement parts
- Emergency vehicle accessory items
- Firefighter equipment
- Hospitals

- Libraries
- Local Governments
- Metropolitan Council
- Nursing homes
- Petroleum products used by government
- Regionwide public safety radio communication system
- Solid waste disposal facility
- State or local government agency from another state
- Transit program vehicles
- Water used directly in providing fire protection

C. Tribal government. All sales to tribal governments are exempt.

D. Foreign diplomat. Sales tax exemption cards are issued to some foreign diplomats and consular officials stationed in this country. Fill in the number issued to the foreign diplomat.

E. Charitable organizations. Must be operated exclusively for charitable purposes. You must apply for and receive exempt status authorization from the Department of Revenue. (Some nonprofit organizations do not qualify for sales tax exemption.)

F. Educational organizations. Schools and school districts operated exclusively for educational purposes must use Form ST3 on qualifying purchases. Nonprofit professional and trade schools, scouts, youth groups, and youth athletic and recreational programs, such as Little League, etc., operated exclusively for educational purposes must apply for exempt status authorization from the Department of Revenue and use Form ST3 on qualifying purchases.

G. Religious organizations. Churches and other religious organizations operated exclusively for religious purposes can use Form ST3 without exempt status authorization or may apply for exempt status authorization from the Department of Revenue.

H. Resale. Items or services must be purchased for resale in the normal course of business. You may not use this exemption if the vendor is restricted by federal or state law from selling certain products for resale. Liquor retailers cannot sell alcoholic beverages exempt for resale. *M.S. 340A.505*

I. Qualifying Capital Equipment. Machinery and equipment purchased or leased primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process.

Additional information needs to be provided when the CE exemption is claimed for a construction project that would normally be considered an improvement to real property. The purchaser must provide documentation to the contractor to identify the exempt portion of the project.

Fact Sheet 103, Capital Equipment.

Fact Sheet 128, Contractors

J. Agricultural production. Materials and supplies used or consumed in agricultural production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

Agricultural and Farming Industry Guide.

K. Industrial production. Materials and supplies used or consumed in industrial production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

Fact Sheet 145, Industrial Production.

L. Direct pay. Allows the buyer to pay sales tax on certain items directly to the state instead of to the seller. Applicants must be registered to collect sales tax in order to qualify and must apply for and receive direct pay authorization from the Department of Revenue. The State of Minnesota (all state agencies) has direct pay authorization. This means state agencies pay sales tax directly to the Department of Revenue, rather than to the seller. Direct pay authorization may not be used for meals and drinks; lodging or related lodging services; admissions to places of amusement or athletic events, or use of amusement devices; motor vehicles; certain services; or memberships to sports and athletic facilities. If you sell any of the excluded items, you should charge sales tax.

Certificate of Exemption

Form ST3 instructions and exemption descriptions (*continued*)

M. Multiple points of use. Taxable services, digital goods, or electronically delivered computer software that is concurrently available for use in more than one taxing jurisdiction at the time of purchase. Purchaser is responsible for apportioning and remitting the tax due to each taxing jurisdiction.

N. Direct mail. Allows the buyer to pay sales tax on direct mail directly to the state instead of to the seller. Direct mail is printed material that meets the three following criteria:

- it is delivered or distributed by U.S. Mail or other delivery service;
- it is sent to a mass audience or to addresses on a mailing list provided by the purchaser or at the direction of the purchaser; and
- the cost of the items is not billed directly to recipients.

O. Other exemptions

- 1. Aggregate delivered by a third party hauler to be used in road construction.** Beginning July 1, 2008, charges for delivery of aggregate materials by third party haulers are exempt if the aggregate will be used in road construction.
- 2. Airflight equipment.** The aircraft must be operated under Federal Aviation Regulations, parts 91 and 135.
- 3. Ambulance services** — privately owned (leases of vehicles used as an ambulance or equipped and intended for emergency response). Must be used by an ambulance service licensed by the EMS Regulatory Board under section 144E.10. *Fact Sheet 135, Fire Fighting, Police, and Emergency Equipment.*
- 4. Aquaculture production equipment.** Qualifying aquaculture production equipment, and repair or replacement parts used to maintain and repair it. *Fact Sheet 130, Aquaculture Production Equipment.*
- 5. Automatic fire-safety sprinkler systems.** Fire-safety sprinkler systems and all component parts (including waterline expansions and additions) are exempt when installed in an existing residential dwelling, hotel, motel or lodging house that contains four or more dwelling units.

