



**Altec Capital Services, L.L.C.**  
33 Inverness Center Parkway Suite 200  
Birmingham, AL 35242-4842

## Equipment FMV Lease

**Name and Address of Lessee:**  
**City of Riverside/ Riverside Public Utilities**  
2911 Adams Street  
Riverside, CA 92504-4303

**Equipment Lease Number 42624**

**Equipment Description: See Exhibit A**

**Equipment Location: 2911 Adams Street Riverside CA 92504-4303 (County: Riverside)**

### SUMMARY OF PAYMENT TERMS

<b>Initial Term in Months: 84</b>	<b>Total Cost: \$358,617.00</b>
<b>Payment Frequency: Monthly</b>	<b>Total Basic Rent: \$386,384.88</b>
<b>Basic Rental Payment: \$4,599.82 Plus Sales and Use Tax if Applicable</b>	<b>Interim Rent Cutoff Date: June 30, 2013</b>
<b>Number of Installments: 84</b>	<b>Security Deposit: N/A</b>
<b>Advance Payments: First due on signing this Lease</b>	<b>Rent Commencement Date: July 01, 2013</b>
	<b>Doc Fee: \$0.00</b>

### Lease Provisions

- LEASE. Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the personal property described in the equipment description section listed above on the terms and conditions set forth herein (such property together with all replacements, repairs, and additions incorporated therein or affixed thereto being referred to herein as the "Equipment"). Capitalized terms used herein may be defined in the Summary of Payment Terms, above.
- EQUIPMENT ACCEPTANCE. The term of this lease commences on the Acceptance Date, but Lessee's obligations under sections 13 and 14 begin on delivery of the Equipment, and the Lessee agrees either to sign the Acceptance Certificate or return the Equipment (specifying any defect) within 24 hours after delivery to Lessee. The Lessee shall execute an Acceptance Certificate evidencing its absolute and unconditional acceptance of the Equipment and the commencement of the term of this Lease; provided, that, notwithstanding the Acceptance Date stated herein or in the Acceptance Certificate, if the Lessee commences use of any portion of the Equipment the date of such use shall constitute the Acceptance Date unless otherwise agreed by Lessor. LESSEE'S EXECUTION OF THE ACCEPTANCE CERTIFICATE SHALL CAUSE THIS LEASE TO BE ABSOLUTE, UNCONDITIONAL AND NON-CANCELABLE.
- TERM. The Term of this lease shall consist of an Interim Term and an Initial Term in regard to each item of equipment. The Interim Term for each item of Equipment shall begin on the Acceptance Date and shall continue through the Interim Rent Cutoff Date. The Initial Term shall begin on the Rent Commencement Date and shall continue for the period specified as the Number of Installments. The Initial Term of this Lease can be terminated as provided herein or extended automatically as provided below in this paragraph.  
AUTOMATIC EXTENSION. Lessee or Lessor may terminate this Lease at the expiration of the Initial Term by giving the other at least 90 days prior written notice of termination. If neither Lessee nor Lessor gives such notice, then the term of this Lease shall be extended automatically on the same rental and other terms set forth herein (except that in any event rent during any extended term shall be payable in the amounts and at the times provided in paragraph 4) for successive periods of one month until terminated by either Lessee or Lessor giving the other at least 90 days prior written notice of termination.  
FMV OPTION. Upon expiration of the Initial Term of the Lease and, except as otherwise specifically set forth herein, any renewal term, and provided that the Lease has not been terminated early and Lessee is in compliance with the Lease in all respects, Lessee may upon at least 90 but not more than 180 days prior written notice to Lessor exercise an option to purchase all but not less than all of the Equipment for a purchase price equal to the then Fair Market Value of the Equipment. "Fair Market Value" of the Equipment for purposes of this paragraph shall be an amount reasonably determined by the Lessor to be the value of the Equipment in an arm's-length sale at retail between an informed and willing buyer (other than a buyer currently in possession) and an informed and willing seller under no compulsion to sell, assuming that the Equipment has been maintained in accordance with the requirements of the Lease. In the event that there should be a dispute between the parties as to the fair market value or fair rental value of any Equipment for purposes of this Lease, you shall, upon our written request, and at your sole cost and expense, obtain an independent appraiser acceptable to us to make an appraisal. Notwithstanding any other provision of this Lease, such appraiser's appraisal shall be determined on the basis of the in-use, retail value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer-user (other than a lessee currently in possession), as the case may be, and an informed and willing lessor or seller, respectively, under no compulsion to lease or sell. In such determination, costs of removal shall not be deducted from such value. The report of the appraiser setting forth its determination of fair market value or fair rental value shall be delivered to us and to you not later than thirty (30) days following the date of our written request to you and shall be conclusive and binding upon all parties. If the parties cannot agree upon the choice of an appraiser, a panel of three (3) appraisers shall be chosen, at your sole cost and expense, one of whom shall be selected by us, the second by you and the third designated by the first two, and the determination of a majority of said appraisers shall be conclusive and binding. The sale will be AS-IS - WHERE-IS without representation or warranty (LESSOR EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE OR PURPOSE). Each Party shall pay the expenses of the appraiser it chooses. Lessee agrees to pay all sales and use taxes arising on account of any sale of the Equipment upon exercise of the purchase option granted hereunder.
