

LEASE/PURCHASE AGREEMENT

This AGREEMENT, effective the 18<sup>th</sup> day of April, 2001 by and between

POTSDAM VOLUNTEER RESCUE SQUAD, INC. A Not for Profit Corporation, duly organized and existing under and by virtue of the laws of the State of New York, having a principal place of business at P.O. Box 700, Potsdam, New York, 13676, hereinafter referred to as "LESSOR"

AND

VILLAGE OF POTSDAM, a municipal corporation organized and existing under and by virtue of the laws of the State of New York and having its principal place of business at Park Street, Potsdam, New York 13676, hereinafter referred to as "LESSEE".

WITNESSETH:

DEFINITIONS

1. As used in this lease, the following words which are underlined in this Paragraph "1" shall have the following meanings.

1.1 Demised Premises - All those certain premises consisting of approximately 5,762 square feet of space situate on the first and second floor of the proposed Lessor facility situate on Elm Street in the Town and Village of Potsdam, County of St. Lawrence and State of New York, together with the right of use in common with Lessor of certain common areas within said building consisting of approximately 3,247 square feet and building mechanical area of 480 square feet. Attached hereto as Schedule "A" and made a part hereof are floor plans, prepared by Brooks Washburn AIA showing the specific area of the Demised Premises.

1.2 Term - The term of this Lease and any extension thereof, unless the context clearly indicates otherwise.

*Pyrella & Linden*  
Attorneys and Counsellors  
75 Market Street  
Post Office Box 5153  
Potsdam, New York 13676  
(515) 265-2747

2. Lessor hereby leases to Lessee, and Lessee hereby hires and takes from Lessor, the Demised Premises. The use and occupation by Lessee of the Demised Premises shall include the right of ingress and egress to and from the Demised Premises to and from any streets abutting the same, and to and from an adjacent parking lot owned by Lessee. Lessee's use and occupancy provided under this Paragraph "2" shall be subject to all easements, conditions, rights-of-way and restrictive covenants of record as of the date hereof and any easements and rights-of-way hereafter taken by the power of eminent domain or created by Lessor, affecting the REAL PROPERTY.

USE

3. Subject to and in accordance with all rules, regulations, laws, ordinances, statutes and requirements of all governmental authorities and the Board of Fire Underwriters and any similar bodies having jurisdiction thereof, Lessee shall use the exclusive portion of the Demised Premises for the primary purpose of housing its police department and the operation of such department's law enforcement activities and other municipal uses, and shall use the common area portions of the Demised Premises for ingress and egress purposes to the adjacent Civic Center owned by Lessee.

TERM

4. The initial TERM shall commence effective upon the Village's occupancy of the demised premises but the Village's financial obligations under this Lease/Purchase Agreement shall be effective upon execution hereof, and terminate, subject to the terms and conditions hereinafter set forth, on the maturity date of Lessor's Notes and/or Bonds with the Commercial Lender utilized by Lessor providing its long term, post-construction financing.

RENT

5.1 The Rent during Lessor's construction of its facility for the period commencing upon the execution hereof and ending upon the date of Closing of Lessor's long term financing with a commercial lender and the U.S. Department of Agriculture New York Rural Development, shall be payable, in monthly installments, equal to 39.68% percent of such sums Lessor is charged on a monthly basis for interest on its construction draws from its lender of short term construction financing. Such Rent shall be paid to Lessor on the first day of each and every month in arrears, commencing on the first day of the month subsequent to Closing of Lessor's construction financing, until Closing of Lessor's long term financing.

5.2 The Base Rent for the period commencing upon Lessor's Closing of its long term, post-construction, financing through the end of the initial term hereof shall be payable in monthly installments equal to the amount necessary to amortize over twenty (20) years, in monthly payments, the aggregate total of the following amounts and items at the interest rates charged Lessor by the Commercial Lender and the U.S. Department of Agriculture New York Rural Development being the aggregate rate of financing from both institutions utilized by Lessor, upon the closing of lessor's long term financing;

a. Fifty percent (50%) of Lessor's costs, incurred prior to Closing of Lessor's construction financing and 50% for item 15 below as indicated for the following.

