
**CONSOLIDATED WYOMING MUNICIPALITIES ELECTRIC
POWER SYSTEM JOINT POWERS BOARD**

as Lessor and Sublessor

**A Joint Powers Board duly organized and existing
as a body corporate and politic under the laws
of the state of Wyoming**

and

CITY OF GILLETTE, WYOMING

**A body corporate organized under the constitution
and laws of the state of Wyoming**

as Lessee and Sublessee

**LEASE AND AGREEMENT
Dated as of August 26, 2014**

The interest of the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board in this Lease and Agreement has been assigned to Wells Fargo Bank, National Association, as Trustee under the Indenture of Trust dated as of October 16, 2007, as amended and supplemented by a Fifth Supplement to Indenture of Trust, dated as of August 26, 2014, from the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board to Wells Fargo Bank, National Association, as Trustee, authorizing the issuance of \$21,935,000 Tax-Exempt Electric Facilities Improvement Lease Revenue Bonds (City of Gillette, Wyoming, Electrical System Project), Series 2014A and \$2,535,000 Taxable Electric Facilities Improvement Lease Revenue Bonds (City of Gillette, Wyoming, Electrical System Project), Series 2014B, and is subject to the security interest of Wells Fargo Bank, National Association, as Trustee.

LEASE AND AGREEMENT

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LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT (the "Lease") dated as of August 26, 2014, entered into by and between the **CONSOLIDATED WYOMING MUNICIPALITIES ELECTRIC POWER SYSTEM JOINT POWERS BOARD**, as lessor and sublessor (the "Board" or the "Lessor"), a joint powers board duly organized and existing as a body corporate and politic under the laws of the state of Wyoming (the "State"), and the **CITY OF GILLETTE, WYOMING**, as lessee and sublessee ("City," "Gillette" or the "Lessee"), a body corporate duly organized and existing under the constitution and laws of the State;

W I T N E S S E T H:

WHEREAS, the City has owned and operated its electrical utility system since prior to March 1, 1975; and

WHEREAS, the Board is a joint powers board, duly organized and existing as a body corporate and politic under the laws of the State, authorized under the Wyoming Joint Powers Act, Wyo. Stat. §16-1-102 through 16-1-109 (the "Act") and its By-Laws to lease or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property, or any interest therein as would be of service to and be for the benefit of its participating agencies, and to lease the same as lessee or as lessor, and to act in the manner contemplated herein; and

WHEREAS, the Board, at the request of the City, has determined to acquire a 100% fee simple ownership interest in a 40MW simple-cycle peaking combustion turbine (the "CT II Facility" or "Facility") that is owned by Black Hills Wyoming, LLC ("BHW"), a subsidiary of Black Hills Corporation ("BHC") and located in an area called the "Neil Simpson Complex," which is about four miles east of the City; and

WHEREAS, the Facility sits on a parcel of property in Campbell County, Wyoming, the legal description of which is set forth in Exhibit A to this Lease (the "Facility Land"), which is owned by BHW and will be leased to the Board for a term of 40 years, plus three automatic renewal terms of 20 years each, at the rate of \$40,000 per year, pursuant to the terms of that certain Ground Lease to be dated as of September 3, 2014, between BHW and the Board (the "Ground Lease"); and

WHEREAS, the City has determined and hereby determines that it is in the best interests of the City and its inhabitants that the City lease from the Board the CT II Facility, sublease from the Board the Facility Land and assume all of the Board's rights and responsibilities, all of which are accomplished by this Lease; and

WHEREAS, pursuant to that certain Indenture of Trust, dated as of October 16, 2007 (the "Original Indenture"), as amended and supplemented by a Fifth Supplement to Indenture of Trust, dated as of August 26, 2014 (the "Fifth Supplement" and collectively with the Original Indenture, the "Indenture"), by and between the Board and Wells Fargo Bank, National Association, as trustee (the "Trustee"), the Board will assign all of its right and interest in, to, and under this Lease and the Ground Lease to the Trustee; and

WHEREAS, there will be issued, sold, authenticated and delivered, pursuant to the Indenture, lease revenue bonds (the "Bonds"), the proceeds from the sale of which will be disbursed by the Trustee, at the direction of and as trustee for the Board, for the acquisition of the CT II Facility and the other purposes set forth herein; and

WHEREAS, the Rental Payments and Additional Rentals (both as hereinafter defined) payable by the City hereunder shall constitute currently budgeted expenditures of the City and shall not constitute a general obligation or other indebtedness nor a mandatory charge or requirement against the City in any ensuing Fiscal Year beyond the then current Fiscal Year; and

WHEREAS, the principal of and interest on the Bonds shall be payable solely from the sources herein provided, and payment for which shall not constitute a general obligation or other indebtedness of the Board or the City, in any ensuing Fiscal Year beyond the then current Fiscal Year; and

WHEREAS, neither this Lease nor the issuance, sale, authentication or delivery of the Bonds shall directly or indirectly obligate the City to make any payments beyond those appropriated for the then current Fiscal Year; and

WHEREAS, the acquisition of the CT II Facility, and the execution, performance, and delivery of this Lease, have been authorized, approved, and directed by the governing body of the City (sometimes hereinafter being referred to as the "Governing Body"); and

WHEREAS, the Board desires to lease the CT II Facility and to sublease the Facility Land to the City and the City desires to lease the CT II Facility and to sublease the Facility Land from the Board, pursuant to the terms and conditions and for the purposes set forth herein;

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

* * * * *

ARTICLE I

DEFINITIONS

Unless the context requires otherwise, the terms used herein shall have the meanings ascribed thereto by the preambles hereto and the Indenture. In addition, unless the context requires otherwise, the following terms shall have the meanings specified below:

"Acquired Assets" shall mean the assets to be sold to the Board under the CT II Purchase and Sale Agreement, including, without limitation, a 100% fee simple ownership in the CT II Facility.

"Act" shall mean the Wyoming Joint Powers Act, Wyo. Stat. §§ 16-1-102 through 16-1-109, as amended and supplemented.

"Additional Rentals" shall mean the annual rent under Section 5.0 of the Ground Lease, all taxes, insurance premiums, insurance deductibles, reasonable expenses and fees of the Trustee, utility charges, operating costs, amounts payable under the Ancillary Documents, costs of maintenance, upkeep and repair, Debt Service Reserve Fund payments, and all other charges and costs (together with all interest and penalties that may accrue thereon in the event that Gillette shall fail to pay the same, as specifically set forth in the Lease) which Gillette assumes or agrees to pay under the Lease with respect to the Leased Property. Additional Rentals do not include the Rental Payments or the Optional Purchase Price.

"Affiliate" shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the specified Person. The term "control" with respect to an Affiliate means the possession, directly or indirectly, of the power to direct or cause the direction of the management and the policies of the relevant entity, whether through an ownership interest, by contract, or otherwise. The term "Affiliate" also means, with respect to the Board, Gillette and any subdivision or department of Gillette.

"Amended and Restated Generation Dispatch and Energy Management Agreement" shall mean an amendment and restatement of the existing Generation and Dispatch Energy Management Agreement between BHP and Gillette, dated July 14, 2010.

"Ancillary Documents" shall mean the following: (i) the Amended and Restated Generation Dispatch and Energy Management Agreement; (ii) the Assignment and Assumption Agreement; (iii) the Bill of Sale; (iv) the Deed; (v) the Economy Energy PPA; (vi) the Easement Assignment; (vii) the Gas Transportation Agreement; (viii) the Ground Lease; (ix) the Interconnection Agreement Assignment; (x) the O&M Agreement; (xi) the Right of First Refusal Agreement; (xii) the Shared Facilities Agreement; and (xiii) the Guaranty.

"Assignment and Assumption Agreement" shall mean that certain Assignment and Assumption Agreement, to be dated as of September 3, 2014, between BHW and the Board whereby BHW will assign and transfer the Assumed Liabilities to the Board, and the Board will accept such assignment and assume and agree to pay, perform, and discharge when due all of the Assumed Liabilities.

"Assumed Liabilities" shall mean any and all of the Board's liabilities and obligations under the Ancillary Documents arising after September 3, 2014, and, except as otherwise provided in the Ancillary Documents, all liabilities and obligations arising from the ownership, repair, maintenance and operation of the CT II Facility from and after September 3, 2014.

"BHP" shall mean Black Hills Power, Inc., a South Dakota corporation, and an Affiliate of BHW.

"BHW" shall mean Black Hills Wyoming, LLC, a Wyoming limited liability company.

"Bill of Sale" shall mean a bill of sale from BHW to the Board whereby BHW sells, assigns, conveys, transfers, and delivers to the Board, all of BHW's right, title and interest in and to the Acquired Assets.

"Board" shall mean the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board, a joint powers board established under the Act as a body corporate and politic and a public corporation under the laws of the State, acting as lessor and sublessor under this Lease and grantor under the Indenture, or any successor thereto.

"Board Representative" shall mean the person or persons at the time designated to act on behalf of the Board for purposes of performing any act on behalf of the Board under this Lease or this Indenture by a written certificate furnished to Lessee and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Board by any duly authorized officer of the Board. The designation of the Board Representative may be changed by the Board from time to time by furnishing a new certificate to Lessee and the Trustee.

"Bonds" or **"Series 2014 Bonds"** shall mean the Board's Series 2014A Bonds and Series 2014B Bonds, issued and secured under the Indenture.

"Costs of Acquisition" shall mean and be deemed to include, together with any other proper item of cost not specifically mentioned herein, (a) the acquisition of the CT II Facility; (b) the cost of insurance (including deductibles) of all kinds (including, without limitation, title insurance) that may be necessary or appropriate in connection with the acquisition of the CT II Facility; (c) costs incurred in connection with the Series 2014 Bonds, including Underwriter's discount; the initial compensation and expenses of the Trustee; legal fees and expenses; costs incurred in obtaining ratings from rating agencies, if any; premiums and other costs incurred in obtaining insurance on the Bonds, if any; costs of publication, printing, and engraving; and recording and filing fees; and (d) all other costs which are considered to be a part of the costs of the acquisition of the CT II Facility, including working capital, in accordance with generally accepted accounting principles.

"CT II Facility" or "Facility" shall mean a 40MW simple-cycle peaking combustion turbine that is currently owned by BHW and located in the Neil Simpson Complex outside of Gillette.

"CT II Operating and Maintenance Agreement" or "O&M Agreement" shall mean that certain agreement to be dated as of September 3, 2014, between BHW and the Board setting forth the terms of the operation, maintenance and repair of the CT II Facility.

