

Finance & Administration Committee Meeting
November 19, 2019
4:00 p.m.

- 1. Biomass Lease Agreement Update – Attorney Rachel Witherington**
- 2. Police Facility/USDA Grant Discussion – Police Chief Larry Lindsey & Walt Downing**
- 3. Events/Facilities Usage Application Discussion – Special Events Committee Members**

LEASE AGREEMENT

THIS LEASE (Lease) is hereby made and entered into this _____ day of _____, 2019, between City of Covington, a Tennessee municipality (Landlord), hereinafter referred to as "City," and Volunteer Environmental Services, LLC (a Tennessee limited liability corporation), a subsidiary of Renewable Energy Solutions (a Nevada limited liability corporation) hereinafter referred to "VES."

WITNESSETH:

1. **PREMISES, TERM, and RENT.** "City" leases to "VES", and "VES" leases from "City", the space outlined in black on Exhibit A attached hereto (the Premises) known as the Biomass Gasification Plant, hereinafter referred to as "Premises" and located at 298 Witherington Drive in Covington, Tennessee (the Plant). The term of this Lease shall be for a period of thirty (30) years beginning on _____, 2019 and expiring on **June 30, 2037**, at a monthly rental payment pursuant to the attached Exhibit B titled "Payment Schedule," which rental "VES" covenants to pay as and when due. All monthly rental shall be paid on or before the twentieth (20th) day of each month, without demand, to "City" at the address set forth hereafter, and shall be considered "late" if not paid by the last day of each month (if the 20th day of the month or the last day of the month should fall on a weekend or holiday, then the applicable date shall be the first following business day). Late rental payments shall bear interest from the last day of the month until paid at the maximum legal contract rate allowed by law.

- a. **Access:** As outlined on the attached Exhibit A, the "City" agrees that "VES" shall have access to the Premises at all times via the paved driveway, also outlined in black on Exhibit A, from Witherington Drive, across real property owned by the "City," to the Premises.
- b. **Exhibit B:** Payment Schedule sets forth the monthly rental payments due from "VES" which are the exact amounts of principal due a payable by the "City" on the municipal bond.
- c. Also included in the monthly rental payment shall be the interest and fees charged each month on the debt, which the "City" is invoiced for payment by Bank of New York Mellon Corporate Trust each month. When the invoice for interest and fees is received each month the "City" shall pay the invoice and forward the same along with proof of payment to "VES." Upon receipt of the invoice and proof of payment of the same by the "City," "VES" shall reimburse the "City" for the exact amount within thirty (30) days of receipt.
- d. "VES" shall be responsible for the payment of all bills and/or assessments for electrical, natural gas, telephone, water and sewer and other utilities serving the Premises. To the extent that "City" shall be billed for any such services by the provider thereof, "VES" shall reimburse "City" for the amount thereof within fifteen (15) days of its receipt of a statement from "City" with respect thereto. If

the amount due as shown on such statement is not paid when due, it shall thereafter bear interest at the maximum legal contract rate until paid.

- e. "VES" shall ensure that all utility accounts are transferred into its name.
2. **RENEWAL TERM(S).** Provided "VES" is not then in default hereunder, "VES" may at its option renew this Lease for two (2) successive ten (10) year periods, with the first of such periods commencing on July 1, 2037 respectively upon all terms, conditions and obligations set forth herein except as otherwise provided in Section 4 hereof. "VES" shall provide "City" with written notice at least ninety (90) days before the expiration of the original term of this Lease and the first and second renewal terms respectively if it desires to exercise any of said options.
 - a. During each renewal term, "VES" shall pay monthly rentals broken down into equal installments, with each monthly installment to be paid in advance on or before the last day of each month.
 3. **MAINTENANCE AND REPAIRS.** "VES," at their sole cost and expense, will keep the Premises, including without limitation, all fixtures, furnishings, equipment, fences, and the Biomass Gasification System in a safe and sanitary condition, and clean and in as good repair as the same are at the commencement of this term or may be put in during the continuance thereof, reasonable wear and tear and damage by fire or other casualty excepted. Prior to "VES" taking possession and control of the Premises, David Gray, Director of Public Works for the "City" shall provide a written statement to "VES" on the current status and condition of the Premises, including but not limited to all fixtures, furnishings, equipment, fences, and the Biomass Gasification System. "VES" shall, at its option, procure its own janitorial and security alarm services.
 - a. Subject to Section 3.b. below, in the event "VES" fails to comply with the requirements of this Section 3, "City" may perform such maintenance and repair, and the actual cost thereof shall be payable by "VES" to "City" within ten (10) days of demand therefor.
 - b. If there is no threat of immediate danger or harm to person or property with respect to the "Premises" then prior to "City" exercising its right pursuant to this Section to perform repairs or maintenance on behalf of "VES," "City" shall provide "VES" twenty (20) days written notice of "VES's" failure to comply with the maintenance and repair obligations set forth herein. If "VES" cures said default within said twenty (20) day period or if said default cannot be cured within a twenty (20) days period and "VES" commences to cure the default within said period and diligently pursues said cure to completion, then "VES" shall not be deemed to be in default for purposes of declaring this Lease in default hereunder and "City" shall have no right to commence or be reimbursed for any repairs and maintenance which were the obligation of "VES."

- c. Prior to turning the Premises over to “VES” the “City” shall document the condition of all fixtures, furnishings, equipment, fences and the Biomass Gasification System to a reasonable degree. Said documentation shall include any known defects or damage. Said documentation shall be provided to “VES” prior to their occupation of the Premises, and upon their occupation “VES” shall examine all fixtures, furnishings, equipment, fences and the Biomass Gasification System in light of the “City’s” documentation and notify the “City” in writing of any areas of disagreement in regard to the condition of the same. If “VES” inspects all fixtures, furnishings, equipment, fences and the Biomass Gasification System and finds no discrepancies with the documentation of the “City” then “VES” shall notify the “City” in writing they find no discrepancies.
- d. Prior to taking possession of the Premises “VES” shall perform or cause to be performed a complete engineering analysis and in-depth inspection of the gasification system, all its coordinating systems, and the Premises to determine if there are any changes, modifications, alterations or repairs that are necessary and required for the system to return to full operation and to determine if there is any current ground contamination on the Premises. A copy of any report or results stemming from the complete engineering analysis shall be provided to the City of Covington directly from the person or entity that performs the analysis.
 - i. In the event any ground contamination is discovered by said engineering analysis “VES” shall not be liable for the same, and the “City” and the former tenant of the Premises “Aeries Energy” shall be solely responsible for the costs of decontamination.