- RENT. Lessee shall pay as Basic Rent for the Initial Term of this lease the amount shown on the first page of this lease as Total Basic Rent. The Total Basic Rent shall be payable in installments each in the amount of the Basic Rental Payment plus sales and use tax thereon. Lessee shall pay advance installments and any Security Deposit, on the date it is executed by Lessee. Subsequent installments shall be payable on the first day of each rental payment period beginning with the Rent Commencement Date and continuing for the Number of Installments beginning after the first rental payment period, provided, however, that Lessor and Lessee may agree to any other payment schedule, including irregular payments or balloon payments, in which event they shall be set forth in the space provided on the first page of this lease for additional provisions. If the actual cost of the Equipment is more or less than the Total Cost, the amount of each installment of rent will be adjusted up or down to provide the same yield to Lessor as would have been obtained if the actual cost had been the same as the Total Cost. Adjustments of 10% or less may be made by written notice from Lessor to Lessee. Adjustments of more than 10% shall be made by execution of an amendment to this lease reflecting the change in Total Cost and rent. During any extended term of this lease, basic rent shall be payable monthly in advance on the first day of each month during such extended term in the amount equal to the Basic Rental Payment if rent is payable monthly during the Initial Term or in an amount equal to the monthly equivalent of the Basic Rental Payment if rent is payable other than monthly during the Initial Term. In addition, Lessee shall pay any applicable sales and use tax on rent payable during any extended term. Lessee shall also pay any applicable sales and use tax on such sale.  
"NONAPPROPRIATION". Notwithstanding any other provisions of this lease to the contrary, the lessee is obligated only to pay periodic payments or monthly installments under the agreement as may lawfully be made from (a) funds budgeted and appropriated for that purpose during such municipality's current budget year or (b) funds made available from any lawfully operated revenue producing source."
- SECURITY DEPOSIT. Lessor may apply any security deposit toward any obligation of Lessee under this lease, and shall return any unapplied balance to Lessee without interest upon satisfaction of Lessee's obligations hereunder.
- WARRANTIES. Lessee agrees that it has selected each item of Equipment based upon its own judgment and disclaims any reliance upon any statements or representations made by Lessor. LESSOR MAKES NO WARRANTY WITH RESPECT TO THE EQUIPMENT, EXPRESS OR IMPLIED, AND LESSOR SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE EQUIPMENT. Lessee agrees to make the rental and other payments required hereunder without regard to the condition of the Equipment and to look only to persons other than Lessor such as the manufacturer, vendor or carrier thereof should any item of Equipment for any reason be defective. So long as no Event of Default has occurred and is continuing, Lessor agrees, to the extent they are assignable, to assign to Lessee, without any recourse to Lessor, any warranty received by Lessor.
- TITLE. Title to the Equipment shall at all times remain in name and possession of Lessor, and Lessee at its expense shall protect and defend the title of Lessor and keep it free of all claims and liens other than the rights of Lessee hereunder and claims and liens created by or arising through Lessor. The Equipment shall remain personal property regardless of its attachment to realty, and Lessee agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Equipment as a result of its attachment to realty.
- LAWS AND TAXES. Lessee shall comply with all laws and regulations relating to the Equipment and its use and shall promptly pay when due all sales, use, property, excise and other taxes and all license and registration fees now or hereafter imposed by any governmental body or agency upon the Equipment or its use or the rentals hereunder. Upon request by Lessor, Lessee shall prepare and file all tax returns relating to taxes for which Lessee is responsible hereunder which Lessee is permitted to file under the laws of the applicable taxing jurisdiction.
- INDEMNITY. Lessee hereby indemnifies Lessor against and agrees to save Lessor harmless from any and all liability and expense arising out of the ordering, ownership, use, condition, or operation of each item of Equipment during the term of this lease, including liability for death or injury to persons, damage to property, strict liability under the laws or judicial decisions of any state or the United States, and legal expenses in defending any claim brought to enforce any such liability or expense.
- INSPECTION. Lessor may inspect the Equipment at any time and from time to time during regular business hours.
- ASSIGNMENT. WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE WILL NOT SELL, ASSIGN, SUBLET, PLEDGE, OR OTHERWISE ENCUMBER OR PERMIT A LIEN ARISING THROUGH LESSEE TO EXIST ON OR AGAINST ANY INTEREST IN THIS LEASE OR THE EQUIPMENT, or remove the Equipment from its location referred to on the first page of this lease. Lessor may assign its interest in this lease and sell or grant a security interest in all or any part of the Equipment without notice to or the consent of Lessee. Lessee agrees not to assert against any assignee of Lessor any claim or defense Lessee may have against Lessor.
- REPAIRS. Lessee will use the Equipment with due care and for the purpose for which it is intended. Lessee will maintain the Equipment in good repair, condition and working order and will furnish all parts and services required therefor, all at its expense, ordinary wear and tear excepted. Lessee shall, at its expense, make all modifications and improvements to the Equipment required by law, and shall not make other modifications or improvements to the Equipment without the prior written consent of Lessor. All parts, modifications and improvements to the Equipment shall, when installed or made, immediately become the property of Lessor and part of the Equipment for all purposes.
- LOSS OR DAMAGE. In the event any item of Equipment shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of any item of Equipment, Lessee shall promptly pay Lessor the sum of (a) the amount of all rent and other amounts payable by Lessee hereunder with respect to such item due but unpaid at the date of such payment plus (b) the amount of all unpaid rent with respect to such item for the balance of the term of this lease not yet due at the time of such payment discounted from the respective dates installment payments would be due at the rate of 4% per