"CT II Purchase and Sale Agreement" shall mean that agreement dated as of May 6, 2013, between BHW and the Board, wherein BHW has agreed to sell the Board a 100% ownership interest in the CT II Facility.

"Deed" shall mean a General Warranty Deed whereby BHW conveys to the Board a 100% fee simple ownership interest in the CT II Facility.

"Easement Assignment and Assumption Agreement" shall mean an assignment and assumption instrument under which, on September 3, 2014, BHW will assign to the Board and the Board will assume from BHW, all of BHW's right, title and interest in and to certain easement agreements described on Exhibit A attached thereto concerning those certain properties described in the easement agreements and all easements and rights granted to BHW thereunder.

"Economy Energy PPA" shall mean a power purchase agreement between Gillette and BHW.

"Event of Default" shall mean one or more of the events set forth in Section 14.1 of this Lease.

"Excluded Assets" shall mean BHW's assets set forth in Section 3.2 of the CT II Purchase and Sale Agreement.

"Event of Nonappropriation" shall mean a termination of this Lease by the City, determined by the Governing Body of the City failing, for any reason, to specifically budget and appropriate moneys to pay all Rental Payments and reasonably estimated Additional Rentals, as provided in Section 6.5 of this Lease.

"Extraordinary Revenues" shall mean (i) the Optional Purchase Price, if paid; (ii) all Net Proceeds, if any, of casualty insurance, title insurance, and condemnation awards, not applied to the repair, restoration, modification, improvement or replacement of the Leased Property; and (iii) all Net Proceeds derived from the (a) lease or sale of the CT II Facility, subject to the terms of the Ancillary Documents, (b) the sublease of the Facility Land under the terms of the Ground Lease or the assignment of the Trustee's interest thereunder, or any combination thereof, and (c) the exercise of any or all rights of the Board under the Lease and the Ancillary Documents, pursuant to Sections 702 (as it relates to the Series 2014 Bonds) and 705 of the Indenture.

"Extraordinary Revenue Fund" shall mean the fund so designated, established and held by the Trustee pursuant to the Indenture.

"Facility Land" shall mean the real property on which the CT II Facility is located, as described on Schedule 1 of the Ground Lease and EXHIBIT A to this Lease, which is subleased by the Board to the City under this Lease.

"Fifth Supplement" shall mean that certain Fifth Supplement to Indenture of Trust, dated as of August 26, 2014, that amends and supplements the Original Indenture, by and between the Board and the Trustee.

"Fiscal Year" shall mean July 1 through June 30 of the following year.

"Force Majeure" shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes, or canals; or any other cause or event not within the control of the City.

"Gas Transportation Agreement" shall mean the agreement to be dated as of September 3, 2014, between BHW and Gillette relating to the provision of natural gas for the operation of the CT II Facility.

"Gillette Electrical System" shall mean all buildings, structures or improvements, extensions, additions and all other income-producing facilities forming and constituting the electric utility system owned and operated by Gillette, whether now in existence or resulting from improvements, extensions, enlargements, repairs or betterments thereto.

"Good Utility Practice" shall mean any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or

any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the region.

“Governing Body” shall mean the Mayor and Council of the City of Gillette, Wyoming.

“Governmental Authority” shall mean the United States, any state, local, or other political subdivision thereof, and any court, commission, authority, agency, department, or body exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to national, state, or local government.

“Ground Lease” shall mean the Ground Lease to be dated as of September 3, 2014, between BHW (as lessor) and the Board (as lessee). Under the Ground Lease, BHW will lease the Facility Land to the Board.

“Guaranty” shall mean that certain agreement to be dated as of September 3, 2014, by Black Hills Corporation, a South Dakota corporation, in favor of the Board, to induce the counterparties to enter into the Ancillary Documents and guaranteeing the performance and obligations of BHW under (i) the O&M Agreement, (ii) the Shared Facilities Agreement, (iii) the Economy Energy PPA, (iv) the Gas Transportation Agreement, and (v) the Ground Lease, provided that the liability is limited to certain amounts set forth therein.

“Independent Counsel” shall mean an attorney duly admitted to the practice of law before the highest court in the State and who is not an employee of the Board, the Trustee, or the City.

“Interconnection Agreement” shall mean that certain Agreement for Interconnection Service dated as of April 25, 2001, between BHP and Black Hills Generation, Inc. (the predecessor to BHW).

“Interconnection Agreement Assignment” shall mean the assignment and assumption instrument to be dated as of September 3, 2014, between BHW and the Board whereby BHW transfers the Interconnection Agreement to the Board.

“Interconnection Facilities” shall mean the interconnection facilities owned by BHW, as defined by the Interconnection Agreement.

“Leased Property” shall mean (i) the Board’s interest in the Facility Land under the Ground Lease, and (ii) the CT II Facility.

“Lease Term” shall mean the time during which the City is the lessee of the Leased Property under this Lease, as provided in Section 4.1 of this Lease, subject to the terms and provisions of Sections 4.2, 6.1, 6.2, and 6.5 of this Lease. Certain provisions of this Lease survive the termination of the Lease Term, as further provided in Section 4.2 of this Lease.

“Lessee” or “City” or “Gillette” shall mean the City of Gillette, Wyoming, and its successors or permitted assigns under this Lease.

“Lessee Representative” shall mean the Director of Utilities of Gillette and any person or persons authorized to act on behalf of Gillette by a written certificate signed on behalf of Gillette by the Director of Utilities containing the specimen signature of each such person.

“Lessor” shall mean the Board and its successors or permitted assigns under this Lease.

“Neil Simpson Complex” shall mean, at any given time and considered collectively, the electric generating facilities and ancillary equipment, facilities, and properties (including coal storage and handling equipment, ash disposal facilities, water wells, and parts and inventory storage facilities) in or near Gillette and owned or leased in whole or in part at that time by BHP and its Affiliates, but not including the properties utilized by WRDC for the coal mining operations known as the Wyodak mine.

“Net Proceeds” shall mean proceeds from any policies of insurance (minus any amounts withheld from such net proceeds by reason of any deductible clause), any condemnation award, or proceeds derived from the lease or sale of the CT II Facility, subject to the terms of the Ancillary Documents, the sublease of the Facility Land under the terms of the Ground Lease or the assignment of the Trustee’s interest thereunder, or any combination thereof, and the exercise of any or all rights of the Board under the Lease and the Ancillary Documents, minus deductions for all expenses, including without limitation, attorneys’ fees and costs, incurred in the collection of such proceeds, award, lease or sale.

“Operator,” with respect to the O&M Agreement, shall mean BHW.

“Optional Purchase Price” shall mean the amount payable, if any, at the option of Gillette, for the purpose of terminating the Lease and purchasing the CT II Facility, which amount shall be equal to the amount provided in EXHIBIT D to this Lease. The Optional Purchase Price shall be recalculated by the Underwriter (as defined in the Fifth Supplement) in the event of partial redemption of the Series 2014A Bonds prior to Maturity, all as provided in the Indenture.

“Ownership Interest” shall mean the Board’s 100% fee simple ownership interest in the CT II Facility.

“Right of First Refusal Agreement” shall mean that certain agreement to be dated as of September 3, 2014, between BHW and the Board wherein the Board affords BHW the right to purchase the CT II Facility under certain circumstances set forth therein.

“Permitted Encumbrances” shall mean, as of any particular time, (i) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to the provisions of ARTICLE VIII and ARTICLE IX of this Lease; (ii) the Ground Lease, this Lease, and the Indenture; (iii) utility, access, and other easements, and rights-of-way, restrictions, and exceptions which the Lessee Representative certifies will not interfere with or impair the Leased Property; (iv) any financing statements filed to perfect security interests pursuant to this Lease, the Ground Lease or the Indenture; (v) such minor defects, irregularities, encumbrances, and clouds on title as normally exist with respect to property of the general character of the Leased Property and as do not, in the opinion of Independent Counsel, materially impair title to the Leased Property; and (vi) the Ancillary Documents and liens permitted thereunder.

“Requisition” shall mean the form set forth in EXHIBIT E of this Lease that is submitted to the Trustee for disbursements from the Project Fund.

“Renewal Term” shall mean any Fiscal Year for which the City shall renew the term of this Lease as provided in Section 6.5 of this Lease.

“Rental Payments” shall mean the payments payable by the City pursuant to Section 6.2 of this Lease and EXHIBIT C of this Lease, as it may be amended hereunder, during the Lease Term, which constitute the payments payable by the City for and in consideration of the right to use the Leased Property during the Lease Term.

"Series 2014A Bonds" shall mean the Board's \$21,935,000 Tax-Exempt Electrical Facilities Improvement Lease Revenue Bonds (City of Gillette, Wyoming, Electrical System Project), Series 2014A.

"Series 2014B Bonds" shall mean the Board's \$2,535,000 Taxable Electrical Facilities Improvement Lease Revenue Bonds (City of Gillette, Wyoming, Electrical System Project), Series 2014B.

"Shared Facilities Agreement" shall mean that certain agreement to be dated as of September 3, 2014, between BHW and the Board which sets forth (i) the capital assets located at the Neil Simpson Complex and owned by BHW or one or more of its Affiliates which will be used to support the operations of the CT II Facility, but will not be a component of the Facility and will not be owned by the Board, and (ii) the Board's share of the operations and maintenance costs and expenses associated with such assets.

"State" shall mean the State of Wyoming.

"Underwriter" shall mean RBC Capital Markets, LLC, and its successors and assigns.

"WRDC" shall mean Wyodak Resources Development Corporation, an Affiliate of BHP.

* * * * *

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the Board. The Board represents, covenants, and warrants as follows:

(a) The Board is a joint powers board, duly organized and existing as a body corporate and politic under the laws of the State, has all necessary power to enter into this Lease, is possessed of full power to lease and sublease real and personal property, as lessor or lessee, and has duly authorized the execution and delivery of this Lease;

(b) The Board acknowledges and joins in the representations, covenants and warranties set forth in paragraphs (b) and (d) of Section 2.2 hereof;

(c) The Board has not, as of the date of this Lease, and will not hereafter pledge or assign the Revenues or any of its other rights under this Lease except pursuant to the Indenture, and has not and will not encumber the Leased Property except for Permitted Encumbrances;

(d) To the knowledge of the Board, neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which the Board is now a party or by which the Board is bound, or constitutes a default under any of the foregoing;

(e) To the knowledge of the Board, there is no litigation or proceeding pending or threatened against the Board or any other person affecting the right of the Board to execute this Lease or the ability of the Board to otherwise comply with its obligations hereunder;

(f) Except as specifically provided in this Lease or the Indenture, the Board will not assign this Lease, its rights to payments from the City, nor its duties and obligations hereunder to any other person, firm, or corporation, so as to impair or violate the representations, covenants, and warranties contained in this Section 2.1; and

(g) The Board acknowledges and recognizes that this Lease will be terminated in the event that funds are not specifically budgeted and appropriated by the City, to continue paying all Rental Payments and Additional Rentals during the next occurring Renewal Term, and that the acts of budgeting and appropriating funds are legislative acts and, as such, are solely within the discretion of the Governing Body.