4. RIGHT OF ENTRY.

- a. “City” or its agents or representatives may at reasonable times and on reasonable notice to “VES” enter the Premises to inspect it and, provided: (i) “VES’s” occupancy and operation of the Biomass Gasification System is not interfered with; (ii) the number of representatives allowed shall be subject to “VES’s” reasonable prior approval; and (iii) such entry shall be under “VES’s” supervision and direction. If “City” wishes to exercise its right of entry it shall give “VES” three (3) days written notice of the date on which it wishes to do so.
- b. Prior to the “City” exercising its right to enter the Premises it shall execute a confidentiality agreement that is binding on its agents, representatives, employees and other officials. Said confidentiality agreement shall be attached to this lease agreement as an exhibit.

- 5. RENOVATIONS AND ALTERATIONS OF PREMISES.** “City” shall have no obligation to make any structural or other alternations, additions or improvements to the “Premises” or to the Biomass Gasification System. Subject to the condition that “VES”

shall allow no lien to be placed against the Premises [or the Biomass Gasification System], "VES" shall have the right, at its sole cost and expense, to renovate, alter and use the Premises in connection with its business and to make related improvements so long as said renovations, alterations and/or use complies with the following further conditions.

- a. "VES" will notify City in advance of any permanent alterations, additions and improvements made to or upon the Premises which cost in excess of \$10,000. Such items shall be deemed to be part of the Premises and shall become the property of "City" upon the expiration or termination of this Lease, unless "VES" exercises their option to purchase the Biomass Gasification System pursuant to Section 23 herein below. All other alterations, improvements and trade fixtures, machinery and equipment that are installed by "VES" and removable without materially injuring the Premises shall remain the property of "VES".
- b. All such alterations, additions, repairs, replacements and/or improvements made to or upon the Premises shall comply with all present and future federal, state and local governmental laws and regulations. Any lack of objection by "City" of any plans or specifications for material and/or permanent renovations or alterations by "VES" shall not be construed to warrant that such plans or specifications comply with any governmental laws or regulations.
- c. All such alternations, additions, repairs, replacements and/or improvements made to or upon the Premises shall comply with the terms and conditions of any permit issued to "VES" by the Tennessee Department of Environment and Conservation, Environmental Protection Agency or any other governmental agency.
- d. "VES" agrees to hold the "City" harmless from any cost, expense, fine or other liability that may be imposed or assessed against "VES" in connection with "VES's" non-compliance with any such law or regulation as mentioned hereinabove.
- e. Nothing in this section shall require the "City" to reimburse "VES" or purchase equipment from "VES" that the City previously purchased in connection with their operation of the Biomass Gasification System.

f.

6. **DAMAGE OR DESTRUCTION.** If the Premises should be damaged or destroyed by fire or other casualty so as to cause a material alteration in the character of the Premises and to prevent "VES" from using it in substantially the manner theretofore used, either "City" or "VES" may terminate this Lease upon giving notice to the other within thirty (30) days after the casualty occurs.

- a. If the Premises are materially damaged by fire or other casualty and neither party elects to terminate this Lease, or if the Premises should be damaged by fire or other casualty and still be fit for "VES's" continued use in substantially the same

manner as theretofore used, then this Lease shall continue in effect and the Premises shall be restored by "VES".

7. **SURRENDER OF PREMISES.** At the expiration of the term of this Lease, "VES" shall, within thirty (30) days, peaceably yield up to "City" the Premises and all erections and additions made thereto except as hereinbefore provided, in good repair in all respects, reasonable use, wear and tear and damage by fire or other casualty excepted.
8. **HOLDING OVER.** Should "VES" hold over the term hereby created with the consent of "City", "VES" shall become a tenant from month to month and shall continue paying rent at the monthly rental rate then payable hereunder and otherwise upon the covenants and conditions in this Lease contained, and shall continue to be such "VES" until thirty (30) days after either party serves upon the other notice of intention to terminate such monthly tenancy.
9. **USE OF PREMISES.** The Premises shall be used only for operation of the Biomass Gasification System and related purposes for which "VES" has obtained appropriate permits and approval from the Tennessee Department of Environment and Conservation. "VES" shall not at any time use or occupy the Premises in violation of restrictions or laws, ordinances or regulations of any government or agency having jurisdiction, or in violation of "City's" insurance contract(s), or in a manner creating a nuisance.

10. INSURANCE.

(a) Each insurance policy to be obtained under this section by "VES" shall be issued by a company licensed to conduct business in the State of Tennessee, and name the City of Covington as an additional insured with all the rights and privileges provided by that status, including, ten (10) days prior written notice of any proposed action or change in the policy.

1. The mechanical equipment and real property included in the lease of said premises shall be the sole responsibility of "VES" and insurance shall be maintained at all times to protect said property from loss by insurable perils. Special Form property insurance or appropriate Inland Marine or Boiler & Machinery forms acceptable to the "City" shall be used, with a deductible of no more than \$10,000 per occurrence. Insurance limit shall be the full replacement cost of the equipment and shall be secured with an insurance company licensed to do business in the State of Tennessee and shall have a rating of no less than A X by AM Best Rating service. Insurance shall name "City" as Loss Payee and proof of said coverage shall be delivered to the "City" no less than 30 days in advance of renewal of said coverage each year. All property of any kind that may at the time be used, left or placed on the

Premises during the term of this Lease shall be at the sole risk of the "VES". "VES" shall carry contents coverage insurance on its contents.

2. To the extent not covered by insurance, "VES" will save, indemnify and hold "City" free and harmless from any and all liability or any injury, loss or damage to person or property arising out of any cause associated with its business or use of the Premises, including its omission to act.
3. "VES" shall procure and maintain throughout the term of this lease, at their own expense, public liability insurance against claims for bodily injury, death or property damage occurring in, on or about the Premises naming "City" as additional insured to protect "City" from loss customarily covered by such insurance in at least the following amount:

\$5,000,000.00 Combined Single Limit. Limits required may be attained by a combination of primary and excess, or umbrella, policies.

