

EQUIPMENT LEASE

LESSOR:

College City Leasing, LLC

31485 Northfield Blvd, Suite 100

Northfield, MN 55057-5466

LESSEE:

Taylor Truck Line Inc.

801 Highway 3 N

Northfield, MN 55057-9401

TERMS AND PROVISIONS OF LEASE

1. **LEASE:** The above named lessor ("Lessor") hereby leases to the above named Lessee, meaning all lessees jointly and severally ("Lessee"), and Lessee hereby hires and takes from Lessor, under and subject to the terms and provisions hereof until the end of the term specified in Schedule A ("Term"), the personal property described in Schedule A and on any supplemental schedule identified as constituting a part of this Lease (herein, with all present and future attachments, accessories, replacement parts, repairs and additions, and all proceeds thereof, referred to as "Equipment").
2. **TERM AND RENTALS:** This Lease is for the Term beginning on the commencement date specified in Schedule A. For the Term or any portion thereof, Lessee agrees to pay to Lessor aggregate rentals equal to the sum of all rental payments (including security deposit) specified in Schedule A ("Rental Payments") in accordance with the payment schedule specified in Schedule A.
3. **CAPITAL REDUCTION PAYMENT:** At the inception of this Lease, any Capital Reduction Payment shall reduce the amortized lease payments otherwise required over the term of this Lease. Such Capital Reduction Payment shall not affect the residual fair market value as set forth in Schedule A. Such reduced payments are those reflected in Schedule A.
4. **EFFECTIVE DATE:** The terms and provisions hereof and the obligations and liabilities of Lessee hereunder shall become effective on the date of Lessor's acceptance of this Lease, ("Effective Date"), even though the Term and Lessee's obligation to pay the remaining Rental Payments may begin on a later date.
5. **PLACE OF PAYMENT AND OBLIGATION TO PAY:** All Rental Payments are payable without notice or demand. All amounts payable hereunder to Lessor are payable at Lessor's address set forth herein or at such other address as Lessor may specify from time to time in writing. Except as otherwise specifically provided herein, Lessee's obligation to pay the Rental Payments and all other amounts due or to become due hereunder shall be absolute and unconditional under all circumstances, regardless of (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have or claim to have against Lessor for any reason, or (ii) any interruption in or cessation of Lessee's use or possession of the Equipment for any reason whatsoever.
6. **DELINQUENCY CHARGES:** For each Rental Payment or other sum due hereunder which is not paid when due, Lessee agrees to pay Lessor a delinquency charge calculated thereon at the rate of 1-1/2% per month for the period of delinquency or, at Lessor's option, 5% of such Rental Payment or other sum due hereunder, provided that such a delinquency charge is not prohibited by law, otherwise at the highest rate Lessee can legally obligate itself to pay and/or Lessor can legally collect.
7. **NO WARRANTIES BY LESSOR, MAINTENANCE, AND COMPLIANCE WITH LAWS:** Lessor makes no representations or warranties as to the character of this transaction for tax or other purposes. Lessee acknowledges and agrees that: the Equipment is of a size, design, capacity and manufacture selected by Lessee; Lessor is not the manufacturer of the Equipment or the manufacturer's agent; LESSEE LEASES THE EQUIPMENT "AS IS" AND LESSOR HAS NOT MADE, AND DOES NOT MAKE, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE VALUE, CONDITION, QUALITY, MATERIAL, WORKMANSHIP, DESIGN, CAPACITY, MERCHANTABILITY, DURABILITY, FITNESS OR SUITABILITY OF THE EQUIPMENT FOR ANY USE OR PURPOSE, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED. Lessee will not assert any claim whatsoever, regardless of cause, against Lessor for loss of anticipatory profits or for consequential damages; Lessee will not bring any suit or claim against or make any settlement with the manufacturer or seller to Lessor of the Equipment (both herein called "Seller") without Lessor's prior written consent; and the selection, servicing and maintaining of the Equipment shall be entirely at Lessee's risk and expense.
- Lessee agrees, at its own cost and expense: (a) to cause the Equipment to be operated with care and only by qualified personnel in the regular course of Lessee's business; (b) to comply with all applicable laws, rules and regulations relating to the Equipment, with any published instructions or specifications of the Seller and with all of the terms of any insurance policy covering the Equipment; (c) to obtain, or sign any documents Lessor deems necessary to obtain, any certificates of title required or permitted by law with respect to the Equipment; (d) to maintain the Equipment in good operating condition, repair and appearance according to the attached Maintenance Schedule identified as Exhibit A; and (e) to furnish Lessor promptly with such financial statements and other information as Lessor may reasonably request from time to time.
8. **MAINTENANCE RESERVE ACCOUNT:** To insure compliance with the above paragraph Lessee agrees to deposit such amounts per month as set forth in Schedule "A" into a Maintenance Reserve Account to be held by Lessor in escrow. Payments from this account shall be made for all maintenance work billed through vendors pre-approved by Lessor to insure maintenance and repair work performed is done to manufacturer specifications. This procedure shall also insure complete recordkeeping for compliance with safety recordkeeping for governmental agencies. Funds may be applied at Lessee's direction against expenses in excess of \$500.00 per occurrence.