6. Coin-operated entertainment and amusement devices are exempt when purchased by retailers who (1) sell admission to places of amusement, or (2) make available amusement devices.

7. Construction exemption for special projects under M.S. 297A.71. Certain purchases for the construction of a specific project or facility are exempt under M.S. 297A.71, such as waste recovery facilities. This exemption does not apply to projects for which you must pay sales or use tax on qualifying purchases and then apply for a refund.

8. Exempt publications. Materials and supplies used or consumed in the production of newspapers and publications issued at average intervals of three months or less. Includes publications issued on CD-ROM, audio tape, etc.

9. Farm machinery. Qualifying farm machinery, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 106, Farm Machinery.*

10. Handicapped accessible (residential building materials). Building materials and equipment purchased by nonprofit organizations if the materials are used in an existing residential structure to make it handicapped accessible, and the homeowner would have qualified for a refund of tax paid on the materials under M.S. 297A.71, subd. 11 or subd. 22. Nonprofit organizations include those entities organized and operated exclusively for charitable, religious, educational or civic purposes; and veteran groups exempt from federal taxation under IRC 501(c)(19).

11. Handicapped accessible (vehicle costs). Conversion costs to make vehicles handicapped accessible. Covers parts, accessories and labor.

12. Horse materials. Covers consumable items such as feed, medications, bandages and antiseptics purchased for horses. Does not cover machinery, tools, appliances, furniture and fixtures. *Fact Sheet 144, Veterinary Practice.*

13. Hospitals and outpatient surgical centers. Sales to a hospital and outpatient surgical center are exempt if the items purchased are used in providing hospital or outpatient surgical services. (*M.S. 297A.70, subd. 7*)

14. Instructional materials required for study courses by college or private career school students (*M.S. 297A.67, subd. 13a*)

15. Instrumentalities of each and all the states are exempt from sales tax during their annual meeting on the following items: prepared food, soft drinks, candy, and alcoholic beverages. Effective July 1, 2014 - December 31, 2014.

16. Job opportunity building zones (JOBZ). Applies to all goods and taxable services purchased by a qualified business and primarily used in the zone. Also includes purchases by a qualified business or a contractor of construction materials and supplies to construct improvements to real property if the property is used by a qualified business within the zone. **Note:** This exemption ended for most businesses on December 31, 2015. *JOBZ Fact Sheet.*

17. Logging equipment. Qualifying logging equipment, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 108, Logging Equipment.*

18. Materials used for business outside Minnesota in a state where no sales tax applies to such items; or for use as part of a maintenance contract. This exemption applies only if the items would not be taxable if purchased in the other state (e.g., a state that does not have sales tax).

19. Materials used to provide certain taxable services. Materials must be used or consumed directly in providing services taxable under M.S. 297A.61, subd. 3(g) (6).

20. Medical supplies for a health-care facility. Purchases by a licensed health care facility, outpatient surgical center or licensed health-care professional of medical supplies used directly on a patient or resident to provide medical treatment. The exemption does not apply to equipment, lab or radiological supplies, etc. *Fact Sheet 172, Health Care Facilities.*

Certificate of Exemption

Form ST3 instructions and exemption descriptions (*continued*)