4. The policy or policies shall contain the provision that they may not be cancelled without first giving the "City" no less than fifteen (15) days prior written notice.
5. It shall be the sole responsibility of "VES" to insure and keep insured, at "VES's" sole expense all personal property which is owned by "VES", or any other authorized occupant of the Premises, and which is placed or stored in the Premises or elsewhere on the property of which they are a part; and it is expressly understood and agreed that the "City" shall have no responsibility to effect such insurance.
6. "VES" shall purchase Pollution Legal Liability (Environmental Impairment Liability) Insurance that applies specifically to the Premises with limits of no less than \$5,000,000 per occurrence and with a company licensed to do business in the State of Tennessee and shall have a rating of no less than A X by AM Best Rating service. The "City" shall be named as an Additional Insured on said policy. Coverage shall include, but not be limited to, 1) cleanup and testing on and offsite, 2) Bodily injury and property damage on and off site, 3) gradual damages as well as sudden and accidental, 4) transit pollution for 1st and 3rd parties, 5) Non-Owned disposal sites, and 6) natural resource damages. Said policy, if written on a claims made form, shall have a provision to provide a five (5) year Extended Reporting Provision which "VES" agrees to purchase should the lease be terminated in advance of the terms set forth herein.
7. Certificate of Insurance for all required policies shall be delivered to "city" 30 days in advance of renewal each year.

(b) To the extent not covered by insurance, "City" will save, indemnify and hold "VES" free and harmless from any and all liability or any injury, loss or damage to person or property arising out of any act or omission by the "City", its employees or representatives.

(c) To the extent not covered by insurance, VES will save, indemnify and hold the "City" harmless from any and all liability or any injury, loss or damage to person or property arising out of any act or omission by "VES," its employees, contractors, agents, invitees or representatives.

11. **BANKRUPTCY.** The following shall be Events of Bankruptcy under this Lease: (a) "VES" becoming insolvent, as that term is defined in Title 11 of the United States Code (the Bankruptcy Code); (b) the appointment of a receiver or custodian for any or all "VES's" property or assets; (c) "VES's" filing or consenting to a petition under the provisions of the Bankruptcy Code; (d) the filing of a petition against "VES" as the subject debtor under the Bankruptcy Code which is not consented to by such subject

12. **QUIET ENJOYMENT.** As long as "VES" is not in default hereunder, "City" covenants that "VES" shall peaceably hold and enjoy the Premises, subject to the terms of this Lease, specifically section four (4). All entrances, exits, approaches and means of entrance and approach, ingress and egress and all access to light and air now enjoyed by the Premises, shall be and remain intact and uninterrupted by any act of "City" during the term of this Lease.

13. **ASSIGNMENT AND SUBLEASING.** "VES" may not assign or encumber this Lease or sublet the Premises, either in whole or in part, without the prior written consent of "City", which consent may not be unreasonably withheld. Consent to one assignment or subletting shall not be deemed a consent to any other. In the event of any assignment or subletting, "VES" shall remain fully responsible under this Lease.

14. **ATTORNEY'S FEES.** In the event it becomes necessary for either party to seek the services of an attorney to enforce compliance with any of the covenants or agreements herein contained by instituting litigation or other legal process, then the non-prevailing party in such proceeding shall be liable for reasonable attorney's fees, costs and expenses incurred by the prevailing party.

15. **NOTICE.** Any notices required to be sent hereunder shall be hand delivered or sent by certified mail to the following addresses:

“City”: Mayor Justin Hanson
200 W. Washington Ave.
Covington, TN 38019
jhanson@covingtontn.com

“VES”: Mr. Lloyd Lipman, Chairman
Volunteer Environmental Services, LLC,
a subsidiary of Renewable Energy Solutions, LLC
1811 26 Avenue
Gulfport, Mississippi 39501
tiburoninc@aol.com

16. DEFAULT. Each of the following events shall constitute a default or breach of this Lease by “VES”:

- a. If “VES” shall fail to pay “City” any rent when due within **thirty (30)** days after “City” notifies “VES” in writing that it is unpaid.
- b. If “VES” shall fail to perform or comply with any of the other condition, term or agreement in this Lease as set forth herein within forty-five (45) days after notice by “City” to “VES” specifying the condition to be performed or complied with; or if the performance cannot be reasonably had within the forty-five (45) day period, “VES” shall in good faith have commenced performance within the forty-five (45) day period and shall diligently proceed to completion of performance.
- c. An event of Bankruptcy occurs as specified in Section 11 with respect to “VES.”
- d. In the event of any default hereunder, and “VES’s” failure to cure as provided herein, “City”, at any time thereafter, may terminate the Lease at its option and/or re-enter the Premises and expel, remove and put out “VES” or any person or persons occupying the Premises and remove all personal property therefrom as allowed by law. The City may also recover from “VES” any rents or other sums due and payable at the time of termination, together with reasonable attorney fees and costs of litigation, but it shall not have the right to seek or collect any future or accelerated rentals or damages calculated with reference to same.
- e. All actions taken by “City” pursuant to this Section shall be without prejudice to any other remedies that otherwise might be used for collection of rents or for the preceding breach of covenant or conditions or for default.
- f. Subject to Section 3 above, “City” may elect, but shall not be obligated, to comply with any condition, term or agreement required hereby to be performed by “VES”, and “City” shall have the right to enter the Premises for the purpose of correcting or remedying any such default and to remain until the default has been corrected or remedied, but any expenditure for such correction by “City” shall not be deemed to waive or release the default of “VES” or the right of “City” to take any action as may be otherwise permissible hereunder in the case of any default.

17. NO WAIVER. The subsequent acceptance of rent hereunder by “City” shall not be deemed a waiver of any preceding breach of any obligation hereunder by “VES” other than the failure to pay the particular rental so accepted, and the waiver of any breach of

any covenant or condition by "City" shall not constitute a waiver of any other breach regardless of knowledge thereof.