9. LOSS OR DESTRUCTION OF EQUIPMENT: On or after the Effective Date, Lessee shall bear all risk of loss or damage to, or destruction of the Equipment. If, for any reason, any of the Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall (a) immediately and fully inform Lessor with regard thereto, and (b) promptly pay to Lessor the Termination Value calculated as of the date of payment thereof plus all accrued and unpaid Rental Payments and all other amounts then due and remaining unpaid. Any amounts actually received by Lessor from insurance or otherwise on Lessee's behalf for such loss or damage shall be applied to reduce Lessee's obligation under this paragraph. Lessor is not obligated to undertake any action against any third party for such loss or damage. Except as expressly provided herein, the total or partial destruction of the Equipment or the total or partial loss of use or possession thereof to Lessee, shall not release or relieve Lessee from its obligations and liabilities under this Lease.

10. TERMINATION VALUE: Sale price as shown on Schedule A minus principal portion of lease payments made to date using an imputed interest rate per annum of 10% plus the present value of deferred tax liability for excess depreciation on equipment.

11. INSURANCE: Lessee agrees to procure and maintain at all times on and after the Effective Date such liability, physical damage and other insurance as Lessor may require from time to time, and to immediately furnish evidence thereof satisfactory to Lessor. Lessee agrees that all such insurance shall be in form and an amount of at least equal to the Termination Value and with insurers satisfactory to Lessor, and that Lessee will deliver promptly to Lessor certificates or, upon request, policies satisfactory to Lessor evidencing such insurance. All liability policies shall name Lessor as an additional insured, and all physical damage policies shall provide that payment thereof shall be made to Lessor and Lessee as their interests may appear. Each policy shall provide that Lessor's interest therein shall not be invalidated by any acts, omissions, or neglect of anyone other than Lessor, and shall contain insurer's agreement to give Lessor 30 days prior written notice before cancellation or any material change in the policy shall be effective as to Lessor, whether such cancellation or change is at the direction of Lessee or the insurer.

12. TAXES: On or after the Effective Date, Lessee agrees to pay promptly to the appropriate governmental agency or, upon Lessor's request, to Lessor all taxes, levies, duties, assessments and other governmental charges (including any penalties and interest, and any fees for titling or registration) levied or assessed against Lessee, Lessor or the Equipment, upon or with respect to this Lease or the purchase, use, operation, leasing, ownership, value, return or other disposition of the Equipment, or the rent, earnings or receipts arising there from, exclusive, however, of any taxes based on Lessor's net income. If requested, Lessee agrees to file promptly on behalf of Lessor all requested tax returns and reports concerning the Equipment in form satisfactory to Lessor, with all appropriate governmental agencies and to mail a copy thereof to Lessor concurrently with the filing thereof. Lessee further agrees to keep or cause to be kept and made available to Lessor any and all necessary records relevant to the use of the Equipment and pertaining to the aforesaid taxes, assessments and other governmental charges. The obligations arising under this paragraph shall survive payment of all other obligations under this Lease and the termination of this Lease.