- 21. Motor carrier direct pay (MCDP).** Allows motor carriers to pay tax directly to the state when they lease mobile transportation equipment or buy certain parts and accessories. Applicants must be registered for sales tax in order to apply. You must apply for and receive MCDP authorization from the Department of Revenue. *Motor Vehicle Industry Guide.*
- 22. Nonprofit snowmobile clubs.** Certain machinery and equipment is exempt when used primarily to groom state (or grant-in-aid) trails. Prior certification from DNR must be received.
- 23. Nursing homes and bonding care homes.** Beginning July 1, 2013, sales to nursing homes and boarding care homes are exempt. Nursing homes must be licensed by the state. Boarding care homes must be certified as a nursing facility.
- 24. Packing materials.** Packing materials used to pack and ship household goods to destinations outside of Minnesota.
- 25. Poultry feed.** The poultry must be for human consumption.
- 26. Prizes.** Items given to players as prizes in games of skill or chance at events such as community festivals, fairs and carnivals lasting fewer than six days.
- 27. Purchasing agent.** Allows a business who has been appointed as a purchasing agent by an exempt organization to make purchases exempt from sales tax. All documentation pertaining to the purchasing agent agreement is kept by the purchasing agent to verify exemption.
- 28. Repair or replacement parts used in another state or country** as part of a maintenance contract. This does not apply to equipment or tools used in a repair business.
- 29. Resource recovery facilities.** Applies to equipment used for processing solid or hazardous waste (after collection and before disposal) at a resource recovery facility. You must apply for and receive approval from the Department of Revenue.
- 30. Senior citizen groups.** Groups must limit membership to senior citizens age 55 or older, or under 55 but physically disabled. They *must* apply for and receive exempt status authorization from the Department of Revenue.
- 31. Ship repair or replacement parts and lubricants.** Repair or replacement parts and lubricants for ships and vessels engaged principally in interstate or foreign commerce.
- 32. Ski areas.** Items used or consumed primarily and directly for tramways at ski areas, or in snowmaking and snow-grooming operations at ski hills, ski slopes or ski trails. Includes machinery, equipment, water additives and electricity used in the production and maintenance of machine-made snow.
- 33. Solar energy system** means a set of devices whose primary purpose is to collect solar energy and convert and store it for useful purposes including heating and cooling buildings or other energy using processes, or to produce generated power by means of any combination of collecting, transferring, or converting solar-generated energy.
- 34. Taconite production items.** Mill liners, grinding rods and grinding balls used in taconite production if purchased by a company taxed under the in-lieu provisions of M.S. 298 if they are substantially consumed in the production of taconite. *Fact Sheet 147, Taconite and Iron Mining.*
- 35. Telecommunications, cable television and direct satellite equipment** used directly by a service provider primarily to provide those services for sale at retail. *Fact Sheet 119, Telecommunications, Cable Television, Direct Satellite and Related Services.* **This exemption was not in effect from July 1, 2013 through March 31, 2014.**
- 36. Textbooks** required for study to students who are regularly enrolled.
- 37. Tribal government construction contract.** Materials purchased on or off the reservation by tribal government or non-tribal government contractors and subcontractors for use in construction projects on the reservation when the tribe or a tribally owned entity is a party to the contract, and the contract is being undertaken for the purpose of the tribe's welfare. It does not extend to the purchase or lease of equipment or tools for use on the project.
- 38. TV commercials.** Covers TV commercials and tangible personal property primarily used or consumed in preproduction, production or post-production of a TV commercial. Includes rental equipment for preproduction and production activities only. (Equipment purchased for use in any of these activities is taxable.) *Fact Sheet 163, TV Commercials.*
- 39. Veteran organizations.** Limited exemption applies to purchases by veteran organizations and their auxiliaries if they are organized in Minnesota and exempt from federal income tax under IRC Section 501(c)(19); and the items are for charitable, civic, educational or nonprofit use (e.g. flags, equipment for youth sports teams, materials to make poppies given for donations).
- 40. Waste-management containers and compactors** purchased by a waste-management service provider to use in providing waste-management services that are subject to solid-waste management tax.
- 41. Wind energy systems.** Wind energy conversion systems and materials used to construct, install, repair or replace them.
- 42. Preexisting construction contracts and bids.** A contractor is allowed an exemption on certain services or items that become taxable effective July 1. The exemption is for the change in tax on those items or services if purchased during the transition period.
- For construction contracts, (1) the contractors must have documentation of a bona fide written lump-sum or fixed price construction contract in force before July 1; (2) the contract must not provide for allocation of future taxes; and (3) for each contract, the contractor must give the seller documentation of the contract on which an exemption is to be claimed. Deliveries must be made before January 1.

Certificate of Exemption

Form ST3 instructions and exemption descriptions (continued)

For construction bids, (1) the building materials or services must be used pursuant to an obligation of a bid or bids, the bid or bids must be submitted and accepted prior to July 1; (2) the bid or bids must not be able to be withdrawn, modified or changed without forfeiting a bond; and (3) for each qualifying bid, the contractor must give the seller documentation of a bid on which an exemption is to be claimed. Deliveries must be made before January 1.