Section 2.2. Representations, Covenants and Warranties of the Lessee. The City represents, covenants, and warrants as follows:

(a) The City is a public body politic and corporate duly organized and existing within the State under the constitution and laws of the State. The City will acquire a leasehold interest in the Facility Land and 100% fee simple ownership interest in the CT II Facility and is authorized by law to enter into the transactions contemplated by this Lease, and to carry out its obligations hereunder. The Governing Body has authorized and approved the execution and delivery of this Lease and other documents related to this transaction;

(b) The Board and the City agree that the costs of acquiring the CT II Facility will be financed from proceeds of the Series 2014A Bonds to be deposited into the Project Fund. The Board is not obligated to, and shall not, utilize any of its own funds, or any funds other than the proceeds of the Bonds to pay any part of the Costs of Acquisition;

(c) Nothing in this Lease shall be construed as diminishing, delegating, or otherwise restricting any of the sovereign powers of the City. Nothing in this Lease shall be construed to require the City to operate the Leased Property other than as lessee, or to require the City to exercise its right to purchase the CT II Facility as provided in ARTICLE XII hereof;

(d) The acquisition of the CT II Facility, under the terms and conditions provided for in this Lease, are necessary, convenient, and in furtherance of the City's governmental purposes, and are in the best interests of the citizens and inhabitants of the City;

(e) During the Lease Term, the Leased Property will at all times be used by the City for the purpose of performing one or more lawful governmental functions (except to the extent that subleasing of the Leased Property by the City is permitted by Section 13.2 of this Lease);

(f) To the knowledge of the City, neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing; and

(g) To the knowledge of the City, there is no litigation or proceeding pending or threatened against the City or any other person affecting the right of the City to execute this Lease or the ability of the City to make the payments required hereunder or to otherwise comply with its obligations hereunder.

Section 2.3. Essentiality of the Leased Property. Execution of this Lease by the Board and the City constitutes a representation as to the essentiality of the Leased Property.

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ARTICLE III

DEMISING CLAUSE

The Board demises and leases the CT II Facility and demises and subleases the Facility Land to the City, and the City leases the CT II Facility and subleases the Facility Land from the Board, in accordance with the provisions of the Ground Lease, this Lease and the Ancillary Documents, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

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ARTICLE IV

LEASE TERM

Section 4.1. Commencement of Lease Term; Lessee's Annual Right to Terminate.

The Lease Term shall commence as of August 26, 2014, and shall terminate as provided in Section 4.2 hereof. In the event that the City shall determine, for any reason, to exercise its annual right to terminate this Lease, effective on June 30 of any Fiscal Year, the City shall give written notice to such effect pursuant to Section 6.5 of this Lease; provided, however, that a failure to give such notice shall not constitute an Event of Default, nor prevent the City from terminating this Lease, nor result in any liability on the part of the City. The exercise of the City's annual option to terminate this Lease shall be conclusively determined by whether or not the Governing Body has, on or before June 1, specifically confirmed by letter to the Trustee that there shall be included in the budget of the City for the next Fiscal Year, moneys to pay all the Rental Payments and reasonably estimated Additional Rentals for the ensuing Fiscal Year, commencing on July 1 of that year, all as further provided in ARTICLE VI of this Lease. The Finance Director of the City (or any other officer at any time charged with the responsibility of formulating budget proposals) is hereby directed to include, in the annual budget proposal submitted to the Governing Body, items for all payments required under this Lease for the ensuing Fiscal Year, until such time as the Governing Body shall determine to terminate this Lease; it being the intention of the Governing Body that the decision to terminate this Lease shall be made solely by the Governing Body and not by any other official or officials of the City. The City shall in any event, whether or not this Lease is to be renewed, furnish the Trustee, the Board, and the Underwriter with copies of its annual budget promptly after said budget is adopted.

Section 4.2. Termination of Lease Term. The Lease Term shall terminate upon the earliest of any of the following events:

- (a) subject to the provision of ARTICLE VI of this Lease, June 30 of any Fiscal Year during which there has occurred an Event of Nonappropriation by the Governing Body pursuant to Section 4.1 of this Lease;
- (b) the purchase by the City of the CT II Facility as provided in ARTICLE XII of this Lease;
- (c) an Event of Default and termination of this Lease by the Trustee under ARTICLE XIV of this Lease;
- (d) termination of the Lease Term pursuant to Section 10.3(b) of this Lease under the conditions provided therein; or
- (e) conveyance of the CT II Facility to the City upon payment by the City of all Rental Payments for the entire Lease Term through June 30, 2034, and all then current Additional Rentals, as provided in Section 12.1(b) of this Lease.

Termination of the Lease Term shall terminate all unaccrued obligations of the City under this Lease, and shall terminate the City's rights of possession under this Lease (except to the extent of the holdover provisions of Section 14.2(a) of this Lease, and except for any conveyance pursuant to ARTICLE XII of this Lease); but all other provisions of this Lease, including all obligations of the City accrued prior to such termination, and all obligations of the Trustee with respect to the Holders of the Bonds and the receipt and disbursement of funds, shall be continuing until the Indenture is discharged as provided in ARTICLE VI of the Indenture.

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ARTICLE V

ENJOYMENT OF LEASED PROPERTY

The Board hereby covenants that the City shall during the Lease Term peaceably and quietly have and hold and enjoy the Leased Property without suit, trouble, or hindrance from the Board, except as expressly required or permitted by the Ground Lease, the Ancillary Documents, this Lease or the Indenture. The Board shall not interfere with the quiet use and enjoyment of the Leased Property by the City during the Lease Term so long as no Event of Default shall have occurred. The Board shall, at the request of the City and at the cost of the City, join and cooperate fully in any legal action in which the City asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. In addition, the City may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined in any action affecting its liabilities hereunder.

The provisions of this ARTICLE V shall be subject to the Trustee's right to inspect the Leased Property as provided in Section 1104 of the Indenture. The City also hereby consents to the provisions of Section 1104 of the Indenture relating to inspection of records by the Trustee.

* * * * *

ARTICLE VI

PAYMENTS BY THE LESSEE

Section 6.1. Payments to Constitute Currently Budgeted Expenditures of Lessee. The Board and the City acknowledge and agree that the Rental Payments and Additional Rentals hereunder shall constitute currently budgeted expenditures of City subject to a reduction in such budgeted expenditures pursuant to Section 6.2 hereof. The City's obligations under this Lease shall be subject to the City's annual right to terminate this Lease (as further provided in Sections 4.1, 4.2, 6.2, and 6.5 hereof), and shall not constitute a mandatory charge or requirement in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as creating a general obligation or other indebtedness of the Board within the meaning of any constitutional or statutory debt limitation. No provision of this Lease shall be construed or interpreted as creating a delegation of governmental powers, the creation of indebtedness, nor as a donation by or a lending of the credit of the City within the meaning of such under the constitution of the State. Neither this Lease nor the issuance of the Bonds shall directly or indirectly obligate the City to make any payments beyond those appropriated for the then current Fiscal Year. The City shall be under no obligation whatsoever to exercise its option to purchase the CT II Facility. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of monies belonging to the City, nor shall any provision of this Lease restrict the future issuance of any bonds on behalf of the City or obligations payable from any class or source of monies of the City.

Section 6.2. Rental Payments and Additional Rentals. The City shall pay or cause to be paid Rental Payments directly to the Trustee in accordance with the Indenture during the Lease Term, on the due dates and in the amounts set forth in EXHIBIT C of this Lease, as it may be amended hereunder. The amount of Rental Payments otherwise payable hereunder shall be reduced by an amount equal to (i) the portion of the proceeds of the sale of the Bonds which is deposited into the Debt Service Fund as accrued interest; (ii) any earnings derived from the investment of the Debt Service Fund and the Debt Service Reserve Fund during the period prior to the date on which such Rental Payments are required to be made to the Trustee; and (iii) any moneys otherwise deposited into the Debt Service Fund and directed by the City to be applied toward Rental Payments.

The Rental Payments and the Optional Purchase Price set forth in EXHIBITS C and D to this Lease shall be recalculated by the Underwriter in the event of any partial redemption of the Bonds prior to maturity, as provided in Section 401 of the Indenture.

The City shall pay Additional Rentals during the Lease Term as herein provided. The Additional Rentals during the Lease Term shall be in an amount sufficient to pay the annual rent under Section 5.0 of the Ground Lease, the reasonable fees and expenses of the Trustee, and for the cost of taxes, insurance premiums, utility charges, operating costs, amounts payable under the Ancillary Documents, maintenance and repair costs, and all other expenses expressly required to be paid hereunder, as well as for payments into the Debt Service Reserve Fund required by Section 310 of the Indenture. The City hereby agrees that, to the extent that Debt Service Reserve Fund moneys are applied pursuant to paragraph (a) of Section 310 of the Indenture, the City will pay to the Trustee for deposit into the Debt Service Reserve Fund, as Additional Rentals, such amounts as are required to restore the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, within 30 days following such withdrawal of moneys from the Debt Service Reserve Fund, unless this Lease has theretofore been terminated by the City.

All Additional Rentals shall be paid by the City on a timely basis directly to the person or entity to which such Additional Rentals are owed (except that Debt Service Reserve Fund payments shall be made to the Trustee as provided in Section 310 of the Indenture). If the City's estimates of Additional Rentals for any Fiscal Year are not itemized in the budget required to be furnished to the Trustee, the Board, and the Underwriter under Section 4.1 of this Lease, the City shall furnish an

itemization of such estimated Additional Rentals to the Trustee, the Board, and the Underwriter on or before the June 15 preceding such Fiscal Year.