1. Site acquisitions;
2. Environmental testing and audits;
3. Abstracting;
4. Title Insurance;
5. Surveying;
6. Attorney's fees (excluding any attorney fees directly related to the negotiations between the Village and the Squad that resulted in this

- Lease/Purchase Agreement or other agreement between the parties);
7. Real Estate taxes;
  8. Water Charges;
  9. Sewer Charges;
  10. Demolition costs;
  11. Architectural fees;
  12. Site preparation costs;
  13. Municipal Building Permit fees;
  14. All other costs directly attributable to the transfer of title to those premises described in Schedules 1.1, 1.2, 1.3 and 1.4 of that certain Agreement between the parties hereto dated April 21, 2001 and to which this lease is a schedule;
  15. Clerk of the works to be billed monthly by Lessor to Lessee.

b. Construction costs of the Demised Premises (excluding common areas) as determined by Brooks Washburn AIA on a square footage basis as of Closing.

c. Seventy percent (70%) of the construction costs of the common area portion of the Demised Premises as determined by Brooks Washburn AIA on a square footage basis as of Closing.

d. Thirty-nine and 68/100 percent (39.68%) of all contingency and architectural fees as paid or established by Brooks Washburn AIA, as of Closing, excluding those costs paid prior to Closing and delineated in Paragraph 5.2(a) hereof. For the purpose of this paragraph, contingency fees and costs shall include, but not be limited to, all fees and cost incident to Lender's requirements of Closing, all Attorney and consulting fees, title insurance, guarantee fee to the U.S. Department of Agriculture New York Rural Development and any other cost related to the construction of the facility.

Such rent shall be paid to Lessor, in advance, commencing on the date of Closing of Lessor's long term financing, and on the first day of each and every month thereafter during the remaining term hereof.

5.3 ADDITIONAL RENTS

a. In addition to the above required Rent, Lessee shall pay to Lessor, within thirty (30) days of Lessor demand, the following percentages of Lessor's cost in purchasing and installing specialized fixtures and equipment (to the extent such costs are not included in Paragraph 5.2(a) hereof:

1. One Hundred Percent (100%) of all security access control system for all doors situate within the Demised Premises (excluding common areas).
2. Fifty Percent (50%) of closed circuit security television monitors, cameras, cable and video installed within, or mounted to, the whole of Lessor's Facility.
3. Fifty Percent (50%) of all radio dispatch equipment consoles, recording systems and appurtenant apparatus, including towers, antenna, labor and materials.
4. Fifty Percent (50%) of shared telecommunications equipment, ½ telephone KSU systems (excluding telephones), coaxial and fiber cable and computer network apparatus excluding common areas.
5. One Hundred Percent (100%) of coaxial and fiber cable and computer network apparatus in the common areas.

b. In addition to the above required rents and payments, Lessee shall pay to Lessor the following items within fifteen (15) days of Lessor demand therefore and commencing upon Closing of Lessor's construction financing;

1. Fifty Percent (50%) of all services and utilities consumed and/or utilized in and upon the FACILITY, which are not otherwise separately metered or assessed to Lessee and paid for by Lessee, including but not limited to electricity, sewer, water, gas, fuels, and third party telecommunication services. Lessor and Lessee shall have an energy audit conducted on all systems. The results of the audit will be used to adjust the percentage or responsibility of this paragraph between the parties.

2. Fifty Percent (50%) of all maintenance and service contracts incident to equipment and systems used in common with Lessor or benefitting both parties (excepting such contracts for security systems equipment, door locks, closed circuit security, television system and radio consoles equipment and apparatus), including but not limited to HVAC systems, telephone systems, generator, and water systems.

3. Fifty Percent (50%) of maintenance and service contracts incident to radio systems, consoles, and related apparatus.

4. Thirty-nine and 68/100 Percent (39.68%) of the Capital improvement and replacement reserves required by the commercial lender or U.S. Department of Agriculture, New York Rural Development. Any withdrawal from the Capital improvement and/or replacement reserve accounts is subject to the approval by Lessor's commercial lender or U.S. Department of Agriculture, New York Rural Development.