18. WAIVER OF SUBROGATION. "City" and "VES" hereby waive all rights of recovery and causes for action that either has or may have or that may arise hereafter against the other, whether caused by negligence, intentional misconduct, or otherwise, for any damage to premises, property or business caused by any perils covered by fire and extended coverage, building, contents and business interruption insurance, or for which either party may be reimbursed as a result of insurance coverage affecting any loss suffered by it; provided, however, that the foregoing waivers shall apply only to the extent of any recovery made by the parties hereto under any policy of insurance now or hereafter issued, and further provided that the foregoing waivers shall be ineffective if they invalidate any policy of insurance of the parties hereto, now or hereafter issued. "City" and "VES" will use their best efforts to have their respective insurance companies waive their rights of subrogation as contemplated herein.

19. SIGNS AND PUBLICITY. "VES" shall have the right to erect or affix signs on or about the Premises and shall remove said signs upon the termination of this Lease at their expense, it being agreed that "VES" shall repair any damage to the Premises caused by the removal of said signs.

20. HAZARDOUS SUBSTANCES AND PERMITTING. The term hazardous substances, as used in this Lease, shall mean pollutants, contaminants, toxic or hazardous wastes or any other substances the use and/or the removal of which is restricted, prohibited or penalized by any environmental law, which term shall mean any federal, state or local law, ordinance or other statute of a governmental authority relating to pollution or protection of the environment. In addition to the foregoing description of hazardous substances, hazardous substances shall specifically include those substances and wastes identified as "hazardous" pursuant to Rule 0400-12-01-.02 promulgated by the Tennessee Department of Environment and Conservation Hazardous Waste Management pursuant to the Hazardous Waste Management Act found in T.C.A. § 68-212-101 et seq. "VES" hereby agrees:

- a. That no activity will be conducted on the Premises that will produce any hazardous substance, except for such activities that are part of the ordinary course of "VES's" business activities and those which "VES" has obtained the necessary permits to conduct such business activities, provided said permitted activities are conducted in accordance with all environmental laws of the State of Tennessee and United States of America;
- b. The Premises will not be used in any manner for the storage of any hazardous substances except for the temporary storage of such materials that are used in the ordinary course of "VES's" business provided such materials are properly stored in a manner and location meeting all environmental laws and applicable permit requirements or restrictions;
- c. In the event that any hazardous substance(s) or contaminated waste are spilled, leaked or otherwise contaminate the Premises or any part thereof "VES" shall, at

their sole expense, cause said contamination to be removed and disposed of according to law. Further, "VES" shall, at their sole expense, reclaim the Premises or any portion thereof that suffered said contamination.

- d. **PERFORMANCE BOND.** In the event that the Tennessee Department of Environment and Conversation does not require a corporate Performance Bond as a condition of issuing any required or necessary permits for the activities "VES" plans to conduct upon the Premises, then the "City" will require a corporate Performance Bond as a condition of this Agreement. Upon the commencement of the term of this Agreement, "VES" shall deliver to the "City," and shall maintain in effect at all times during the term of this Agreement, including a period of one (1) year after expiration (or earlier termination of the letting of the Premises hereunder) of said Agreement, a valid corporate Performance Bond, or an irrevocable Letter of Credit, in an amount equal to the estimated gross revenue of the facility based upon the volume of waste disposed of at the facility for the proceeding year, but not less than \$1,000,000, payable without condition to the City of Covington, Tennessee, with surety acceptable to and approved by the "City," which bond or irrevocable letter of credit shall guarantee to the City full and faithful performance of all of the terms and provisions of this Agreement to be performed by "VES," which shall include the payments of rent, and as said Agreement may be amended, supplemented or extended. Notwithstanding the foregoing, if at any time during the term hereof, the "City" deems the amount of the surety insufficient to properly protect the City from loss hereunder because "VES" is or has been in arrears with respect to such obligations or because "VES" has, in the opinion of the "City," violated other terms of this Agreement, "VES" agrees that it will, after receipt of notice, increase the surety to an amount required by the "City."
- e. "VES" shall be responsible for transferring any regulatory permit currently in the name of the former lessee of the Premises or the "City," into their name during the term of this lease and any subsequent term or renewal. A copy of said permit shall be provided to the "City";
- f. "VES" shall be responsible for obtaining any required permits not currently held by the "City" or the former lessee of the Premises and paying any fees and providing any testing required by any governmental agency in connection with the operation of the Biomass Gasification System. Any additional permits obtained by "VES" a copy of the same shall be provided to the "City";
- g. "VES" will cooperate with the City on any NPDES permit issues that arise but obtaining any permit or other solution is the City's sole responsibility and at the City's sole cost. However, in the event that alternative cooling methods for the Biomass Gasification System are required in order for the "City" to obtain a NPDES permit for the Waste Water Treatment Plant, and the "City" elects not to expend additional funds to obtain an alternative cooling method for the Biomass Gasification System then the "City" shall have the option to terminate this lease agreement upon ninety (90) days written notice to "VES."
- h. In order to facilitate better effluent temperature monitoring "VES" shall connect the temperature probe located near the outlet of the Chlorine Contact Chamber of the Biomass Gasification System to the local SCADA system and program the system software to record and archive the temperature at the fastest update time

that is practically possible given the limits of the SCADA system's software and archival storage capacity.

21. **"VES'S" OPTION TO PURCHASE –TERMS OF SALE.** At the end of the initial term or any option term of this Lease, "VES", upon giving not less than thirty (30) days' prior notice in writing to "City", shall have the right to offer to purchase the Biomass Gasification System and the immediately surrounding property and appurtenances necessary for the ordinary operation of the system. The City shall accept or reject "VES's" offer within a reasonable time, not to exceed 30 days, following its receipt thereof. If the City accepts "VES's" offer, then (i) the purchase price shall be paid at closing, which shall take place within thirty (30) days the offer of purchase and sale price being approved by the City of Covington Board of Mayor and Aldermen; (ii) "VES" shall take title subject to the following exceptions: taxes for the then current tax year, but "VES" shall not be obligated to take title subject to any other lien or other encumbrance; (iii) adjustment and prorations for taxes, utility charges and insurance premiums are to be made as of the date of closing; (iv) the deed shall be a general warranty deed conveying marketable and insurable fee simple title to the Premises, subject only to the exceptions hereinabove referred to; (v) "City" shall furnish "VES" an ALTA owner's title insurance policy insuring title subject only to the foregoing exceptions and to such other exceptions and "VES" may waive in writing; and (vi) "City" will pay all customary closing costs except that "VES" shall be responsible for recording costs and transfer taxes and its own attorney's fees.
22. **GENERAL PROVISIONS.** This lease may not be altered or amended, except by an instrument in writing signed by both "City" and "VES". This lease shall be governed, construed and enforced in accordance with the laws of the State of Tennessee. Time is of the essence with respect to the obligations and responsibilities hereunder created for both the "City" and "VES."
23. **ENTIRE AGREEMENT.** The entire understanding between the parties is set out in this Lease, this Lease supersedes and voids all prior proposals, letters and agreements, oral or written, and no modification or alteration of this Lease shall be effective unless evidenced by an instrument in writing signed by both parties. This Lease shall be interpreted and construed in accordance with the laws of the State of Tennessee.
24. **SUCCESSORS AND ASSIGNS.** All the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.
25. **MEMORANDUM LEASE.** This Lease shall not be recorded, but upon the request of either party, a short form Lease will be executed and recorded.
26. **CAPTIONS.** The headings and captions contained in this Lease are for reference purposes only and shall not limit or extend the meaning or terms of any paragraph or section contained herein.