Section 6.3. Manner of Payment. The Rental Payments and, if paid, the Optional Purchase Price, shall be paid in lawful money of the United States of America to the Trustee at its designated office. The obligation of the City to pay the Rental Payments and Additional Rentals required under this ARTICLE VI and other sections hereof, during the Lease Term, shall be absolute and unconditional, and payment of the Rental Payments and Additional Rentals shall not be abated through accident or unforeseen circumstances. Notwithstanding any dispute between the City and the Board, the Trustee, any Bondholder, any contractor or subcontractor retained with respect to the CT II Facility, any supplier of labor or materials in connection therewith, or any other person, the City shall, during the Lease Term, make all payments of Rental Payments and Additional Rentals when due and shall not withhold any Rental Payments or Additional Rentals pending final resolution of such dispute (except to the extent permitted by Sections 8.2 and 9.4 of this Lease with respect to certain Additional Rentals), nor shall the City assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Board or the Trustee shall affect the City's obligation to pay all Rental Payments and Additional Rentals (except to the extent provided by Sections 8.2 and 9.4 of this Lease with respect to certain Additional Rentals), during the Lease Term.

Section 6.4. Expression of Lessee's Need for the CT II Facility; Determinations as to Fair Purchase Price. The City hereby declares its current need for the CT II Facility. The City and the Board hereby agree and determine that the Rental Payments payable hereunder during the Lease Term represent the fair value of the use of the CT II Facility and that the Optional Purchase Price represents the fair purchase price of the CT II Facility at the time of exercise of the purchase option. The City hereby determines that the Rental Payments do not exceed a reasonable amount so as to place the City under an economic compulsion to renew this Lease or so as to force the City to exercise its option to purchase the CT II Facility hereunder. In making such determinations, the Board and the City have given consideration to the Costs of Acquisition; the uses and purposes for which the Leased Property will be employed by the City; the benefit to the citizens and inhabitants of the City by reason of the acquisition of the CT II Facility; the use and occupancy of the Leased Property pursuant to the terms and provisions of this Lease; and the options of the City to purchase the CT II Facility. The City hereby determines and declares that the period during which the City has an option to purchase the CT II Facility does not exceed the useful life of the CT II Facility.

Section 6.5. Nonappropriation. In the event that the Governing Body shall not, on or before June 1 of each year, specifically confirm by letter to the Trustee that there shall be included in the preliminary budget of the City for the next Fiscal Year, moneys to pay all Rental Payments and the reasonably estimated Additional Rentals coming due for the next ensuing Fiscal Year, an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisos:

(a) The Trustee shall declare an Event of Nonappropriation on any earlier date on which the Trustee receives official, specific written notice from the Governing Body that this Lease will be terminated;

(b) Absent such notice from the Governing Body, the Trustee shall give written notice to the City of any Event of Nonappropriation, on or before the next following June 2; but any failure of the Trustee to give such written notice shall not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee;

(c) The Trustee may waive any Event of Nonappropriation which is cured by the City within a reasonable time, if in the Trustee's judgment such waiver is in the best interests of the Bondholders;

(d) The Trustee shall waive any Event of Nonappropriation which is cured by the City by specifically budgeting and appropriating within 25 days of the giving of notice by the Trustee as provided in (b) above, or by June 30 of the then current Fiscal Year, whichever is earlier, moneys sufficient to pay all Rental Payments and reasonably estimated Additional Rentals coming due for such Fiscal Year. The City shall provide notice of such cure to the Trustee no later than June 30 of the then current Fiscal Year.

In the event that during any Fiscal Year, any Additional Rentals shall become due which were not included in the current budget of the City, and in the event that moneys are not specifically budgeted and appropriated to pay such Additional Rentals within four (4) months subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the City, to such effect (subject to waiver by the Trustee as provided in paragraph (c) above). The City is required to notify the Trustee as to such failure to include and as to the cure thereof.

If an Event of Nonappropriation occurs, the City shall not be obligated to make payment of the Rental Payments or Additional Rentals or any other payments provided for herein which accrue after June 30 of the Fiscal Year prior to the Fiscal Year for which such Event of Nonappropriation occurs; provided, however, that subject to the limitations of Section 14.3 hereof, the City shall continue to be liable for Rental Payments and Additional Rentals allocable to any period during which the City shall continue to occupy the Facility Land and take delivery of capacity and energy from the CT II Facility.

The City shall in all events vacate the Facility Land and no longer take delivery of capacity or energy from the CT II Facility by June 30 of any Fiscal Year prior to the Fiscal Year for which an Event of Nonappropriation occurs, and the Trustee shall not be required to provide City notice of its obligation thereof.

The Trustee shall, upon the occurrence of an Event of Nonappropriation, be entitled to all moneys then on hand and being held in all funds created under the Indenture, for the benefit of the Bondholders. After the expiration of June 30 of any Fiscal Year prior to the Fiscal Year for which an Event of Nonappropriation occurs, the Trustee may proceed to (i) lease or sell the CT II Facility, subject to the terms of the Ancillary Documents, or (ii) sublease the Facility Land under the terms of the Ground Lease or assign the Trustee's interest thereunder, as provided in Sections 702 (as it relates to the Series 2014 Bonds) and 705 of the Indenture and may, or at the request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall, take one or any combination of the steps described in Section 14.2 of this Lease. All property, funds, and rights acquired by the Trustee upon the termination of this Lease by reason of an Event of Nonappropriation, less any moneys due and owing to the Trustee, shall be held by the Trustee for the benefit of the Holders of the Bonds as set forth in the Indenture.

Section 6.6. Disposition of Rental Payments. Upon receipt by the Trustee of each payment of Rental Payments, the Trustee shall apply the amount of such Rental Payments in the following manner and order:

FIRST: The amount of such payment of Rental Payments designated and paid as interest under EXHIBIT C hereto, as it may be amended hereunder, plus the amount of any past due interest on the Bonds, shall be deposited into the Interest Account of the Debt Service Fund.

SECOND: The remaining portion of such payment of Rental Payments shall be deposited into the Principal Account of the Debt Service Fund.

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ARTICLE VII

ACQUISITION OF THE CT II FACILITY

Section 7.1. Agreement to Acquire the CT II Facility. On September 3, 2014, the Board shall acquire, by purchase, the CT II Facility through the application of \$22,500,000 from the Project Fund, in the manner set forth in Section 7.2 hereof.

Title to all real property or interests therein, buildings, equipment, or other personal property, which is purchased or financed from moneys deposited into the Project Fund, shall be held by the Board and the City subject to the Ground Lease, this Lease, the Indenture and the Ancillary Documents.

Section 7.2. Disbursements from the Project Fund. On the date hereof, the Trustee shall make payment from the Project Fund of \$22,500,000, upon receipt of a Requisition, signed by the Lessee Representative and the Board Representative, stating (i) the name and address of the Person, company or corporation to whom payment (or reimbursement) is to be made, (ii) the principal amounts, and (iii) the applicable wire instructions. (The form of Requisition is attached as EXHIBIT E to this Lease.)

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom as reasonably directed by the Board, and the Board and the City shall also maintain adequate records pertaining to all checks or drafts to pay Costs of Acquisition.

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ARTICLE VIII

TITLE TO THE CT II FACILITY; TITLE TO THE FACILITY LAND; LIMITATIONS ON ENCUMBRANCES

Section 8.1. Title to the CT II Facility; Title to the Facility Land. Title to the CT II Facility and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Board, subject to the Ground Lease, this Lease, the Indenture and the Ancillary Documents, until conveyed as provided in Section 702 of the Indenture or ARTICLE XII of this Lease, notwithstanding (i) a termination of this Lease by the City by reason of an Event of Nonappropriation as provided in Section 6.5 of this Lease; (ii) the occurrence of one or more Events of Default as defined in Section 14.1 of this Lease; (iii) the occurrence of any event of damage, destruction, condemnation, or construction defect or title defect, as provided in ARTICLE X of this Lease; or (iv) the violation by the Board (or by the Trustee as assignee of the Board pursuant to the Indenture) of any provision of this Lease.

Title to the Facility Land shall be held in the name of the BHW, subject to the terms of the Ground Lease and this Lease.

The City shall have no right, title, or interest in the CT II Facility or the Facility Land or any additions and modifications thereto or replacements thereof, except as expressly set forth in this Lease.

Section 8.2 No Encumbrances, Mortgage or Pledge. Neither the Board nor the City shall encumber the Leased Property except in accordance with the Ground Lease, the Indenture and the other Ancillary Documents. Neither the Board nor, except as provided above, the City, shall directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Leased Property, except Permitted Encumbrances. The City shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, or claim not excepted above which it shall have created, incurred, or suffered to exist. The Board shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, or claim not excepted above which it shall have created or incurred.

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ARTICLE IX

MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 9.1. Operation and Maintenance of the CT II Facility. It is the intent of the Board and the City that the CT II Facility will be operated to maximize its useful life and output, minimize its heat rate, preserve its ability to operate as a high-availability power supply resource and minimize maintenance costs. Pursuant to the O&M Agreement, the Board has appointed BHW as the Board's agent (the "Operator") to act on its behalf in connection with the operation of the Facility. For purposes of the O&M Agreement and this Lease, the term "operation" includes all operating, testing, maintenance, repair, capital addition, capital improvement, and all other activities relating to the effort to operate the Facility (including the hiring and training of operating personnel). The City agrees that at all times during the Lease Term the City will assume all responsibilities and liabilities of the Board under the O&M Agreement, pay all amounts due under the O&M as Additional Rentals, and maintain, preserve, and keep the Leased Property or cause the Leased Property to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order, and condition, and that the City will from time to time make or cause to be made all necessary and proper repairs in accordance with the provisions of the O&M Agreement, except as otherwise provided in Section 10.3 of this Lease and the Ancillary Documents. Neither the Board, the Trustee, nor any of the Bondholders shall have any responsibility in any of these matters or for the making of any additions, modifications, or replacements to the Leased Property.

Section 9.2. Modification of the Leased Property; Installation of Furnishings and Machinery of the Lessee. Subject to the provisions of the Ground Lease and the O&M Agreement, the City shall have the privilege of remodeling or making substitutions, additions, modifications or improvements to the Leased Property, at its own cost and expense; and the same shall be the property of the Board, subject to this Lease, the Ground Lease and the Indenture; provided, however, that such remodeling, substitutions, additions, modifications, and improvements shall not in any way damage the Leased Property or cause it to be used for purposes other than lawful governmental functions of the City; and provided that the Leased Property, as remodeled, improved, or altered, upon completion of such remodeling, substitutions, additions, modifications, and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such remodeling or such making of substitutions, additions, modifications, and improvements.