5. The Village shall provide cleaning supplies, consumable paper goods and maintenance for the stairwells, main lobby and bathrooms. Any organization that uses the common meeting room of the Facility shall be required to pay a user fee for its use and a security deposit for cleaning both of which shall be billed to the organization by the Village. The

Village and the Squad shall meet and jointly determine a suitable user's fee and cleaning deposit.

6. Thirty-nine and 68/100 Percent (39.68%) of Lessor's insurance premiums for fire and casualty coverage on the Facility and Equipment, and General Liability coverage for such coverage as Lessor deems advisable and the Village shall be named as an additional insured upon the Lessor's policies.

6. LESSEE'S AFFIRMATIVE OBLIGATIONS: Lessee throughout the term hereof, and any extended terms, shall at its sole cost and expense, provide the following services:

1. Snow removal, lawn care, tree and shrub trimming;
2. Maintenance of the asphalt and walkways surrounding the Facility and situate upon Lessor's real property.
3. All janitorial and cleaning services of the Demised Premises and common areas as generally maintained excluding any private areas;
4. All garbage and refuse removal from the Demised Premises and common areas.

7. UTILITIES AND SERVICES Lessor shall maintain and provide to and for the benefit of the Demised Premises and common areas, heat, air conditioning, water, electricity (to the extent not separately metered or assessed), and built-in lighting fixtures and backup power supply.

8. NOTICES Any notices by Lessee to Lessor must be served by Certified Mail, Return Receipt Requested, addressed to the Lessor at the address first hereinabove given, or at such other address as the Lessor may designate by written notice. Any notices by the Lessor to the Lessee must be served by Certified Mail, Return Receipt Requested, addressed to the Lessee

at the address first hereinabove given, or at such other address as Lessee shall designate by written notice.

9. REAL PROPERTY TAXES The Lessor hereby covenants and agrees to pay all real property taxes and assessments upon the Facility. In the event Real Estate taxes are imposed on the Facility; Lessee shall pay, as additional Rent, its proportionate share of such assessments within fifteen (15) days of Lessor demand.

10. LESSEE FIRE INSURANCE Lessee agrees to secure adequate fire insurance coverage to provide coverage for any and all trade fixtures and equipment owned by Lessee and situate in the Demised Premises, fixed or otherwise, and shall name Lessor in the policy as the interests of the parties may appear.

11. LESSEE LIABILITY INSURANCE The Lessee hereby covenants and agrees to secure comprehensive general liability insurance coverage (Best - A Rated) in the aggregate amount of no less than Three Million Dollars and Zero Cent (\$3,000,000.00), covering the use and occupation of said Demised Premises by the Lessee, in the usual course of its activities upon the premises and with respect to personal injury, death or property damage and including contractual indemnity coverage. Lessee will furnish to the Lessor certificates of insurance coverage, as herein provided, within ten (10) days after the execution hereof naming the Lessor as an additional insured.

In the event that the Lessee shall fail to deliver to the Lessor certificates of such insurance, the Lessor may cause such insurance to be issued and bills for the premiums therefor shall be rendered by the Lessor to the Lessee at such times as Lessor may elect, and shall be due



from and payable by, the Lessee when rendered and the amount thereof shall be deemed to be, and paid as, additional Rent.

12. QUIET ENJOYMENT Lessor covenants and agrees with Lessee that upon Lessee paying the rent and observing and performing all the terms, covenants and conditions on Lessee's part to be observed and performed, Lessee may peaceably and quietly enjoy the premises hereby demised, subject, nevertheless, to the terms and conditions of this Lease.