27. **SEVERABILITY.** The provisions of this Lease are severable in that should any provision be held to be illegal, invalid or unenforceable by a court of competent jurisdiction, the legality, validity and enforceability of the other provisions herein shall not be affected, but they shall remain in full force and effect.
28. **CHOICE OF LAW.** This Lease shall be governed by the laws of the State of Tennessee, and any litigation regarding this Lease or any provisions thereof shall be brought in the courts of Tipton County, Tennessee.
29. **CONTINGENCY OF AGREEMENT.** The entirety of this Lease Agreement is wholly dependent on “VES’s” ability to acquire and maintain the appropriate and necessary environmental and other permits from the relevant local, state and federal regulatory authorities. No provision of this Agreement shall be applicable or enforceable until such time that “VES” obtains said permits and notifies the “City” of the same. The “City” agrees to participate in the permitting process as necessary or requested by “VES.”

IN WITNESS WHEREOF, the parties hereto have set their respective hands or caused this instrument to be duly executed on the day and date first above written.

City of Covington, Tennessee:

By: Justin M. Hanson, Mayor

By: Tina Dunn, Recorder/Treasurer

**Volunteer Environmental Services, LLC,
a Subsidiary of Renewable Energy
Solutions, LLC:**

By: Lloyd Lipman, Chairman

STATE OF TENNESSEE

COUNTY OF TIPTON

On this _____ day of _____, 2019, before me a Notary Public in and for said State and County, personally appeared Justin M. Hanson, Mayor of the City of Covington, Tennessee and Tina Dunn, Recorder-Treasurer for the City of Covington, Tennessee to me known to be the persons described in and who executed the foregoing agreement, and acknowledged that they executed the same as their free act and deed.

WITNESS my hand and seal of office on the day and year aforesaid.

NOTARY PUBLIC

My Commission Expires:

STATE OF _____

COUNTY OF _____

On this _____ day of _____, 2019, before me a Notary Public in and for said State and County, personally Lloyd Lipman, Chairman of Volunteer Environmental Services, a subsidiary of Renewable Energy Solutions, to me known to be the person described in and who executed the foregoing agreement, and acknowledged that he executed the same as his free act and deed, and that he has the authority to enter into legal agreements and bind Volunteer Environmental Services.

WITNESS my hand and seal of office on the day and year aforesaid.

NOTARY PUBLIC

My Commission Expires:

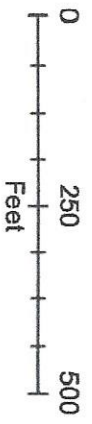
EXHIBIT A: Biomass Gasification Premises



TIPTON COUNTY, TENNESSEE



DISCLAIMER: THIS MAP IS FOR PROPERTY TAX ASSESSMENT PURPOSES ONLY. IT WAS CONSTRUCTED FROM PROPERTY INFORMATION RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS AND IS NOT CONCLUSIVE AS TO LOCATION OF PROPERTY OR LEGAL OWNERSHIP.
MAP DATE: November 15, 2019



BOND DEBT SERVICE

CITY OF COVINGTON, TENNESSEE
\$2,250,000 VR LOAN - 25 YEARS

TENNESSEE MUNICIPAL BOND FUND
VARIABLE RATE LOAN PROGRAM

RECOMMENDED MINIMUM BUDGETING RATE FOR DEBT SERVICE

ASSUMES ALL PROCEEDS DRAWN AT CLOSING
PRINCIPAL PAYABLE ANNUALLY
INTEREST AND FEES PAYABLE MONTHLY

DATED DATE: JULY 27, 2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/27/2012					
05/25/2013			65,187.50	65,187.50	65,187.50
05/25/2014	61,000	3.500%	78,750.00	139,750.00	139,750.00
05/25/2015	64,000	3.500%	76,615.00	140,615.00	140,615.00
05/25/2016	66,000	3.500%	74,375.00	140,375.00	140,375.00
05/25/2017	68,000	3.500%	72,065.00	140,065.00	140,065.00
05/25/2018	70,000	3.500%	69,685.00	139,685.00	139,685.00
05/25/2019	73,000	3.500%	67,235.00	140,235.00	140,235.00
05/25/2020	75,000	3.500%	64,680.00	139,680.00	139,680.00
05/25/2021	78,000	3.500%	62,055.00	140,055.00	140,055.00
05/25/2022	81,000	3.500%	59,325.00	140,325.00	140,325.00
05/25/2023	84,000	3.500%	56,490.00	140,490.00	140,490.00
05/25/2024	87,000	3.500%	53,550.00	140,550.00	140,550.00
05/25/2025	90,000	3.500%	50,505.00	140,505.00	140,505.00
05/25/2026	93,000	3.500%	47,355.00	140,355.00	140,355.00
05/25/2027	96,000	3.500%	44,100.00	140,100.00	140,100.00
05/25/2028	99,000	3.500%	40,740.00	139,740.00	139,740.00
05/25/2029	103,000	3.500%	37,275.00	140,275.00	140,275.00
05/25/2030	106,000	3.500%	33,670.00	139,670.00	139,670.00
05/25/2031	110,000	3.500%	29,960.00	139,960.00	139,960.00
05/25/2032	114,000	3.500%	26,110.00	140,110.00	140,110.00
05/25/2033	118,000	3.500%	22,120.00	140,120.00	140,120.00
05/25/2034	122,000	3.500%	17,990.00	139,990.00	139,990.00
05/25/2035	126,000	3.500%	13,720.00	139,720.00	139,720.00
05/25/2036	131,000	3.500%	9,310.00	140,310.00	140,310.00
05/25/2037	135,000	3.500%	4,725.00	139,725.00	139,725.00
	2,250,000		1,177,592.50	3,427,592.50	3,427,592.50