Subject to the provisions of the Ground Agreement and the O&M agreement, the City may also, from time to time in its sole discretion and at its own expense, install machinery, equipment, and other tangible property in or on the Leased Property. All such machinery, equipment, and other tangible property shall remain the sole property of the City in which neither the Board, the Trustee, the Operator nor the Bondholders shall have any interest; provided, however, that title to any such machinery, equipment, and other tangible property which becomes permanently affixed to the Leased Property shall be in the Board, subject to the Ground Lease and the Indenture, and shall be included under the terms of this Lease and the Indenture, in the event the Trustee shall reasonably determine that the Leased Property would be damaged or impaired by the removal of such machinery, equipment, or other tangible property.

All modifications of the Leased Property and installations of furnishings and machinery at the CT II Facility shall be done pursuant to the provisions of the O&M Agreement.

Section 9.3. Taxes, Other Governmental Charges and Utility Charges. In the event that the Leased Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments, or charges lawfully made by any governmental body, the City shall pay the amount of all such taxes, assessments, and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments

over a period of years, the City shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Other than as provided in the Ancillary Documents, the City shall not allow any liens for taxes, assessments, or governmental charges to exist with respect to the Leased Property or any portion thereof (including without limitation, any taxes levied upon the Leased Property, or any portion thereof, which, if not paid, will become a charge on the rentals and receipts from the Leased Property or any portion thereof, or any interest therein, including the interests of the Board, the Trustee, or the Bondholders), or with respect to the rentals and revenues derived therefrom or hereunder. The City shall also pay as Additional Rentals, as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility, and other charges incurred in the maintenance and upkeep of the CT II Facility.

Subject to the Ancillary Documents, the City may, at the expense and in the name of the City, in good faith contest any such taxes, assessments, utility, and other charges and, in the event of any such contest, may permit the taxes, assessments, utility, or other charges so contested to remain unpaid during the period of such contest and may appeal therefrom unless the Trustee shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the Indenture will be materially endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, or the Board or the Trustee will be subject to liability, in which event such taxes, assessments, utility charges, or other charges shall be paid (provided however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility, or other charges).

Section 9.4. Provisions Regarding Casualty, Public Liability and Property Damage Insurance.

Insurance Provided by the City. The City shall, at its own expense, cause casualty and property damage insurance to be carried and maintained with respect to the Leased Property in an aggregate amount equal to the principal amount of the Series 2014 Bonds then Outstanding or the replacement value of the Leased Property, whichever is greater. Such insurance policy or policies may have a deductible clause in an amount not to exceed \$5,000 per occurrence. The City may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other properties as well, as long as such blanket insurance policies comply with the requirements hereof. Lessee may also insure the Leased Property through participation in the Wyoming Association for Risk Management (“WARM”) or other similar risk management associations.

Upon the execution and delivery of this Lease, the City shall also, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by and on behalf of the City in connection with the use of the Leased Property, covering bodily injury/property in the amount of \$250,000 per person and per occurrence. Such insurance policies shall have no deductible clause. The public liability insurance required herein may be by a blanket insurance policy or policies. At its election the City may provide for public liability insurance with respect to the Leased Property partially or wholly by means of an adequate self-insurance fund. The City may also provide coverage through participation in WARM or other similar risk management associations.

Any casualty and property damage insurance policy required by this Section 9.4 shall be so written or endorsed as to make losses, if any, payable to the Board, the City, and the Trustee, as their respective interests may appear. Each insurance policy provided for in this Section 9.4 shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Trustee or the Bondholders, without first giving written notice thereof to the Board, the City, and the Trustee at least 30 days in advance of such cancellation or modification. All insurance policies issued pursuant to this Section or certificates evidencing such policies, shall be deposited with the Board and the City. No agent or employee of

the City shall have the power to adjust or settle any loss with respect to the Leased Property, whether or not covered by insurance, without the prior written consent of the Board; except that losses not exceeding \$5,000 may be adjusted or settled by the City without the Board's consent. The consent of the Board shall not be required for any such adjustment or settlement, regardless of the amount of the loss.

The City shall annually submit to the Trustee a certificate of insurance coverage within 30 days of purchase or renewal.

Insurance Provided by the Operator. Schedule 24.2 attached to the O&M Agreement sets forth a complete and correct list of all of the policies of liability insurance, including the scope and coverage amounts and periods of coverage to be carried on the date of the O&M Agreement by or for the benefit of the Operator and that cover the CT II Facility, the operation of the Facility, or the Facility Land. As soon as practicable after September 3, 2014, but except as otherwise provided on Schedule 24.2, (a) the Board will be listed as a named insured on all such policies, and (b) the Operator will use commercially reasonable efforts to ensure that all such policies provide that the Board will receive at least 60-days' (10-days' in the event of non-payment) written notice from the insurer prior to the cancellation or termination of, or any material change in, any such policy or the underlying insurance coverage. Furthermore, the Operator will notify the Board not less than 60 days in advance of changing, or permitting any of its Affiliates to change, in any material way, the terms of the policies of insurance covering the Facility, the operations of the Facility, or the Facility Land, and upon any such change, the Operator will amend Schedule 24.2 accordingly. The Operator, on behalf of the Board, will be solely responsible for pursuing claims and negotiating settlements in respect of claims under such insurance coverages. The aggregate costs of all insurance procured pursuant to this section, and all deductibles arising under any program of insurance, together with any self-insured retention, will be included in the calculation of Facility Costs (as defined in the O&M Agreement).

Without limiting any of the foregoing, the parties acknowledge and agree that the Operator shall maintain in full force and effect the following insurance policy during the term of the O&M Agreement: a comprehensive general liability insurance policy covering, with reasonable limits, deductibles, and other terms and conditions, bodily injury (including death at any time resulting therefrom), personal injury sustained by any person or persons or damage to or destruction of property caused by an occurrence or accident arising out of the operation of the CT II Facility in accordance with the O&M Agreement.

The Operator agrees (i) to make all insurance policies described herein available for review by the Board, (ii) to provide to the Board on an annual basis evidence, in a form reasonably satisfactory to the Board, of the effectiveness of such policies, and (iii) to cooperate with and assist the Board in obtaining its own insurance policies (including property insurance policies) covering the CT II Facility, the operation of the Facility, or the Facility Land.

Section 9.5. Advances. In the event that the City shall fail to pay any Additional Rentals during the Lease Term, the Trustee may (but shall be under no obligation to) pay such Additional Rentals, which Additional Rentals, together with interest thereon at the rate of 18% per annum, the City agrees to reimburse to the Trustee.

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ARTICLE X

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 10.1. Damage, Destruction and Condemnation of CT II Facility. If, during the Lease Term (i) the CT II Facility or any portion thereof shall be destroyed in whole or in part, or damaged by fire or other casualty; or (ii) title to or the temporary or permanent use of the CT II Facility, the Facility Land or any portion thereof or the estate of the City, the Board or the Trustee in the CT II Facility, the Facility Land or any portion thereof shall be taken under the exercise of the power of eminent domain by any Governmental Authority; or (iii) title to or the use of all or any portion of the CT II Facility or the Facility Land shall be lost by reason of a defect in title thereto, the City shall be obligated to continue to pay the amounts specified in Sections 6.2 and 10.2 of this Lease.

Section 10.2 Obligation of the Lessee to Repair and Replace; Use of Net Proceeds.

(a) Subject to the provisions of Section 10.3 of this Lease, the Board, the City and the Trustee shall cause the Net Proceeds of policies of insurance (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) required under this Lease or condemnation awards made available by reason of any occurrence described in Section 10.1 hereof, to be deposited into a separate trust fund held by the Trustee (the "Escrow Account").

Within 90 days of the occurrence of an event specified in Section 10.1 all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement, or replacement of the CT II Facility by the City upon receipt of a Requisition acceptable to the Trustee signed by the Lessee Representative and the appropriate Board Representative (i) stating with respect to each payment to be made: (a) the Requisition number, (b) the name and address of the person, firm, or corporation to whom payment is due or has been made, (c) the amount to be paid or reimbursed, and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the Escrow Account, and has not been the basis of any previous withdrawal; (ii) specifying in reasonable detail the nature of the obligation; and (iii) accompanied by a bill or a statement of account for such obligation. In carrying out any of the provisions of this Section 10.2, the Board and the City shall have all power and authority granted under ARTICLE VII of this Lease; and the Trustee shall cooperate with the Board and the City in the administration of such funds and shall not unreasonably withhold its approval of Requisitions under this Section 10.2. The balance of any such Net Proceeds remaining after such repair, restoration, modification, improvement, or replacement has been completed shall be transferred to the City. Any repair, restoration, modification, improvement, or replacement paid for in whole or in part out of such Net Proceeds shall be the property of (i) the Board, to the extent such repair, restoration, modification, or improvement relates to the CT II Facility, subject to this Lease, the Ground Lease, the O&M Agreement and the Indenture, and shall be included as part of the CT II Facility. The Operator will manage any such repair, restoration, or reconstruction activities in accordance with Good Utility Practice, and any unused or excess insurance proceeds will be for the account of the City.

(b) In accordance with the O&M Agreement, the Operator will apply any insurance proceeds received by it (in its capacity as the Operator, on behalf of the Facility or the Board) to remedy or otherwise address the insured event and cover related costs and expenses. Any insurance proceeds shall be payable to the Escrow Account and shall be disbursed by the Trustee in the same fashion as provided in 10.2(a). Any interest or income received on the deposits or investments with respect to the insurance proceeds held in such Escrow Account shall also be used in such repair, restoration, and reconstruction activities. Otherwise, the City will bear (and promptly pay as incurred) all obligations, liabilities, costs, and reconstruction activities. The Operator will manage any such repair, restoration, or reconstruction activities in accordance with Good Utility Practice, and any unused or excess insurance proceeds will be for the account of the City.

Similarly, if the Operator receives any such insurance proceeds in any other circumstance, and after the proceeds are applied to remedy or otherwise address the insured event and cover related costs and expenses, excess proceeds remain, the Operator will distribute to the City such excess proceeds. Notwithstanding anything to the contrary herein, if any insurance policy applies not only with respect to the Facility or the Facility Land, but also with respect to other facilities, assets, properties, and equipment owned or operated by the Operator or its Affiliates, then any proceeds recovered by the Operator (in its capacity as the Operator, on behalf of the Facility or the Board) under such property will be allocated among the Facility and the other facilities without preference to the Operator or its Affiliates.

