

**NORTH CAROLINA:
DURHAM COUNTY:**

No. PW051104-13

THIS AGREEMENT, made this 3rd day of May, 2004, between **TROXLER ELECTRONIC LABORATORIES, INC.**, hereinafter called City Of Rapid City, SD Lessor, and City Of Rapid City, SD hereinafter called the Lessee.

1. Lease Agreement. Lessor hereby agrees to lease to the Lessee equipment (hereafter referred to as "Equipment") manufactured by the Lessor and described as follows:
Troxler Model 3430 8"-2" Soil Moisture Density Gauge.

Title to said equipment rests with Lessor until such time as the Lessee completes all terms of the agreement or the Lessee exercises the option to purchase in Paragraph 4. At the time payment is presented in full, Lessor shall render a Bill of Sale to Lessee.

2. Terms of Payment. This agreement shall remain in effect for a period of Twelve (12) months commencing on the date of delivery of said equipment to Lessee as herein specified, unless the equipment is purchased by the Lessee, or this lease is terminated as hereinafter provided, upon either of which events this agreement shall be considered null and void.

3. Lease Payments. Lessee agrees to pay Lessor the sum of \$5,681.00 DOLLARS per unit, plus applicable state taxes for the use of the said equipment over a Twelve (12) months period which commences on the date of delivery of said equipment. Payment shall be made as follows: First payment \$473.00 DOLLARS per unit, plus applicable state sales or use taxes payable in advance of shipment, and continuing with eleven (11) additional payments of \$473.00 DOLLARS per unit, plus applicable state taxes. Payment is due thirty (30) days from the date of the original invoice for said equipment and monthly thereafter.

4. Option to Purchase. The equipment herein shall have total new value of \$5,300.00 DOLLARS per unit. In the event Lessee exercises its option to purchase said equipment prior to the 12th and final payment, the purchase price shall be determined by subtracting NINETY-THREE AND ONE-THIRD (93.3%) percent of all rental payments previously paid, not to include shipping charges and taxes, from the total new value as set forth in this paragraph. Payments must not be in arrears for Lessee to exercise option to purchase.

5. Option to Extend Lease. Conditioned on Lease not being in default under terms of this Agreement, Lessee shall have the right to extend this lease beyond the within stated term for a period of twelve (12) months or any multiple thereof, at a rental of \$200.00 DOLLARS per unit per month. Notice of Intent to exercise Option to Extend Lease shall be received by Lessor thirty (30) days prior to termination of the original agreement or any extension thereof.

6. Option to Cancel. Lessee shall have the option to cancel this agreement after six months and shall return said equipment to Lessor, shipping prepaid, in good working order, not later than the effective date of such cancellation or the termination of this agreement.

7. Damage, Loss or Theft. The Lessee agrees to accept liability for damage to or loss of said equipment from causes other than normal wear or use. Liability of Lessee shall be limited to payments to the Lessor as described in Paragraph 8 of this agreement.

8. Maintenance. In the event that said equipment or any components thereof are damaged beyond repair, stolen or destroyed, the value of such component(s) for which the Lessee is liable shall be the pro rata share of the new purchase value of such component(s) less the pro rata share of such component(s) of all rental payments made to the Lessor by the Lessee. Damage beyond repair shall be considered to occur when the cost of repairs exceeds the value of the damaged equipment as computed above.

9. Repair. The Lessor agrees to repair the equipment or its components at no cost to the Lessee with the exception of shipping charges for a period of one year after the date of delivery of the equipment, provided said equipment is not subjected to unusual or destructive use. Any repairs performed by Lessor after the expiration of one year from the date of delivery shall be paid for by Lessee. In no event shall Troxler be liable for any incidental or consequential damages that result from the use of the equipment.

10. WARRANTIES - LESSOR MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, RELATING TO OR IN CONNECTION WITH THIS LEASE AGREEMENT OR THE EQUIPMENT WHICH IS THE SUBJECT OF THIS AGREEMENT. LESSOR EXPRESSLY EXCLUDES ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE FROM THIS AGREEMENT.

11. Default & Remedies. Default by Lessee of two (2) or more payments required under the terms of this Agreement shall constitute an abridgment and repudiation of the Agreement and Lessee shall return to the possession of the Lessor all equipment covered by the Agreement upon demand. Upon default, the total amount of monthly payments called for by this Agreement shall be deemed unpaid lease payments and shall become immediately due and payable, and Lessor shall be entitled to recover from Lessee the total amount that Lessee would have paid to Lessor had Lessee complied with all its lease payment obligations for the entire length of this Agreement. All costs and Attorney fees incurred by Lessor in repossessing the equipment and/or recovering unpaid lease payment shall be added to and become part of the final total costs due under this Agreement.

12. Acceptance of Conditions. The Lessor and Lessee witness hereby that the foregoing terms and conditions are hereby satisfactory and that this agreement shall be binding on both parties until expiration or cancellation as provided herein.

13. Integration. This agreement contains the entire agreement between Lessor and Lessee, and representations or statements, whether written or oral, not set forth in this agreement shall not be deemed to be part of the Agreement between the parties.

TROXLER ELECTRONIC LABORATORIES, INC.

By: _____ Title: _____
Troxler Representative (print)

Witness: _____
Date

Lessee: _____ Title: _____
(signature) Date (print)

Witness: _____
(signature) Date

Prepared By: Bob Wilson 5/3/04
Date

No. PW051104-13

Please Fax to # 919/549-0761

EQUIPMENT ORDER

05/03/2004

Sales Department
Troxler Electronic Laboratories, Inc.
PO Box 12057
Research Triangle Park, NC 27709

Please consider this our order to Lease "One"-Troxler Model 3430 8-2
Moisture Density Gauge.

Please fax- Equipment Order, Lease Agreement to 919-549-0761

Shipping Address

300 sixth Street
Rapid City, SD.
57701

Billing Address

300 Sixth Street
Rapid City SD, 57701
ATTN. Dwight Schweitzer

If you have not made a major purchase with Troxler or have not made one in the past 2 years, please send in standard credit information (1-bank and 3 -company references) which will cover the dollar amount requesting.

Please provide a current copy of your radioactive materials license. Along with the copy of the license please provide a current list of your gauge inventory.

For any questions concerning this order, please contact Dwight Schweitzer
at 605-394-4154 (phone #)

Signature


(Company Representative)

Troxler Electronics Laboratories Fax # 919/549-0761