13. REPAIRS AND ALTERATION AND MAINTENANCE All interior structural alterations or improvements, walls, ceilings, passageway doors, built-in electrical and plumbing fixtures, entry doors, standard electrical fixtures and floor coverings shall become the Lessor's property upon installation. All appliances, furniture, instruments, cabinets, wall hangings, picture frames, wall lamps, equipment, and all trade fixtures and other equipment procured by Lessee shall remain the property of the Lessee, and shall be removed by the Lessee at the conclusion of its tenancy. All damage or injury to the demised premises and to its fixtures, appurtenances and equipment caused by Lessee, its agents, employees or contractors or clients, shall be repaired by the Lessee, at its cost and expense.

The failure of the Lessee to remove its fixtures, or any of its property at the termination of the term of this Lease, shall be deemed abandonment of such property at the option of the Lessor.

The Lessee shall, at its sole expense, keep the interior of the Demised Premises and all its trade fixtures, equipment and plate glass therein, in good repair, order and condition making all repairs thereto as may be required or necessary.

Notwithstanding the foregoing, the Lessor during the term of this Lease or any renewal or extension thereof, shall at its sole expense promptly perform all structural repairs to the

premises required or necessary, including but not limited to, repairs to the common areas, structural supports, extension walls, bearing walls, beams and roof of the building, and shall promptly perform all necessary repairs of and maintenance to the water supply, electrical, heating and air conditioning systems.

14. LESSEE TO COMPLY WITH LAWS Lessee, at its sole expense, shall comply with all laws, orders and regulations of all federal, state, county and municipal authorities, and with any directions of any public officer or officers pursuant to Law, which shall impose any violation, order or duty upon Lessor or Lessee with respect to the demised premises or the use or occupation thereof. Lessee shall be responsible for the lawful disposal of all hazardous and/or biohazardous waste generated by Lessee, and shall dispose of same in acceptance with all applicable statutes, rules, regulations and codes of the New York State Department of Environmental Conservation, the Environmental Protection Agency, and any other authority or governmental entity having jurisdiction pertaining to such disposal.

15. ALTERATIONS IN ACCORDANCE WITH LAWS AND NO MECHANIC'S LIEN Lessee shall have no power to do any act or make any contract which may create or be the foundation for any lien upon the reversion of Lessor, the premises herein demised or the building or improvements of which said premises are a part.

16. SIGNS The Lessor shall provide and maintain an external sign as a directory, listing Lessee (among others) as an occupant. Lessor will allow Lessee to install internally suitable signs directing the public to Lessee's entrance, the design and location all of which shall be approved by Lessor.

17. DESTRUCTION OF PREMISES In case the premises shall be partially damaged by fire or other casualty, the Lessor may repair the damage with reasonable dispatch but in no event later than one hundred eighty (180) days after such fire or other casualty and pending such repairs, the Rent hereunder shall be proportionately reduced to reflect the amount and effect of damage. In case damage by fire or other casualty is so extensive as to render the premises untenable, the Rent shall cease and the Lessor, at its option, may terminate the Lease by giving the Lessee written Notice of such election within thirty (30) days of the date the fire or other casualty occurred, or repair and restore the premises as aforesaid within one hundred eighty (180) days with the full Rent beginning again at the completion of such repairs and restoration. The Lessee shall be terminable by either party upon the Lessor's failure to repair the premises within one hundred eighty (180) days of the date the fire or other casualty occurred.

18. CONDEMNATION If the whole or any part of the demised premises shall be acquired or condemned by Eminent Domain for any public or quasi public use of purpose, then and in that event the term of this Lease as to the part so taken, shall cease and terminate from the date of title vesting in such proceeding provided; however, that in the event of a partial taking, the Lessee shall pay the Rent herein reserved reduced proportionately to reflect the nature and amount of the taking; and provided further, that if in the reasonable judgment of the Lessee, the area remaining after such taking or conveyance will not be suitable for use as contemplated herein, the Lessee may cancel this Lease upon ten (10) days written Notice to the Lessor given no later than ten (10) days after such taking, and Rent will be due only to the date of such taking.

19. COMMON AREA RULES The common areas shall be subject to the joint control and management of Lessor and Lessee and they shall have the right to establish, modify,

change and enforce rules and regulations with regard to the common areas, and the parties agree to abide by and conform with such rules and regulations.