Exhibit B

City of Covington, TN

EVENTS & FACILITIES USAGE APPLICATION

APPLICATION PROCEDURES

Applications for permits for special events ("Special Events") must be filed with the City of Covington Events Coordinator at 100 West Washington Avenue in Covington, TN, not less than sixty (60) days prior to the proposed activity dates. Applications from an organization/entity ("Event Sponsor") seeking a Special Events permit are accepted on a first-come, first-served basis. Dates will not be held without receiving a completed application and the appropriate fees. Only one date per application will be considered, unless the Special Event is scheduled to occur on consecutive days.

- There is a non-refundable application fee of \$25 to be submitted with the application sixty (60) days prior to the proposed activity dates. After receipt of the completed application, the application will be forwarded to the Special Events Committee meeting for review. The Special Events Committee meets the first Thursday each month, at 10:00am, in the Training Room, first floor Civic Center, 100 West Washington Avenue. It is required that the Event Sponsor attend the Committee meeting. After review with the Committee, any additional required fees, conditions, or restrictions, with a decision of approval or denial, will be given to the Event Sponsor. The Special Events permit is not transferable. If the application is declined, the application fee will be refunded.
- Upon approval of its application, the Event Sponsor, at its sole expense, is required to obtain Comprehensive General Liability Insurance, issued by a responsible insurance company and in a form acceptable to the City, providing coverage for the Event Sponsor on an occurrence basis against claims for bodily injury, death or property damage with combined single limits of not less than \$1,000,000 for bodily injury and property damage. Additional liability insurance may be required for higher risk events such as truck and tractor pulls, demolition derbies, carnivals, etc. Comprehensive General Liability Insurance policy shall provide that the City be an Additional Insured. The certificate must be approved by the City of Covington in advance of the event.
- The Event Sponsor must sign a Waiver, Release and Indemnity Agreement in this Application packet.
- NO activity will be permitted which is in violation of local ordinances or state or federal laws or regulations. The Event Sponsor must adhere to all Local Ordinances, City Police, Fire and Public Health codes.
- The Event Sponsor must provide a drawing/detailed map to include the area to be used, entry and exits (if closed) and set up structures (i.e. bleachers, fences, vendors, tents, etc.).
- The City will retain first priority for use of all City facilities. The City of Covington does not discriminate against events or event sponsors on the basis of race, religion, nationality, ethnicity, sex, gender, or age. However, the City reserves the right to deny any event application that promotes a discrimination of others based on federally protected status or may incite violence.

All fees adopted by the Board of Mayor & Aldermen (per the current adopted fee schedule) apply to Special Events. These fees cannot be waived unless approved by Finance & Administration. F&A meets the third Tuesday each month at 4pm, in the lower level conference room at City Hall. Information for F&A meeting agendas must be added by noon Wednesday prior to F&A meetings.

Failure to meet all applicable deadlines and/or to follow and timely satisfy all applicable terms and conditions for the Special Event may result in the City rescinding its approval of the event and cancellation of the Special Event.

If you have any questions, please call Covington Events Coordinator at 901-475-7139.

CITY OF COVINGTON, TENNESSEE
Waiver, Release and Indemnity

COME NOW, _____ (herein the "**Event Sponsor**"), (state where established) _____ (type of entity) (herein the "**Event Sponsor**") and makes this Waiver, Release and Indemnity as of the _____ day of _____, 20_____.

WHEREAS, the Event Sponsor desires that the City of Covington, Tennessee hereinafter the "**City**") allow the Event Sponsor to host that certain Special Event referred to as hereinafter the "**Special Event**" and

WHEREAS, the Event Sponsor has filed that certain Application with the City to request that the City permit such Special Event to occur.

NOW, THEREFORE, in consideration of the premises, the Event Sponsor hereby RELEASES, DISCHARGES and COVENANTS NOT TO SUE the City of Covington, including, but not limited to, its employees, elected officials, agents, representatives, volunteers, and other related persons (hereinafter individually and collectively referred to as the "Released Parties"), and each of them individually and collectively, for any and all liability, claims, or expenses, including attorney's fees, for any loss, injury, death, damage or other loss, of whatever nature and howsoever incurred, that may arise out of or in any way be related to the Special Event, including, without limitation, any liability, claim, or expense for personal injuries and/or property damage, resulting from or arising out of any act or omission (whether arising, without limitation, from allegedly negligent, reckless, or intentional conduct) whatsoever of the Released Parties.

The Event Sponsor further agrees to INDEMNIFY the Released Parties and HOLD the Released Parties HARMLESS from and against any and all liability, claims, demands, causes of action and/or expenses, including attorney's fees, (whether arising, without limitation, from allegedly negligent, reckless, or intentional conduct of the Released Parties or otherwise) asserted by any person or entity in connection with or related to the Special Event or the use of City's facilities and/or property in connection therewith.

The Event Sponsor hereby states that it fully understands the risks involved in participation in the Special Event and that it has taken and will take all necessary precautions to protect itself and others. The Event Sponsor hereby agrees to ASSUME any and all risks and dangers related to, arising out of, or otherwise involved with its participation in the Special Event and use of the City's facilities and/or property. The Event Sponsor further agrees to conform to and comply with all rules and regulations of the City in connection with the Special Event.

The Event Sponsor hereby represents and warrants to all parties that it has the lawful right to execute this Waiver, Release and Indemnity.

The Event Sponsor hereby acknowledges that it has had the opportunity to review this Waiver, Release and Indemnity and has had the opportunity, whether exercised or not, to have its respective attorney review this Waiver, Release and Indemnity. The Event Sponsor further agrees that this Waiver, Release and Indemnity are intended to be as broad and inclusive as permitted by Tennessee law and that if any portion thereof be held invalid, the balance shall continue in full legal force and effect.