(c) The Operator will promptly notify the Board and the City if all or any portion of the CT II Facility or the Facility Land is threatened with condemnation or eminent domain proceedings, or if any condemnation or eminent domain proceedings are initiated in respect of all or any portion of the Facility or the Facility Land. The City will bear all costs and expenses associated with such threatened or initiated proceedings. If all or any portion of the Facility is condemned or otherwise subject to a taking by a Governmental Authority, the Board will be entitled to receive all net proceeds therefrom. Issues with respect to rebuilding or repairing or otherwise modifying the Facility after any condemnation of less than all of the Facility will be addressed as provided Article 19.0 of the O&M Agreement and this Section 10.2, as though damage or destruction to the Facility had occurred and proceeds of condemnation were insurance proceeds.

Section 10.3. Insufficiency of Net Proceeds; Discharge of the Obligation of the Lessee to Repair or Replace the CT II Facility. (a) If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) with respect to the CT II Facility shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement, or replacement of the Facility under Section 10.2 of this Lease, the City may elect any of the following options:

(i) The City may complete the work of repairing or replacing the Facility and pay any cost in excess of the amount of the Net Proceeds, and the City agrees that, if by reason of any such insufficiency of the Net Proceeds, the City shall make any payments pursuant to the provisions of this Section 10.3(a), the City shall not be entitled to any reimbursement therefor from the Board, the Trustee, or the Bondholders, nor shall the City be entitled to any diminution of the Rental Payments and Additional Rentals payable under Section 6.2 of this Lease; or

(ii) The obligation of the City to repair or replace the Facility under Section 10.2 of this Lease may also, at the option of the City, be discharged by depositing the Net Proceeds of insurance policies, performance bonds, or condemnation awards made available by reason of such occurrence, into the Extraordinary Revenue Fund.

(b) If the damaged or destroyed properties or equipment are not repaired, restored, or reconstructed, the Operator will clean-up and remove and, if practicable, dispose of the relevant properties and equipment (subject to the rights of the Bondholders with respect thereto) in accordance with Good Utility Practice and at the City's cost, and will distribute the net proceeds, if any, of any such disposition to the Board. Any funds paid to the Board in accordance with any such event, plus additional insurance proceeds from the City pursuant to Section 9.4(b) of this Lease, shall be deposited into the Extraordinary Revenue Fund. Upon receipt by the Trustee of such deposits as set forth in this Section 10.3(b), the Lease Term and all obligations of the City hereunder, including the obligation to pay Rental Payments and Additional Rentals, shall terminate, and all right, title, and interest of the City in any funds or accounts created under the Indenture shall be surrendered by the City to the Trustee, for the benefit of the Bondholders. The Net Proceeds so deposited into the Extraordinary Revenue Fund, as well as all other moneys available in any fund

created under the Indenture, shall be applied to the redemption of the Series 2014 Bonds as provided in the Indenture.

Notwithstanding any provision of this Section 10.3, the City may, at its sole option but subject to the Board's obligations under the Ancillary Documents, apply the Net Proceeds of such insurance policies, performance bonds, or condemnation awards to the payment of the Optional Purchase Price applicable as of June 1, 2024, in accordance with ARTICLE XII of this Lease. In the event of an insufficiency of the Net Proceeds for such purpose, the City shall pay such amounts as may be necessary to equal the Optional Purchase Price; and in the event the Net Proceeds shall exceed the Optional Purchase Price, such excess shall be retained by the City.

Section 10.4. Cooperation of Board. The Board shall cooperate fully with the City, the Trustee and the Operator in filing any proof of loss with respect to any insurance policy covering the events described in Section 10.1 of this Lease, in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the CT II Facility, the Facility Land or any portion thereof, and hereby assigns to the Trustee its interests in such policies solely for such purposes. In no event shall the Board voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, prospective or pending condemnation proceeding, with respect to the Leased Property or any portion thereof, without the written consent of the Trustee Representative and the Lessee Representative.

* * * * *

ARTICLE XI

DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 11.1. Disclaimer of Warranties. NEITHER THE BOARD, THE TRUSTEE, NOR THE BONDHOLDERS MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, FITNESS FOR USE, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE VALUE OR CONDITION OF THE CT II FACILITY. The City hereby acknowledges and declares that the City is solely responsible for the maintenance and operation of the CT II Facility, acting pursuant to the O&M Agreement, and that neither the Board, the Trustee, nor the Bondholders have any responsibility therefor. In no event shall the Board, the Trustee, or the Bondholders be liable for any direct, indirect, incidental, special, or consequential damages in connection with or arising out of this Lease or the existence, furnishing, functioning, or use by the City of any item, product, or service provided for herein.

Section 11.2. Further Assurances and Corrective Instruments. The Board and the City agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be, or for otherwise carrying out the intention hereof.

Section 11.3. Board, Lessee and Trustee Representatives. Whenever under the provisions hereof the approval of the Board, the City, or the Trustee is required, or the Board, the City, or the Trustee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Board by the Board Representative, for the City by the Lessee Representative, and for the Trustee by the Trustee Representative, and the Board, the City, and the Trustee shall be authorized to act on any such approval or request.

Section 11.4. Compliance with Requirements. During the Lease Term, the City, the Board, and the Trustee shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the Leased Property or any portion thereof, and all current and future requirements of all insurance companies writing policies covering the Leased Property or any portion thereof.

Section 11.5. Lessee Acknowledgment of the Bonds. The City acknowledges and consents to the assignment by the Board to the Trustee, pursuant to the Indenture, of all rights, title, and interest of the Board in, to, and under this Lease; and to the delegation by the Board to the Trustee, pursuant to the Indenture, of all duties of the Board under this Lease.

Section 11.6. Tax Covenant. The Lessee acknowledges that Section 5.01 of the Indenture provides that moneys in all funds and accounts created under the Indenture will be invested or deposited by the Trustee at the written direction of the Board. The Board and the Lessee certify and covenant to and for the benefit of the owners of the Series 2014A Bonds and the Trustee that the Board and the Lessee shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Series 2014A Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the Owners thereof. It is hereby covenanted and agreed by the Board and the Lessee that they will not make, or permit to be made, any use of the original proceeds of the Series 2014A Bonds, or of any moneys treated as proceeds of the Series 2014A Bonds within the meaning of the Code and applicable regulations, rulings, and decisions, or take, fail to take, or permit to be taken any action which would adversely affect the exclusion from gross income of the interest on the Series 2014A Bonds under Section 103 of the Code and applicable regulations, rulings, and decisions. The covenants contained in this Section shall continue in effect until all Series 2014A Bonds are fully paid, satisfied, and discharged, and will survive

termination of the Indenture; provided, however, that nothing in this Section 11.6 will impair or affect the Lessee's ability to terminate this Lease as provided herein.

* * * * *

ARTICLE XII

CONVEYANCE OF THE CT II FACILITY

Section 12.1. Conveyance of the CT II Facility. The Board shall assign, transfer, and convey the CT II Facility to the City or its designees in the manner provided for in Section 12.2 of this Lease and the Ancillary Documents; provided, however, that prior to such assignment, transfer, and conveyance, either:

(a) the City shall have paid the then applicable Optional Purchase Price; or

(b) the City shall have paid all Rental Payments set forth in EXHIBIT C hereto, for the entire Lease Term through June 30, 2034, and all then current Additional Rentals required hereunder.

The City is hereby granted the option to terminate this Lease and the City is granted the option to purchase the CT II Facility upon payment by the City to the Trustee of the then applicable Optional Purchase Price.

Upon conveyance of the CT II Facility pursuant to subsections (a) or (b) above, the Ground Lease shall continue pursuant to the terms thereof and the Board shall no longer have any rights thereunder except as otherwise provided therein.

Section 12.2. Manner of Conveyance. At the closing of any purchase or other conveyance of the CT II Facility pursuant to Section 12.1 of this Lease, the Board shall execute and deliver to the City all necessary documents assigning, transferring, and conveying good and marketable title to the CT II Facility, as it then exist, subject to the following: (i) Permitted Encumbrances, other than the Ground Lease, this Lease, and the Indenture; (ii) all liens, encumbrances, and restrictions created or suffered to exist by the Board or the Trustee as required or permitted by the Ground Lease, this Lease, or the Indenture, or arising as a result of any action taken or omitted to be taken by the Board or the Trustee as required or permitted by the Ground Lease, this Lease, or the Indenture; (iii) any lien or encumbrances created by action of the City; (iv) those liens and encumbrances (if any) to which the Facility Land was subject when leased to the Board pursuant to the Ground Lease; and (v) the Ancillary Documents and liens permitted thereunder.

All rights of the Trustee, the Board and the City to transfer any right, title or interest in and to the CT II Facility (whether through sale, lease, sublease or otherwise) is subject in all respects to the Ancillary Documents.

* * * * *

ARTICLE XIII

ASSIGNMENT, SUBLEASING, INDEMNIFICATION, MORTGAGING AND SELLING

Section 13.1. Assignment by Board. The Board's rights under this Lease and the Ground Lease, including rights to receive and enforce payments hereunder, have been assigned to the Trustee pursuant to the Indenture. Pursuant to Section 31.2 of the O&M Agreement, the Operator has acknowledged that the Board has (i) issued revenue bonds to finance the purchase of the CT II Facility, and (ii) leased the Facility to Gillette.

Section 13.2. Assignment and Subleasing by the Lessee. This Lease may not be assigned by the City for any reason. However, subject to the terms and conditions of the O&M Agreement, the Leased Property may be subleased, as a whole or in part, by the City, without the necessity of obtaining the consent of the Board, the Trustee, or any Bondholder; subject, however, to each of the following conditions:

(a) The Leased Property may be subleased, in whole or in part, only to an agency or department or political subdivision of the State, or to another entity or entities if, in the opinion of nationally recognized bond counsel acceptable to the Trustee, such sublease will not adversely affect the exemption of the interest paid on the Series 2014A Bonds from federal income taxation;

(b) This Lease and the obligations of the City hereunder shall, at all times during the Lease Term, remain obligations of the City, and the City shall maintain its direct relationships with the Board and the Trustee, notwithstanding any sublease;

(c) The City shall furnish or cause to be furnished to the Board and the Trustee a copy of any sublease agreement;

(d) The term of such sublease shall not exceed the term of this Lease;

(e) Each sublease has been approved as required by the O&M Agreement.

Section 13.3. Restrictions on Mortgage or Sale of CT II Facility. The Board and the City agree that, except for (i) the Board's assignment of this Lease and the Ground Lease to the Trustee pursuant to the Indenture, (ii) any exercise by the Trustee or the Board of the remedies afforded by Section 14.2 of this Lease, (iii) the City's right to sublease pursuant to Section 13.2 of this Lease, (iv) any conveyance to the City pursuant to ARTICLE XII of this Lease, (v) any substitutions or modifications to the Leased Property pursuant to Section 10.2 of this Lease, or (vi) any exercise of the provisions of the O&M Agreement, neither the Board nor the City will mortgage, sell, assign, transfer, or convey the CT II Facility during the Lease Term.