20. ASSIGNMENT AND SUBLETTING Lessee expressly covenants that it shall not assign, mortgage or encumber this Agreement, nor sublet or permit the use of the Demised Premises to or by any entity other than the Village of Potsdam Police Department and other municipal departments for the purposes herein stated during the term, without the prior written consent of Lessor in each instance. If this Lease be assigned, or if the demised premises, or any part thereof, be underlet or occupied by anybody other than the Lessee, Lessor may collect Rent from the assignee, undertenant or occupant, and apply the net amount collected to the Rent herein reserved but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant or the acceptance of the assignee, undertenant or occupant as Lessee, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained. Notwithstanding any assignment or sublease, Lessee shall remain fully liable on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

21. SUBORDINATION This Lease is subject and subordinate to all mortgages which may now or hereafter affect the real property of which Demised Premises are a part and to all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be necessary. However, Lessee shall execute promptly any certificate of subordination that Lessor may request.

22. INSOLVENCY If, at the date fixed as the commencement of the term of this Lease, or if at any time during the term hereby demised or any extensions or renewals thereof,

there shall be filed by or against the Lessee or Lessor in any Court pursuant to any statute either of the United States or of any state, a petition in bankruptcy or insolvency or for reorganization, or for the appointment of a receiver or trustee of all or a portion of that party's property, and within thirty (30) days thereof, Lessee or Lessor fails to secure a discharge thereof, this Lease, at the option of the Lessor or Lessee, exercised within a reasonable time after Notice of the happening of any one or more of such events, may be canceled and terminated, in which event the Lessee or Lessor, nor any person claiming through or under the Lessee or Lessor by virtue of any statute or of any order of any Court, shall be entitled to possession or to remain in possession of the demised premises but shall forthwith quit and surrender the premises.

23. STRICT PERFORMANCE The failure of any party of this Agreement to insist upon strict performance of any of the terms of the provisions of this Agreement shall not be construed as a waiver of any subsequent default of the same or similar nature.

24. LANDLORDS' REMEDIES UPON BREACH OR DEFAULT In the event of a default in the payment of Rent or additional Rent by Lessee, Lessor may terminate this Lease upon thirty (30) days' prior written Notice to Lessee provided, however, that such Notice shall not result in termination of this Lease if such default is completely cured within such thirty (30) day period.

In the event of a breach of any provision of this Lease other than the payment of Rent or additional Rent by Lessee, Lessor may terminate this Lease upon thirty (30) days prior written Notice to Lessee, provided, however, that with respect to the first breach only, such notice shall not result in termination of this Lease if such breach is completely cured within such thirty (30) day period.

On the termination or cancellation of this Lease by the Lessor, the Lessor at any time thereafter shall have the right, at its election, either with or without process of law, to enter upon the premises and take possession of the same, remove any equipment and other personal property situated thereon, including the right to use such force as may be necessary to effectuate the actual possession thereof in Lessor, and such entry shall not be regarded as a trespass or in any way as unlawful or be sued for as such. If Lessor takes possession of the premises, it shall make reasonable efforts to promptly relet the premises. In the event Lessor relets the premises, it shall be entitled to hold the Lessee liable for the difference between the net Rent received from reletting by the Lessor due for the same period under this Lease and all option periods, if applicable. Net Rent shall be determined by deducting from the Rent received by reason of reletting, Landlord's expenses for repairs to the premises and all expenses incurred in reletting the premises.

A party also may sue for and recover all damages (including expenses and legal fees) accrued or accruing under this Lease or arising out of any violation thereof, and that party may so sue and recover without terminating this Lease. These enumerated remedies are cumulative, concurrent and in addition to any other remedies either party may have at Law or at equity or pursuant to this Lease, and the pursuit of any one shall not amount to an election or bar the pursuit of any other remedies, whether or not enumerated herein. Termination of this Lease shall not affect or abridge the rights and obligations of the parties accruing prior to termination.