43. Construction contracts. When a new local tax is enacted, a contractor is allowed exemption from the new local tax on building materials during the transition period. Contractors must have documentation of a lump-sum contract in force before the new tax begins and deliveries must be made within the specific transition period.

P. Percentage exemptions

- **Advertising materials:** Percentage exemptions may be claimed for advertising materials for use outside of Minnesota or local taxing area. Purchaser must enter exempt percentage on Form ST3. *Fact Sheet 133, Advertising - Creative Promotional Services.*
- **Utilities:** Exemption applies to percent of utilities used in agricultural or industrial production. General space heating and lighting is not included in the exemption. Purchaser must enter exempt percentage on Form ST3. *Fact Sheets 100, Agricultural Production; and 129, Utilities Used in Production.*

- **Electricity:** Exemption applies to percent of electricity used to operate enterprise information technology equipment, or used in office and meeting spaces, and other support facilities in support of enterprise information technology equipment. Purchaser must enter exempt percentage on Form ST3. *Revenue Notice 16-07: Sales Tax - Exemptions - Qualified Data Centers.*

Forms and information

Website: www.revenue.state.mn.us.

Email: SalesUse.Tax@state.mn.us

Phone: 651-296-6181 or 1-800-657-3777

Will you be protected from loss when the unexpected happens to your equipment?

Get protection now through the Equipment Protection Program for Northland Capital customers.



Save time and avoid financial loss.

Better Protection than many commercial insurance policies – It's easy and fast!

- Immediately fulfill the insurance requirement – no application and no delays
- Specifically designed to protect your equipment type
- No obligation – cancel at any time if you obtain your own insurance policy

► Please remember...
Insurance for your equipment is a requirement of your contract.



Equipment Protection Program Highlights

Quickly Fulfill the Insurance Requirement

Northland Capital's Equipment Protection Program is designed to help our customers quickly meet the physical damage insurance requirement of their contract. Instead of purchasing your own insurance, you can protect your equipment under our Program and rest easy knowing that it is very well protected.

Protection Against Unforeseen Perils

Provides protection for all physical loss and damage unless the cause of loss is specifically excluded. A partial list of covered losses includes:

Accidental Damage	Burglary	Hurricane and Tornado
Employee Theft*	Collapse	Lightning
Flood	Falling Objects	Transit
Power Surge	Fire and Smoke	Vandalism
Theft**	Hail	Wind

Perils in bold are often not covered in a standard business owner policy.

**No coverage for theft by a shareholder, director, owner or partner.*

***Theft by forced entry*

Responsive Claims Service — Equipment Repair or Replacement

Claims handling by experts helps minimize disruption to your business. The Program is designed to provide repair or replacement with substantially similar equipment or actual cash value for titled vehicles.

Deductible

There is no deductible on covered losses greater than \$100. There is a \$5,000 deductible on titled vehicles.

No Price Increases Due to Losses

The Program fee is fixed and will not increase as a result of a claim.

Mobile Equipment Coverage

Your equipment is covered at your job site, during transit, and at your business location.

Choose the easiest way to enroll
in the Equipment Protection Program

CALL: 800-247-5989

EMAIL: cs-seattle@gaig.com

Be sure to include the following:
Your business name
Your contract number
Best phone number to reach you

- You have the option to purchase your own insurance naming Northland Capital Financial Services, LLC and its Assigns as Loss Payee and Additional Insured as required in paragraph 11 of your contract.

The information in this document is general and should not be considered a complete description of the Northland Capital Equipment Protection Program. Refer to the Program Specifications document provided by the Insurance Center for a description of applicable terms and exclusions. Your company is not an insured, an additional insured, a loss payee or a third-party beneficiary under this policy and only Northland Capital's interest in the equipment is protected. The description of the Program is summarized. Enrollment in the Program fulfills the physical damage insurance requirement in your contract. A separate charge for the Program may be included on Northland Capital's invoice which includes the cost to acquire and maintain insurance on their interest in the leased or financed equipment plus an administration fee that may include a profit component payable to Northland Capital. You will be billed for the Program until you cancel your enrollment, which can be cancelled at any time if you purchase a property insurance policy that meets the insurance requirement and provide notice to Northland Capital.



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