* * * * *

ARTICLE XIV

EVENTS OF DEFAULT AND REMEDIES

Section 14.1. Events of Default Defined. Any one of the following shall be “Events of Default” under this Lease:

- (a) failure by the City to pay when due any Rental Payments during the Lease Term; or
- (b) failure by the City to vacate the Facility Land and no longer take delivery of capacity or energy from the CT II Facility by June 30 of any Fiscal Year prior to the Fiscal Year for which an Event of Nonappropriation occurs; or
- (c) failure by the City to observe and perform any covenant, condition, or agreement on its part to be observed or performed, other than as referred to in (a) or (b), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall be given to the City by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if corrective action shall be instituted by the City within the applicable period and diligently pursued until the default is corrected.

The foregoing provisions of this Section 14.1 are subject to the following limitations: (i) the City shall be obligated to pay the Rental Payments and Additional Rentals only during the Lease Term, except as otherwise expressly provided in this Lease; and (ii) if, by reason of Force Majeure, the City shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the City contained in ARTICLE VI of this Lease, the City shall not be deemed in default during the continuance of such inability. However, the City agrees to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the City from carrying out its agreement; provided that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the City.

Section 14.2. Remedies on Default. Whenever any Event of Default referred to in Section 14.1 of this Lease shall have happened and be continuing, the Trustee, on behalf of the Board, shall terminate the Lease Term and shall give notice to the City to vacate the Facility Land and no longer take delivery of capacity or energy from the CT II Facility, as provided in Section 10.3 of this Lease. Subject to the terms of the Indenture, this Lease and the Ancillary Documents, the Trustee may proceed to (i) lease or sell the CT II Facility, subject to the terms of the Ancillary Documents, (ii) sublease the Facility Land under the terms of the Ground Lease or assign the Trustee’s interest thereunder, or any combination thereof, and (iv) exercise any or all rights of the Board under the Indenture, this Lease and the Ancillary Documents. The Trustee, on behalf of the Board, may, or at the request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) Recover from the City the portion of Rental Payments and Additional Rentals which would otherwise have been payable under this Lease, during any period in which the City continues to (x) occupy the Facility Land or (y) take delivery of capacity or energy from the CT II Facility; and
- (b) Recover from the City the Rental Payments and Additional Rentals, which would otherwise have been payable by the City under this Lease during the remainder, after the City vacates the

Facility Land and no longer takes delivery of capacity or energy from the CT II Facility, of the Fiscal Year in which such Event of Default occurs; provided, however, that if the Trustee does not proceed to sell the CT II Facility reasonably promptly after such Event of Default, the Trustee, on behalf of the Board, will be obligated to the City to use its best efforts to lease the CT II Facility for the remainder of such Fiscal Year as provided in this Lease and the Net Proceeds of such leasing will be offset against the amount recoverable from the City as described in this subparagraph (b).

Section 14.3. Limitations on Remedies. A judgment requiring a payment of money may be entered against the City by reason of an Event of Default only as to the City's liabilities described in Section 14.2 of this Lease. A judgment requiring a payment of money may be entered against the City by reason of an Event of Nonappropriation only to the extent that the City fails to vacate the Facility Land and no longer take delivery of capacity or energy from the CT II Facility as required by Section 6.5 of this Lease, and only as to the liabilities described in subparagraph (a) of Section 14.2 of this Lease. The remedy described in paragraph (b) of Section 14.2 hereof shall not be available for an Event of Default consisting of failure by the City to vacate the Facility Land and no longer take delivery of capacity or energy from the CT II Facility by June 30 of the Fiscal Year prior to the Fiscal Year for which an Event of Nonappropriation occurs.

Section 14.4. No Remedy Exclusive. Subject to Section 14.3 hereof, no remedy herein conferred upon or reserved to the Trustee, on behalf of the Board, is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee, on behalf of the Board, to exercise any remedy reserved in this ARTICLE XIV, it shall not be necessary to give any notice, other than such notice as may be required in this ARTICLE XIV.

Section 14.5. Waivers. The Trustee may waive any Event of Default under this Lease and its consequences as the Trustee deems to be in the best interests of the Bondholders. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

In view of the assignment of the Board's rights under the Ground Lease and this Lease to the Trustee pursuant to the Indenture, the Board shall have no right to waive any Event of Default hereunder without the consent of the Trustee; and the waiver of any Event of Default hereunder by the Trustee shall constitute a waiver of such Event of Default by the Board, without the necessity of any action of or consent by the Board. A waiver of an event of default under the Indenture shall constitute a waiver of the corresponding Event of Default under this Lease; provided that no such waiver shall extend to or affect any subsequent or other Event of Default under this Lease or impair any right consequent thereon.

Section 14.6. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Rental Payments and Additional Rentals or for the enforcement, performance, or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other reasonable expenses so incurred by the nondefaulting party.

* * * * *

ARTICLE XV

MISCELLANEOUS

Section 15.1. Notices. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, addressed as follows:

Lessor:	Consolidated Wyoming Municipalities Electric Power System Joint Powers Board 436 East 22nd Avenue P.O. Box 250 Torrington, WY 82240 Attention: Chairman
Lessee:	City of Gillette 201 E. 5th Street Gillette, WY 82717 Attention: City Clerk
Trustee:	Wells Fargo Bank, National Association 1700 Lincoln Street MAC C7300-107 Denver, CO 80203 Ph. (303) 863-6450 Fax (303) 963-5645 Attention: Corporate, Municipal and Escrow Solutions
Underwriter:	RBC Capital Markets, LLC 1801 California Street, Suite 3850 Denver, CO 80202 Attention: Public Finance Department

The City, the Board, the Trustee, and the Underwriter may, by written notice, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

Section 15.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Board and the City and their respective successors and assigns; subject, however, to the limitations contained in ARTICLE XIII of this Lease.

Section 15.3. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or the Indenture, subsequent to the delivery of the Bonds to the Underwriter and prior to the discharge of the Indenture, this Lease may not be effectively amended, changed, modified, or altered without the written consent of the Trustee as provided in the Indenture. Any such amendment, change, modification, or alteration shall be in writing and executed in the same manner as this Lease is executed.

Section 15.4. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Debt Service Fund, the Debt Service Reserve Fund, the Project Fund, the Extraordinary Revenue Fund, or any other fund or account created under the Indenture, upon termination of the Lease Term, and after payment in full of the Bonds (or provision for payment

thereof having been made in accordance with the provisions of this Lease and the Indenture) and fees and expenses of the Trustee in accordance with this Lease, shall belong to and be paid to the City.

Section 15.5. Net Lease. This Lease shall be deemed and construed to be a “triple net lease,” and the City shall pay during the Lease Term the Rental Payments, Additional Rentals, and all other payments required hereunder, free of any abatement, deduction, or setoff (other than credits expressly provided for in this Lease).

Section 15.6. Liability and Indemnification. The City agrees to indemnify and hold harmless the Board, its affiliates, officers, employees, and representatives from and against any losses, costs, damages, and expenses resulting from claims for bodily injury or property damage arising out of joint efforts through the term of this Lease unless such bodily injury, property damage, or personal injury is determined to be the result of the negligence of the Board, its affiliates, officers, employees, or representatives.

Section 15.7. Immunities and Protections. Neither the Board nor the City hereby waive any immunities or protections afforded either of them by the Wyoming Governmental Claims Act and other similar laws and expressly reserve such rights.

Section 15.8. Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a legal holiday or a day on which banking institutions in the city in which the designated office of the Trustee is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Lease.

Section 15.9. Severability. In the event that any provision of this Lease, other than the requirement of the City to pay Rental Payments and the requirement of the Board to provide quiet enjoyment of the Leased Property and to convey the CT II Facility to the City under the conditions set forth in ARTICLE XII of this Lease, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, the intention being that the various provisions hereof shall be severable.

Section 15.10. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.11. Captions. The captions or headings herein are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Lease.

Section 15.12. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the state of Wyoming.

* * * * *

IN WITNESS WHEREOF, the Board has executed this Lease in its corporate name by its duly authorized officers; and the City has caused this Lease to be executed in its corporate name and attested by duly authorized officers thereof. All of the above are effective as of the date first above written.

**CONSOLIDATED WYOMING
MUNICIPALITIES ELECTRIC POWER
SYSTEM JOINT POWERS BOARD**

By: _____
Title: Chairman

ATTESTED:

By: _____
Title: Secretary

STATE OF WYOMING)
COUNTY OF GOSHEN) ss.

The foregoing Lease was acknowledged before me this ____ day of August, 2014, by Mike Varney, as Chairman and Lynette Strecker, as Secretary, of the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board, as Lessor and Sublessor under this Lease.

WITNESS my hand and official seal.

Notary Public

My Commission expires: _____

LEASE AND AGREEMENT

(Signature Page for City)

(S E A L)

CITY OF GILLETTE, WYOMING

Mayor

ATTESTED:

City Clerk

STATE OF WYOMING)
) ss.
COUNTY OF CAMPBELL)

The foregoing instrument was acknowledged before me this ____ day of August, 2014, by John Opseth, as Mayor of the City of Gillette, Wyoming.

WITNESS my hand and official seal.

Notary Public

My Commission expires: _____

STATE OF WYOMING)
) ss.
COUNTY OF CAMPBELL)

The foregoing instrument was acknowledged before me this ____ day of August, 2014, by Karlene Abelseth, as Clerk of the City of Gillette, Wyoming.

WITNESS my hand and official seal.

Notary Public

My Commission expires: _____

EXHIBIT A
to
LEASE AND AGREEMENT

Description of Ground Lease and Facility Land

Black Hills Wyoming, LLC, a Wyoming limited liability company ("Lessor"), and the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board, a body corporate and politic and a public corporation, duly created and existing pursuant to the provisions of the Wyoming Joint Powers Act. Wyo. Stat. §§ 16-1-102 through 16-1-109 (the "Lessee" or the "Board") will enter into that certain Ground Lease to be dated as of September 3, 2014 (the "Ground Lease").

The Ground Lease will be made with reference to the following facts, among others:

Lessee exists for the purpose of expanding, financing, or operating the electrical systems of the Town of Basin, Wyoming, the City of Gillette, Wyoming ("Gillette"), and the City of Torrington, Wyoming.