Lessee agrees that Lessor is entitled to and shall have the right to claim the following tax benefits (the "Tax Benefits") with respect to the Equipment or any item thereof: (i) the investment tax credit (the "Investment Tax Credit") pursuant to Section 38 of the Internal Revenue Code of 1954, as amended, (the "Code") entirely in the taxable year in which the Equipment is accepted under said Lease in an amount equal to the percentage of the cost of the Equipment to Lessor specified in Exhibit A of said Lease (unless Lessor has agreed in writing to pass the right to claim such Investment Tax Credit to Lessee), (ii) Modified Accelerated Cost Recovery System ("MACRS"), or as amended in the Code, deductions pursuant to Section 168 of the Code with respect to the Equipment in amounts based upon a tax basis equal to the actual cost of the Equipment to Lessor and on the appropriate recovery class, with deductions allowable in the percentages of such cost specified in Section 168 of the Code.

13. LESSOR'S TITLE, STORAGE, AND IDENTIFICATION OF EQUIPMENT: Title to the Equipment will be all times remain in Lessor and Lessee will at all times, at its own costs and expense, protect and defend the title of Lessor from and against all claims, liens and legal processes of creditors of Lessee and keep the Equipment free and clear from all such claims, liens and processes. Lessee agrees not to alter or modify the Equipment without first obtaining in each instance the prior written approval of Lessor. Upon the expiration or termination of this Lease, Lessee, at Lessee's sole expense, shall return the Equipment unencumbered to Lessor at a place to be designated by Lessor, within the city in which the Rental Payments are payable or, at Lessor's option, at such other place as Lessee and Lessor may agree upon, and in the same condition as when received by Lessee, and reflected on Exhibit B, "Vehicle Condition Upon Surrender", reasonable wear and tear resulting from use thereof alone excepted. Lessee shall, upon Lessor's request, and at Lessee's own expense, firmly affix to the Equipment, in a conspicuous place, such label, sign or other device as Lessor may supply to identify Lessor as the owner and lessor of the Equipment.

14. POSSESSION, LOCATION OF EQUIPMENT, RIGHT OF INSPECTION AND ASSIGNMENT: The Equipment is and shall remain personal property and not become part of any real property regardless of the manner of affixation and will be kept by Lessee at the location indicated herein, and will not be removed from said location without the prior written consent of Lessor, except that an item of Equipment which is mobile and of a type normally used at more than one location may be used by Lessee away from said location in the regular course of Lessee's business provided, that: (a) such item is not removed from the State of said location, and (b) if such item is not returned to said location within 30 days, Lessee will immediately thereafter (and each 30 days thereafter until such item is returned) report the then current location thereof to Lessor in writing. Lessor shall have the right to inspect the Equipment at all reasonable times and from time to time as Lessor may require. The foregoing right of entry is subject to any applicable governmental laws, regulations and rules concerning industrial security. Lessee shall not sell, assign, transfer, pledge, encumber, secrete, sublet or otherwise dispose of the Equipment or any interest of Lessee in or under this Lease without Lessor's prior written consent. This Lease and all rights of Lessor hereunder will be assignable by Lessor without Lessee's consent, but Lessee will not be obligated to any assignee of Lessor except after written notice of such assignment from Lessor. LESSEE HEREBY WAIVES, RELINQUISHES AND DISCLAIMS AS TO ANY ASSIGNEE OF LESSOR ALL CLAIMS, RIGHTS OF SET-OFF AND DEFENSES LESSEE MAY HAVE AGAINST LESSOR, INCLUDING THE RIGHT TO WITHHOLD PAYMENT OF ANY MONIES WHICH MAY BECOME DUE HEREUNDER. LESSEE FURTHER AGREES THAT LESSOR MAY WITHOUT NOTICE TO OR CONSENT OF LESSEE, SELL OR GRANT A SECURITY INTEREST IN THE EQUIPMENT AND IN SUCH EVENT LESSEE'S RIGHTS IN AND TO THE EQUIPMENT SHALL BE SUBJECT AND SUBORDINATE TO THE INTEREST AND RIGHTS, INCLUDING THE RIGHT OF POSSESSION, OF ANY SUCH PURCHASER OR HOLDER OF A SECURITY INTEREST IN THE EQUIPMENT. After receiving notice of any assignment by Lessor of any sale or grant of a security interest in the Equipment, Lessee agrees that it will not, without the prior written consent of the assignee, purchaser or secured party, (i) prepay any amounts owing hereunder; (ii) modify or amend this Lease; or (iii) exercise any rights which are exercisable only with the consent of the Lessor. Lessee further agrees that at the same time it sends to Lessor any notice hereunder it will send a copy thereof to any assignee of

