EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement is entered into this 8th day of November, 2011, by and between the City of North Bonneville, a Washington municipal corporation (the "City") and Sawtooth Technologies, LLC (the "Sawtooth"), collectively referred to as "Parties."

WHEREAS, the City has identified its cable television system as surplus property; and

WHEREAS, the City desires to lease the following components of its cable television system:

- All coaxial cable throughout the city formerly used to provide cable television services, including any conduit used for its burial;
- All signal amplifiers, modulators and related equipment currently affixed to the coaxial cable system, not including receivers;
- All related equipment, excepting only the Head-End structure and fixtures, land, antenna tower and antennas; and

WHEREAS, Sawtooth desires to lease the above property from the City for the sums set forth herein;

NOW THEREFORE, in exchange for the mutual covenants and conditions contained herein, the Parties agree as follows:

1. Lease Price. In consideration for the exclusive lease of the property detailed above, Sawtooth will pay to the city monthly, within 15 days following the end of each month, a percentage of Sawtooth's monthly gross revenues as defined below. This percentage shall be equal to the city's current utility tax applicable to telephone carriers (5% as of November 8, 2011). The first lease payment after the approval of this agreement shall become due 45 days after the end of the first month of operation.

   The parties reserve the right to modify the utility tax percentage by mutual agreement of the parties, with party seeking modification giving sixty days written notice to the other party, stating the reasons for the request for modification. If the parties are unable to agree on a modification, the lease shall be terminated one calendar year following the date of the written notice. In the event of substantial failure or obsolescence of any of the equipment, the parties agree to negotiate in good faith to seek a solution to an upgrade or repair of the leased equipment. Nothing in this provision shall commit either party to any future expenditure, beyond committing to cooperate to keep the system operating for city residents.

   For the purposes of this section, "Gross Revenues" shall mean all monthly basic service revenues received from subscribers by Sawtooth from the

operation of its Cable Internet System within the City of North Bonneville including relocation of outlets and equipment rental charges. Gross Revenues shall not include refunds to subscribers, uncollectible accounts, or taxes on services furnished by Sawtooth herein, which are imposed directly upon any subscriber and collected by Sawtooth.

2. Term. This Equipment Lease Agreement shall be for a period of twenty (20) years, and may be renewed for an additional twenty (20) year period if Lessee is not then in default.

3. Sawtooth's Representation. Sawtooth represents that Sawtooth has sufficient funds to close this sale and related lease and franchise agreements, and that Sawtooth has sufficient funds to upgrade and operate the cable system to provide internet service.

4. Condition of Property. Sawtooth accepts the property in "as-is, where-is, with all faults" condition. City has made no warranties or representations as to the condition of the property. Sawtooth accepts all risk and agrees that City shall not be liable to Sawtooth, its successors or assigns, for any damages resulting from the ownership, use, condition, location, or maintenance of the property.

5. Termination. In the event either Party fails to complete the Equipment Lease of the property, any money or property exchanged shall be returned to the originating party as the sole remedy for the failure.

6. General Provisions.
   a) There are no verbal agreements which modify this agreement. This agreement, along with the facility use agreement and franchise agreement, constitute the full understanding between the Parties and supersedes any prior proposals or agreements.

   b) Sawtooth has personally inspected the property and is satisfied as to its adequacy.

   c) If the Parties are involved in any dispute relating to any aspect of this agreement, the prevailing party shall recover its reasonable attorney's fees.

   d) Sawtooth expressly acknowledges that the City's obligation to lease the property is contingent on the approval of this agreement as well as the related facility use and franchise agreements by the City Council of the City of North Bonneville.

7. Federal Laws. Sawtooth shall comply with all Federal Communications Commission rules and regulations, both present and future.

8. Default of Payment. Sawtooth shall be considered in default of this agreement if Sawtooth fails to make a monthly payment when due and such failure continues for 30 days after the city notifies Sawtooth in writing of such failure. In the event of a default, the city may at its sole discretion terminate this agreement and Sawtooth shall thereafter promptly remove all equipment from the premises.

IN WITNESS WHEREOF, this Equipment Lease Agreement is entered into as of the date first set forth above.

CITY	SAWTOOTH
_____	_____
Mayor	Brian Adams, Manager
ATTEST:	APPROVED AS TO FORM:
_____	_____
Clerk	City Attorney