The undersigned individual acting on behalf of the Event Sponsor by executing this Waiver, Release and Indemnity hereby represents and warrants to all parties that he/she has been duly authorized to execute and deliver this Waiver, Release and Indemnity on behalf of the Event Sponsor.

WITNESS THE DUE EXECUTION HEREOF.

EVENT SPONSOR

(Name of entity – if applicable)

(Signature)

(Printed Name)

(Title of person signing this Application, if on behalf of an entity)

(Date Signed)

CITY OF COVINGTON
Special Events Basic Services

The following services are considered "Basic Services" for Special Events that use City of Covington Facilities. No additional fee is charged by the City for the provision of Basic Services:

- **Administrative/Advisory Support** – The City of Covington will provide support to the Special Event Committee for the purpose of staff support concerning facility usage.
- **Facility** – Park/Site (ready for use) – The City of Covington facility will be ready for use each day according to the City's normal maintenance schedule.
- **The Event Sponsor** is responsible for placing trash in receptacles (cans or other containers), leaving the facility ready for use. If the Sponsor fails to remove trash and leave the facility ready for use, the Event Sponsor will be responsible for the Standard Event Fees. (See page 14, Public Works Additional Manpower fees.)

The following services are required by the City but are not included in Basic Services and may involve fees:

- **On-site custodial support** – The Event Sponsor is responsible for maintaining cleanliness in accordance with Health Code requirements.
- **Garbage removal** –The City will provide rollouts prior to the Special Event start time. This does not include trash pick-up, which will be the responsibility of the Event Sponsor.

The following are services that are available to the Event Sponsor for a fee: see note below.

- Traffic Control/ Public Safety Presence (as determined necessary by Police Department, Fire Department, and Public Works Department)
- Facility Rentals
- Pavilions
- City Stage

PLEASE NOTE

All fees for additional services will be figured at the employee's hourly rates (according to employment laws). All time worked by City employees will be paid through the City of Covington payroll. City employees are NOT to be paid directly by the Special Event Sponsor.

EVENT VENUE MAP

Event Sponsor must provide a drawing or a detailed map of venue.

Map/drawing to include all of the following (if applicable):

1. Map of entire venue, to include street closures
2. Traffic control plan and diagram
3. All entry and exits, fire lanes, barricade
4. Structures (bleachers, fences, displays, booths, stages, rides, tents, etc.)
5. First-aid station

CITY OF COVINGTON, TENNESSEE

Special Events Application

Date(s) of Event: _____

Name of Event: _____

Location: _____

Set-up Time: _____	Daily Starting Time: _____	Daily Ending Time: _____	Cleanup Time: _____
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Event Sponsor/Organization: _____

Street Address, City, Zip: _____

Phone Number: _____

Applicant's Name: _____ Phone: () _____

Person in charge on day(s) of event (onsite): _____

Cell Phone _____

Estimated Attendance: _____

Provide a detailed Description of the Event:

Applicant, on behalf of himself/herself and the above organization and members thereof, agree to abide by the policies and procedures set forth in this application packet and represents that he/she is submitting this Application on the basis of his/her good faith belief in the truthfulness of all assertions contained herein. If he/she is signing this Application on behalf of an entity (for example, a corporation, partnership, or LLC), he/she hereby represents that he/she is duly authorized to make this Application on behalf of the entity named herein.

EVENT SPONSOR

Name of Entity

Signature Title of Person Signing Application

Printed Name Date Signed

Covington Parks and Recreation Park Vendor Application

(Please print or type)

Please send this completed form and applicable documents to:

Covington Parks and Recreation
790 Bert Johnston Avenue
Covington TN 38019

Any questions, contact: 901.476.3734:

First Name: _____ Last Name: _____

Business Name: _____

Phone Number: _____

Email Address: _____

Business Mailing Address: _____

City: _____ State: _____ Zip: _____

Business Information:

If applicable, business web address: _____

What year did you start your business; _____

Dates of Liability Insurance: _____ to _____

Describe Space Set-Up: _____

Will you have a vehicle inside of even area: (i.e. Mobile Food Station) Yes _____ No _____

If so, describe the source used to power the vehicles: (i.e. generator, vehicle engine or diesel)

Vehicle Make: _____ Model: _____ Tag Number: _____

Covington Parks and Recreation Park Vendor Product List

Product Category: Food _____ Non Alcoholic Beverages _____ Merchandise _____

Cobb Parr Park: _____ Frazier Park: _____ Shelton Park: _____ Patriot Park: _____

Baltzer Park: _____ Frazier Ball Field: _____ Pole Barn: _____ Whitley Pavilion _____

Covington Ball Complex: _____ Park on the Square: _____ T-Ball Fields: _____

Equestrian Arena: _____ Other: _____

Product:	Description	Approval

Keep a copy of this list during the event. P & R has the right to audit list during the event.

CHECK LIST:

- _____ PARK VENDOR APPLICATION
- _____ PARK VENDOR GUIDLELINES
- _____ BUSINESS LICENSE

- _____ PARK VENDOR PRODUCT LIST
- _____ LIABILITY INSURANCE
- _____ FOOD PERMITS IF APPLICABLE

Acknowledgement of Park Vendor Guidelines:

I certify that I have read the Park Vendor Guidelines and will abide by them. I understand the consequences of violating them. I understand that I cannot sell anything that I did not include on the Product List above.

Print Name: _____ Date: _____

Signature: _____

Covington Parks and Recreation Park Vendor Product List

Liability Release and Certification of Application:

I assume all risks and hazards incidental to the conduct of the activities and transportation to and from the activities. I do further hereby release, absolve indemnity and hold harmless the Covington Parks and Recreation Department, the organizers, the sponsors, the supervisors, the instructors. In case of injury or sickness during any activity, I likewise waive all claims against the organizers, the sponsors or any of the supervisors or instructors appointed by them. If I am unable to be contacted, the Covington Parks and Recreation Department has permission to obtain proper medical attention. I give permission for my child to be photographed while participating in the activity and for such photographs to be publicized in local newspapers and/or City Publications or social media.

Print Name: _____ Date: _____

Signature: _____

Covington Parks and Recreation Department Park Vendor Guidelines

The Event Sponsor agrees to enforce, to the best of their ability, the Park & Recreation Department's current park vendor guidelines.