25. REMODELING AND IMPROVEMENTS Lessee may, at its own expense, during the term of this Lease, make such alterations in and to the Lease Demised Premises, as may be necessary to fit the same for its purposes, upon first obtaining the written approval of

Lessor as to the materials to be used and the manner of making such alterations and/or additions. Lessor covenants not to unreasonably withhold approval of alterations and/or additions proposed to be made by Lessee. Lessee may also, at its own expense, install such counters, racks, shelving, fixtures, fittings, machinery, and equipment upon or within the Demised Premises as Lessee may consider necessary to the conduct of the activities authorized to be conducted within the Demised Premises.

26. HOLD HARMLESS AND INDEMNIFICATION The Lessee shall hold harmless, defend and indemnify Lessor from and against any and all claims, actions, damages, liability and expense for anything and everything whatsoever arising from or out of the use or occupancy by Lessee, or its employees, clients, contractors, guests, or invitees, and the public of the Demised Premises or any part thereof, or occasioned by any act or omission of Lessee, its employees, agents, contractors, and invitees.

The Lessor shall not be responsible for any loss of or damage to property, or injury to persons, occurring in or about the demised premises, by reason of any existing or future condition, defect, matter or thing in said Demised Premises or the property of which the premises are a part, or for the acts, omissions or negligence of other persons, entities or tenants in and about the Facility.

27. INDEPENDENT CONTRACTOR It is mutually understood and agreed that the parties hereto are not to be deemed, for whatever purpose, the employee, agent, partner, joint venturer or servant of the other, but that each of the parties hereto are separate and distinct, holding the status of independent contractors of and to the other.

28. ENTIRE AGREEMENT This Agreement sets forth the entire understanding of the parties and it shall not be changed or terminated orally.

29. MODIFICATION This Agreement shall not be modified unless in writing and signed by all the parties hereto in the same manner as this Agreement is hereby executed.

30. BINDING EFFECT The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Lessor and Lessee and their respective successors and, except as otherwise provided in this Lease, their assigns.

31. GOVERNING LAW This Agreement shall be deemed to be made in the State of New York and shall be governed by the Laws of the State of New York.

32. PURCHASE The Lessee shall be entitled to a Bargain and Sale Deed for its percentage of Lessor's Facility upon the earlier of the Lessee's completion of its payment of its proportionate share of the costs of the Lessor's Facility or the Lessor's payment of the outstanding mortgages on the facility. The Lessee has the option of prepaying its share of the construction costs prior to the payment of the outstanding mortgages. Any conveyance by Lessor to Lessee pursuant to this paragraph prior to the completion of the payment of all outstanding mortgages shall be subject to said mortgages.

The Lessee agrees with the Lessor to enter into an agreement covering Lessee's obligation of its proportionate share of operating this shared facility. The percentages contained in this Lease shall be the Lessee's obligation upon receiving a deed to its proportionate share of the facility.

IN WITNESS WHEREOF, the Lessor and Lessee have respectively signed this Lease as of the date and year first above written.



LESSOR:

POTSDAM VOLUNTEER RESCUE SQUAD, INC.

BY: [Signature]

LESSEE:

VILLAGE OF POTSDAM

BY: Ruth G. Garner

STATE OF NEW YORK )  
 )SS:  
COUNTY OF ST. LAWRENCE )

On this 21<sup>ST</sup> day of APRIL, in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared RODERICK C. COTA, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

KATHRYN L. DENNIS  
Notary Public in the State of New York  
County of St. Lawrence  
My Commission Expires May 30, 2002  
Commission #01DE6042680

Kathryn L. Dennis  
NOTARY PUBLIC

STATE OF NEW YORK )  
 )SS:  
COUNTY OF ST. LAWRENCE )

On this 18 day of April, in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Ruth E. Garner, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Margaret Robinson  
NOTARY PUBLIC

MARGARET ROBINSON  
Notary Public, State of New York  
No. 8604425  
Qualified in St. Lawrence County  
My Commission Expires 5/31/2002