Lessor or purchaser or holder of any security interest in the Equipment at the address specified from time to time by such assignee, purchaser or secured party.

If any event, Lessee shall not sublet the Equipment leased hereunder nor assign or transfer this Lease in any manner without the prior written permission of the Lessor. In the event that the Lessor shall grant Lessee permission to sublet any Equipment Lease hereunder, Lessee shall not be relieved of any responsibility for the said Equipment as provided under this Agreement nor Lessee's covenants hereunder.

15. PERFORMANCE OF OBLIGATIONS OF LESSEE BY LESSOR: If Lessee fails to perform duly and promptly any of its obligations under this Lease, Lessor may perform the same, but shall not be obligated to do so, for the account of Lessee to protect the interest of Lessor or Lessee or both, at Lessor's option. Any amount paid or expense (including reasonable attorney's fees), penalty or other liability incurred by Lessor in such performance shall be payable by Lessee upon demand as additional rent for the Equipment.

16. RIGHT OF LESSOR FOR OFFSET: Any amounts owed by Lessee at the time of termination of this Agreement for whatever reason, may be offset by Lessor against any amounts held in escrow or reserve by Lessor.

17. EVENTS OF DEFAULT: An event of default shall occur if (a) any Rental Payment or any other amount owed by Lessee to Lessor, whether hereunder or under any other instrument or agreement, is not paid promptly when due; (b) Lessee breaches any warranty or provision hereof or of any other instrument or agreement delivered by Lessee to Lessor or to any affiliate of Lessor; (c) Lessee ceases to do business as a going concern, becomes insolvent, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, or takes advantage of any law for the relief of debtors; (d) any property of Lessee is attached; (e) a petition in bankruptcy or for an arrangement, reorganization, composition, liquidation, dissolution or similar relief is filed by or against Lessee under any present or future statute, law or regulation; (f) Lessee or its shareholders take any action looking to its dissolution or liquidation; or (g) a trustee or receiver is appointed for Lessee or for any substantial receiver that is appointed for Lessee or for any substantial part of its property.

18. REMEDIES: Upon the occurrence of an event of default Lessee shall be in default hereunder and Lessor may, at its option, with or without notice to Lessee (a) declare all sums due and to become due hereunder and all other sums then owing by Lessee to Lessor to be immediately due and payable; (b) proceed by appropriate court action or actions or other proceedings either at law or in equity to enforce performance by Lessee of any and all provisions of this Lease and to recover damages for the breach thereof; (c) require Lessee to assemble the Equipment and deliver the same forthwith to Lessor at Lessee's expense at such place as Lessor may designate which is reasonably convenient to both parties; (d) exercise one or more of the rights and remedies available to a secured party under the Uniform Commercial Code, whether or not this transaction is subject thereto; and (e) enter, or its agents may enter without notice or liability or legal process, into any premise where the Equipment may be or is believed by Lessor to be, and repossess all or any thereof, disconnecting and separating the same from any other property and using all force necessary or permitted by applicable law, Lessee hereby expressly waiving all further rights to possession of the Equipment after default and all claims for injuries suffered through or loss caused by such repossession. Lessee agrees that any property other than Equipment, which is in or upon the Equipment at the time of repossession, may be taken and held without liability until its return is requested by Lessee.