On September 3, 2014, Lessee will acquire from Lessor, pursuant to a Purchase and Sale Agreement dated as of May 6, 2013 (as the same may be modified, amended and/or supplemented from time to time, the "Purchase Agreement"), a 100% ownership interest in the gas-fired electric generating facility in or near Gillette known as "CT II," with a designed generating capacity of 40 MW (the "CT II Facility").

Lessor and Lessee have set forth their agreement with respect to the operation of the CT II Facility in the CT II Operating and Maintenance Agreement to be dated as of September 3, 2014 (as the same may be modified, amended and/or supplemented from time to time, the "O&M Agreement").

Lessor owns in fee simple the real property on which the CT II Facility is located, as described on Schedule 1 attached thereto (the "Facility Land").

In connection with the transactions contemplated under the Purchase Agreement and the O&M Agreement, Lessor and Lessee will enter into the Ground Lease to reflect Lessee's Leasehold Interest (as defined therein) in the Facility Land.

Pursuant to that certain Lease and Agreement dated as of August 26, 2014, between the Board and Gillette (the "Lease"), Gillette has subleased the Facility Land and leased the CT II Facility.

The description of the Facility Land is as follows:

TOWNSHIP 50 NORTH, RANGE 71 WEST, 6TH P.M., CAMPBELL COUNTY, WYOMING

Section 27: A parcel of land that is located in the SW1/4NE1/4 and SE1/4NW1/4, being more particularly described as follows:

Beginning at the center quarter of Section 27; thence N14°59'12"E 345.77 feet to the point of beginning, thence West, 306.00 feet; thence North, 66.00 feet, thence East 306.00 feet, thence South 66.00 feet to the point of beginning.

EXHIBIT B
to
LEASE AND AGREEMENT

Description of CT II Facility

The CT II Facility (the “Facility”) is a 40MW simple-cycle peaking combustion turbine that is currently owned by Black Hills Wyoming, LLC (“BHW”), a subsidiary of Black Hills Corporation (“BHC”) and located in an area called the “Neil Simpson Complex,” which is about four miles east of the City of Gillette (the “City”). The Facility commenced operations in October 2001 and was designed and constructed to combust natural gas to produce approximately 40 MW of peaking power for delivery to Black Hills Power, Inc. (“BHP”), a wholly owned subsidiary of BHC, and more specifically to Cheyenne Power & Light (“CP&L”), another subsidiary of BHC, under a 10-year Peaking Power Purchase Agreement that expired on August 31, 2001, which was extended to September 1, 2014.

The Facility sits on a parcel of property totaling approximately 3.81 acres (the “Facility Land”), which is owned by BHW. The Facility connects to the grid through BHP’s nearby Neil Simpson II Power Facility 69 kV Switching Station via a 500-meter-long (approximate) transmission line in accordance with an Agreement for Interconnection Service dated April 25, 2001, by and among BHW, BHP and Black Hills Generation, Inc. (the “Interconnection Agreement”). Natural gas is supplied to the Facility from an existing 27 mile natural gas pipeline owned in a 50/50 undivided interest by BHP and BHW. The pipeline is operated and maintained under an agreement with Williston Interstate Basin Pipeline Company. Gillette has previously completed transmission line installations that allow for redundant feed from the Neil Simpson Complex.

The Board will purchase a 100% ownership interest in the Facility and lease it to the City. The Facility Land will be leased by BHW to the Board under the CT II Ground Lease to be dated as of September 3, 2014 (the “Ground Lease”) between BHW and the Board. The Board will sublease the Facility Land and lease the Facility to the City pursuant to that certain Lease and Agreement dated as of August 26, 2014 (the “Lease”). BHP will continue to maintain and operate the facility pursuant to the CT II Operating and Maintenance Agreement to be dated as of September 3, 2014 (the “O & M Agreement”) and the City has assumed all the Board’s rights and responsibilities thereunder pursuant to the terms of the Lease. The City will enter into an Economy Energy Power Purchase Agreement to be dated as of September 3, 2014, with BHW and BHW will dispatch the purchase and sales of the power generation. The concept of “Economy Energy” is founded on the City having the ability to operate the Facility when alternative power is not available at a lower price. The known operating costs of the Facility will vary based on natural gas prices monitored by BHW. BHW will seek out power availability in the market on an hourly and daily basis and will purchase replacement power when it is less than it costs to operate the Facility. It is anticipated that the Facility will run 5-10% of the time when supplemental power is needed. The rest of the time lower priced power will be purchased through Economy Energy.

EXHIBIT C
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Rental Payment Schedule

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
11/15/2014		\$ 281,859.72	\$ 281,859.72
05/15/2015	\$ 1,040,000	534,050.00	1,574,050.00
11/15/2015		531,450.00	531,450.00
05/15/2016	795,000	531,450.00	1,326,450.00
11/15/2016		527,475.00	527,475.00
05/15/2017	805,000	527,475.00	1,332,475.00
11/15/2017		521,000.00	521,000.00
05/15/2018	815,000	521,000.00	1,336,000.00
11/15/2018		512,850.00	512,850.00
05/15/2019	835,000	512,850.00	1,347,850.00
11/15/2019		504,500.00	504,500.00
05/15/2020	850,000	504,500.00	1,354,500.00
11/15/2020		483,250.00	483,250.00
05/15/2021	890,000	483,250.00	1,373,250.00
11/15/2021		461,000.00	461,000.00
05/15/2022	935,000	461,000.00	1,396,000.00
11/15/2022		437,625.00	437,625.00
05/15/2023	985,000	437,625.00	1,422,625.00
11/15/2023		413,000.00	413,000.00
05/15/2024	1,030,000	413,000.00	1,443,000.00
11/15/2024		387,250.00	387,250.00
05/15/2025	1,085,000	387,250.00	1,472,250.00
11/15/2025		360,125.00	360,125.00
05/15/2026	1,140,000	360,125.00	1,500,125.00
11/15/2026		331,625.00	331,625.00
05/15/2027	1,195,000	331,625.00	1,526,625.00
11/15/2027		301,750.00	301,750.00
05/15/2028	1,255,000	301,750.00	1,556,750.00
11/15/2028		270,375.00	270,375.00
05/15/2029	1,315,000	270,375.00	1,585,375.00
11/15/2029		237,500.00	237,500.00
05/15/2030	1,385,000	237,500.00	1,622,500.00
11/15/2030		202,875.00	202,875.00
05/15/2031	1,450,000	202,875.00	1,652,875.00
11/15/2031		166,625.00	166,625.00
05/15/2032	1,525,000	166,625.00	1,691,625.00
11/15/2032		128,500.00	128,500.00
05/15/2033	1,600,000	128,500.00	1,728,500.00
11/15/2033		88,500.00	88,500.00
05/15/2034	3,540,000	88,500.00	3,628,500.00

EXHIBIT D
to
LEASE AND AGREEMENT

Optional Purchase Price Schedule

<u>Payment Dates</u>	<u>Optional Purchase Price*</u>
05/15/2024	\$ 16,933,000.00
11/15/2024	15,877,250.00
05/15/2025	15,877,250.00
11/15/2025	14,765,125.00
05/15/2026	14,765,125.00
11/15/2026	13,596,625.00
05/15/2027	13,596,625.00
11/15/2027	12,371,750.00
05/15/2028	12,371,750.00
11/15/2028	11,085,375.00
05/15/2029	11,085,375.00
11/15/2029	9,735,500.00
05/15/2030	9,735,500.00
11/15/2030	8,317,875.00
05/15/2031	8,317,875.00
11/15/2031	6,831,625.00
05/15/2032	6,831,625.00
11/15/2032	5,268,500.00
05/15/2033	5,268,500.00
11/15/2033	3,628,500.00
05/15/2034	3,628,500.00

*If Option is exercised, Optional Purchase Price replaces Rental Payment due on same date. Lessee may use any available Debt Service Reserve Fund balances toward full optional prepayment of the Lease, along with any other available funds.

EXHIBIT E
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Form of Requisition

REQUISITION NO. _____

Wells Fargo Bank, National Association
1700 Lincoln Street
MAC C7300-107
Denver, CO 80203
Attention: Corporate, Municipal and Escrow Solutions

Re: Direction to Make Disbursements from Project Fund on Behalf of
Consolidated Wyoming Municipalities Electric Power System Joint Powers
Board

As Trustee under that certain Indenture of Trust dated October 16, 2007 (the "Original Indenture"), as amended and supplemented by a Fifth Supplement to Indenture of Trust, dated as of August 26, 2014 (the "Fifth Supplement" and together with the Original Indenture, the "Indenture"), between the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board (the "Board") and you, you are hereby directed to pay the following from the Project Fund created in Section 302 of the Indenture and in accordance with the provisions of Section 7.2 of that certain Lease and Agreement dated August 26, 2014 (the "Lease"), between the Board, as Lessor, and the City of Gillette, Wyoming, as Lessee, to the entity described below, for the CT II Facility and subject to the terms and conditions hereinafter described:

Person/Firm/Corporation: _____

Address: _____

Payment: _____ To be Made to Person/Firm/Corporation Above
or
_____ To be Reimbursed to the Municipality:

Amount: \$ _____

Description of Items: _____

Attached Supporting Documents: _____

The undersigned Board Representative and Lessee Representative do hereby certify, in compliance with Section 7.2 of the Lease, (i) that none of the items for which the payment or reimbursement is proposed to be made has been the subject of any payment or reimbursement theretofore made from the Project Fund; (ii) that the item(s) for which payment or reimbursement is sought is or was reasonable and necessary in connection with the acquisition of the CT II Facility described therein, and in all cases is a proper charge against the Project Fund; (iii) that upon payment

or reimbursement of the amount requested in such Requisition, the amount remaining in the Project Fund allocated toward the acquisition of the CT II Facility, together with other legally available moneys of the City, if any, will be sufficient to pay the portion of the Costs of Acquisition relating to the CT II Facility then unpaid; (iv) that all previously disbursed amounts from the Project Fund have been spent, or used for reimbursement of amounts spent, in accordance with the related Requisition thereto; and (v) that no Event of Default under the Lease has occurred or is continuing or will occur as a result of the payment on this Requisition.

Dated this ____ day of _____, 20____.

**CONSOLIDATED WYOMING
MUNICIPALITIES ELECTRIC POWER
SYSTEM JOINT POWERS BOARD**

By: _____
Board Representative

CITY OF GILLETTE, WYOMING

By: _____
Lessee Representative