- No person will be allowed to solicit, peddle, sell or distribute any article or item in the parks without permission.
- Event Sponsors must make known to the P & R any plans to include park vendors in an event, regardless of the arrangements or considerations that are to be received by the Event Sponsors from the park vendor.
- Park vendors, wishing to sell or distribute merchandise, must complete an application with the Event Sponsor. Park vendors must provide all documentation, explanations and information requested to the Event Sponsor.
- Applications must include specific information including, but not limited to, business name, address, and types of sale items. Attached to the application must be proof of liability insurance, a copy of a business license, and if applicable, a copy of a food permit. The applicant must also sign a waiver releasing the City of Covington of any liability.
- Park vendors are responsible for carrying \$1,000,000.00 liability insurance. Additional liability insurance may be required for higher risk events such as truck and tractor pulls, demolition derbies, carnivals, etc. A copy of the insurance certificate must be presented to the Event Sponsor and name the City of Covington as additionally insured. The certificate must be approved by the City of Covington in advance of the event.
- Event Sponsors will insure that vendors comply with adopted park rules and regulations that govern the use of City facilities.
- Park vendors may sell only those products applied for and approved on their application. Any vendor found with unapproved products may be asked to remove the products.
- The items to be offered for sale at park locations may include food, non-alcoholic beverages, and merchandise. Park vendors are not authorized to sell services or souvenirs. All products offered for sale and for public consumption by park vendors, shall be first grade quality. All Federal, State, and Local regulations pertaining to the quality of products offered for sale shall be met by vendors.
- Park vendors are required to provide their own materials when securing space. This includes, but not limited to, tables, chairs, signage, extension cords/electric generators, umbrellas or awnings, and weights for umbrellas, awnings or canopies.
- Park vendors shall provide at their own expense, all equipment necessary to provide the items for sale in the conduct of the business. All equipment used shall be in a self-contained unit. No storage area, water, electricity, or other utilities will be supplied by the P&R Department. Generators may be used in the vending operation with approval from the Parks Director or authorized designee.
- Park vendors are responsible for maintaining their space in a clean and sanitary condition and are responsible for disposing of any debris at the close of business. If the vendor fails to remove trash, the Park vendor will be responsible for the Standard Event Fees. (See page 14, Public Works Additional Manpower fees.) A cleaning deposit may be required.
- No produce or product sold for consumption may be stored or displayed directly on the ground.
- Park vendors must use signage listing the name of their business. Product names and prices must be clearly labeled.
- No signage or pamphlets are allowed to promote activities that are not related to vendor business. This includes, but not limited to, unrelated commercial businesses, controversial topics, and political and/or religious affiliations.

- Park vendors may not sublet vendor space or spaces nor share vendor space with another vendor.
- The Event sponsor has the authority to prohibit the sale of any product that does not conform to the original request.
- No firearms or alcohol are allowed on Park property. Any violations will result in dismissal of agreement. No refund will be offered.
- Children must be supervised at all times. Children are not permitted to roam or wander unsupervised.
- A domestic animal may be brought into a Park area, provided that such animal shall be continually restrained by a leash not to exceed six feet in length.
- Park vendors operating a motor vehicle on Park property must drive in a careful and prudent manner and observe the entrance and exit roadways.
- No selling is allowed before the requested times.
- Park vendors are responsible for collecting payment for their own product and any applicable sales tax.
- Professional conduct is expected. Any yelling, swearing, harassing, or threatening other vendors, volunteers, or management will not be tolerated. This type of behavior may result in permanent expulsion with no redress.
- Park vendors shall dispense all beverages and liquids in cans or paper/plastic cups. No glass bottles shall be used to serve customers.
- Vehicles and/or equipment related to the vending operation shall not be parked, stored, or left overnight in any Park location. Park vendors shall not block the passage of the public through a public area or interfere with access to ramps for individuals with disabilities.
- Park vendors shall not leave their equipment unattended at any time.

The Covington Parks and Recreation Department reserves the right to expel a vendor without warning for safety related or other serious offenses.

**SPECIAL EVENTS CHECKLIST – PLEASE INCLUDE DETAILS
FEES TO BE APPLIED IF APPLICABLE.**

WILL YOU BE HAVING:	YES	NO	DETAILS/LOCATION (brief description required)
Alcohol/Beer *			
Bicycle Race			
Car Show			
Carnival Games			
Carnival Rides			
Concert (specify music type & # of bands)			
Cooking			
Dancing			
Fencing (indicate on venue map)			
Fire Extinguishers			
First Aid Area (indicate on venue map)			
Food Vendors (specify type and number)			
Foot Race			
Inflatable (indicate on venue map)			
Live Performers			
Movie			
Parade			
Tents (indicate on venue map)			
Retail Sale Booths (indicate on venue map)			
Security (must be licensed security firm)			
Signage			

*If you are having alcohol/beer at your event you must be in compliance with the ordinances of City of Covington and the laws of the State of Tennessee regarding beer and alcohol.

SPECIAL EVENTS CHECKLIST – PLEASE INCLUDE DETAILS

WILL YOU NEED:	YES	NO	DETAILS/LOCATION (brief description required)
Bleachers			
City Stage			
Electricity			
Garbage Removal			
Medical Staff (Event 50+ Attending)			
Pavilions			
Security (specify dates & times) (additional fee required)			
Street Barricades (specify)			
Street Closure (specify)			
Traffic Control			
Water Hook-up			

Additional Requests/Comments:

Standard Event Sponsor Fees

SERVICE DESCRIPTION	HOURLY FEE	TOTAL
Application Fee		\$25
City Stage		\$1000
Fire Extinguisher Usage		\$250 Refundable Deposit if Fire Extinguishers are NOT used.
Fire Department Additional Manpower	\$30 per hour per person	
Parks & Recreation Additional Manpower	\$25 per hour per person	
Police Department Additional Manpower	\$30 per hour per person	
*Public Works Additional Manpower	\$27 per hour per person	

*Any equipment or vehicle usage will be charged current State rate.

For Inter Office Use Only

Fee: \$ _____

Amount Paid: _____

Signature: _____

Date: _____



Special Events Committee:

Approved: _____ **Not Approved:** _____

Date: _____