In addition, Lessor, by written notice to Lessee specifying a payment date 5 or more days after the date of such notice, may require Lessee to pay, and Lessee agrees to pay, to Lessor on the payment date specified in such notice, as liquidated damages for loss of the bargain and not as a penalty, (1) all accrued by unpaid Rental Payments and all other amounts due and payable on or before the payment date specified in such notice, plus (2) all expenses of retaking, holding, preparing for sale, selling and the like, including reasonable attorney's fees (20% of all sums then owing hereunder if permitted by law) and other legal expenses, plus (3) a sum equal to the excess of the Termination Value of the Equipment over whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice; (i) the then fair market sales value of the Equipment (as determined by an appraiser selected by Lessor), (ii) the then present worth of the then fair rental value of the Equipment for the remaining Term (as determined by an appraiser selected by Lessor), or (iii) any amount actually received by Lessor from the re-lease, sale or other disposition of the Equipment. Lessor, at its option, may select Seller or any other dealer in property of the same type as the Equipment as an appraiser. If any statute governing the proceeding in which such damages are to be proved specifies the amount of such claim, Lessor shall be entitled to prove as and for damages for the breach an amount equal to that allowed under such statute. The provisions of this paragraph shall be without prejudice to any rights given to Lessor by such statute to prove for any amounts allowed thereby.

Lessee agrees that Lessor may bring any legal proceedings it deems necessary to enforce the payment and performance of Lessee's obligations hereunder in any court in the State shown in Lessor's address set forth herein, and service of process may be made upon Lessee by mailing a copy of the summons to Lessee at its address shown herein. Lessee hereby waives any right to trial by jury in any proceedings arising out of this Lease. The inclusion of a trade name or division name in the identification of Lessee hereunder shall not limit Lessor's right, after the occurrence of an event of default, to proceed against all of Lessee's assets, including those held or used by Lessee individually or under another trade or division name. Unless otherwise provided by law, any requirement of reasonable notice regarding the re-lease, sale or other disposition of the Equipment which Lessor may be obligated to give will be met if such notice is mailed to Lessee at its address shown herein at least 10 days before the time of re-lease, sale or other disposition. Nothing herein contained will require Lessor to re-lease, sell or otherwise dispose of the Equipment. No remedy of Lessor hereunder shall be exclusive of any other remedy herein or provided by law but each shall be cumulative and in addition to every other remedy. A waiver of a default shall not be a waiver of any other or a subsequent default.

19. EXPENSES: Lessee agrees to pay all expense incurred by Lessor in enforcing its rights after the occurrence of any event of default hereunder, including the reasonable fees of any attorneys retained by Lessor (20% of all sums then owing hereunder if permitted by law).

20. INDEMNITY: Lessor (which term as used herein includes Lessor's successors, assigns, agent and servants) shall have no responsibility or liability to Lessee, its successor or assigns or any other person with respect to any Liabilities (as "Liabilities" is herein defined), and Lessee hereby assumes liability for, and hereby agrees, at its sole cost and expense, to indemnify, defend, protect and save Lessor and keep it harmless from and against, any and all Liabilities. The term "liabilities" as used herein shall include any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements of whatsoever kind and nature, including legal fees and expenses, (whether or not any transaction contemplated hereby is consummated) imposed on, incurred by or asserted against Lessor or the Equipment (whether by way of strict or absolute liability or otherwise) and in any

way relating to or arising out of this Lease or the selection, manufacture, purchase, acceptance, ownership, delivery, non-delivery, lease, possession, use, operation, condition, servicing, maintenance, repair, improvement, alteration, replacement, storage, return or other disposition of the Equipment (including, without limitation) (i) claims as a result of latent or patent defects, whether or not discoverable by Lessor or Lessee, (ii) claims for trademark, patent or copyright infringement, and (iii) tort claims of any kind (whether based on Lessor's alleged negligence or otherwise), including claims for injury or damage to property, or injury or death to any person (including Lessee's employees) or, for any interruption of service, loss of business, anticipatory profits, or consequential damages. Lessee agrees to give Lessor and Lessor agrees to give Lessee prompt written notice of any claim or liability hereby indemnified against. The indemnities arising under this paragraph shall survive payment of all other obligations under this Lease and the termination of this Lease.

21. NOTICES AND FURTHER ASSURANCES: All notices relating hereto will either be delivered in person to an officer of Lessor or Lessee, or be mailed certified to Lessor or Lessee at its respective address shown on the face hereof or at any later address last known to the sender. Lessee agrees to execute and deliver to Lessor, upon Lessor's request, such documents and assurances as Lessor deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder, including such documents as Lessor may require for filing or recording.

22. SECURITY ESCROW FUND: A Security Escrow Fund at the amount set forth in Schedule A shall be established (the "Escrow Fund"). The Escrow Fund shall be held as security for the benefit of Lessor against any and all loss or damage to the equipment and to meet any other obligations of the Lessee under this Agreement. All or any part of the Fund may be used by Lessor, at the Lessor's option, to replace, maintain and/or repair the equipment to Lessor's satisfaction during the term of this Agreement. If Lessee's liabilities and obligations under this Agreement exceed the amount in the Escrow fund, Lessee further agrees to indemnify and/or pay Lessor such balance of Lessee's obligation immediately upon demand.

Upon full compliance all terms of this Agreement, the balance remaining in the Fund, if any, at the option of Lessee shall be applied toward payment of the option purchase price of the equipment (as set forth in paragraph 23 below) or refunded to Lessee.

As additional security for this Agreement the Lessee will pledge a contract with the Carrier to secure Lease payments to the Lessor. In addition, the Lessee agrees to authorize the Carrier to deduct and pay Lessor any amounts due Lessor from any contract between Lessee and the Carrier, in the form attached hereto as Exhibit I.

If Lessee's contract with its carrier shown on Schedule "A" is terminated for any reason by either party, Lessee must make a payment of an additional \$50,000.00 as an additional security deposit unless the Lessor has given its prior written consent for substitution of a new carrier, which consent may or may not be given in the Lessor's sole discretion.

23. OPTION TO PURCHASE: Lessee shall have the right to elect to purchase the Lease Equipment identified in Schedule A at the amount therein specified which said amount is the reasonable value of said Equipment at the end of this Lease. If Lessee fails to have all payments required under this Lease paid in full at the end of this Lease, Lessee shall forfeit Lessee's option to purchase said Equipment.

24. SEVERABILITY: Any provisions hereof contrary to, prohibited by or invalid under applicable laws or regulations shall be inapplicable and deemed omitted here from, but shall not invalidate the remaining provisions hereof.

25. AUTHORITY: The undersigned officers, partners, or agents of the parties represent that they have, by their agreements with their corporations or companies, authority to bind the corporation, partnership, or company, as the case may be. All parties represent that they have no acknowledgment of any case filed or contemplated to be filed by or against them for incompetence, Chapter 7, Chapter 11, Chapter 12, or Chapter 13 of the United States Bankruptcy Code, Title 11. No party is aware of any legal reason why this contract should not be signed or could not be carried out.

26. STATE LAW: The parties agree that the laws of the State of Minnesota shall control this contract and any disagreements between the parties.

27. ENTIRE AGREEMENT: This Lease and any addenda referred to herein constitute the entire agreement of the parties hereto. No oral agreement, guaranty, promise, condition, representation or warranty shall be binding. All prior conversations, agreements or representations related hereto and/or to the Equipment are superseded hereby, and no modification hereof shall be binding unless in writing and signed by an officer of the party to be bound.

The undersigned hereby agree to all the terms and provisions set forth in this Lease.

Dated: January 1, 2016

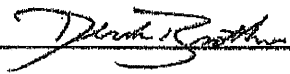
Accepted on: January 1, 2016

LESSOR:

LESSEE:

COLLEGE CITY LEASING, LLC

TAYLOR TRUCK LINE INC

By: 

By: 

Title: Chief Financial Officer

Title: General Manager

(If corporation, have signed by authorized officer and give corporate title. If partnership, a general partner must sign. If owner or partner, state which.)