Page 1 of 3

APPROVED AS TO FORM

DEPUTY CITY ATTORNEY

Initials: *WPS*

Attest: *Sherry Norton*

City Clerk

annum plus (c) the residual amount discounted at the rate of 4%. Upon payment of such amount to Lessor, such item shall become the property of Lessee, Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest therein, the rent with respect to such item shall terminate, and the basic rental payments on the remaining items shall be reduced accordingly. Lessee shall pay any sales and use taxes due on such transfer. Any insurance or condemnation proceeds received shall be credited to Lessee's obligation under this paragraph and Lessor shall be entitled to any surplus.

14. **INSURANCE.** Lessee shall obtain and maintain on or with respect to the Equipment at its own expense (a) liability insurance, or equivalent self-insurance, insuring against liability for bodily injury and property damage with a minimum limit of \$1,000,000 combined single limit and (b) physical damage insurance, or equivalent self-insurance, insuring against loss or damage to the Equipment in an amount not less than the full replacement value of the Equipment. Lessee shall furnish Lessor with a certificate of insurance evidencing the issuance of a policy or policies to Lessee in at least the minimum amounts required herein naming Lessor as an additional insured thereunder for the liability coverage and as loss payee for the physical damage coverage. Each such policy shall be in such form and with such insurers as may be satisfactory to Lessor, and shall contain a clause requiring the insurer to give to Lessor at least 10 days prior written notice of any alteration in the terms of such policy or the cancellation thereof, and a clause specifying that no action or misrepresentation by Lessee shall invalidate such policy. Lessor shall be under no duty to ascertain the existence of or to examine any such policy or to advise Lessee in the event any such policy shall not comply with the requirements hereof. With respect to Lessee's obligation to obtain and maintain physical damage insurance only, Lessee shall have the alternative right to elect to have Lessor purchase collateral damage insurance in Lessor's name as subject to approval. In the event of such election by Lessee, Lessee agrees to pay all costs relating to such insurance, together with an insurance cost transfer charge (which insurance costs may be more than the cost of insurance Lessee could purchase on its own) as compensation for being relieved of its obligation to obtain and maintain physical damage insurance coverage on the Equipment while such Equipment is in Lessee's care, custody or control. The insurance costs payable by Lessee will be separately disclosed to Lessee and added to its monthly lease payment set forth herein; provided that Lessee may prepay such amounts at any time and any such prepayment will be applied to Lessee's account. Lessee also agrees that it will not be a named insured or additional insured under any physical damage insurance policy purchased by the Lessor as a result of Lessee's election and that Lessee shall have no rights or benefits with respect to any collateral damage insurance policy so purchased by Lessor.

Lessee Elects Collateral Damage Coverage

~~Lessee Declines Collateral Damage Coverage~~

In the event that Lessee elects to have Lessor purchase collateral damage insurance, Lessee agrees, that in the event of loss to the Equipment, Lessee shall notify, in writing, within 24 hours of the loss, both Lessor and Lessor's insurance carrier of such loss at the address provided by Lessor for such notice. If Lessee elects to have Lessor purchase collateral damage insurance, Lessee may cancel such insurance at any time by providing notice and evidence to Lessor and its insurance carrier that Lessee has obtained its own insurance satisfying the requirements set forth hereinabove in this lease; and, upon any such cancellation, Lessee shall be entitled to a refund of any unearned insurance premium. The collateral damage coverage policy does not include liability coverage for claims made against Lessee and will not satisfy any mandatory state liability insurance or financial responsibility laws that may apply.

**IMPORTANT: LESSEE MUST SELECT AND INITIAL ONE OF THE INSURANCE OPTIONS ABOVE**

15. **RETURN OF THE EQUIPMENT.** Upon the expiration or earlier termination of this lease, and provided that Lessee has not elected to exercise its option to purchase the Equipment, Lessee shall, at its expense Lessee will immediately deliver the Equipment to Lessor in the manner and condition as follows. Lessee shall pay all transportation, inspection, and other expenses relating to such delivery.

A. The mileage allowance for each vehicle listed on the first page of this lease is 15,000 miles per year. Each vehicle shall not have more miles per year recorded on its odometer than the mileage specified for the selected lease term for each vehicle type and specific model as detailed on this lease. Lessee shall pay Lessor, at the time of vehicle surrender, an excess mileage charge equal to \$25 per mile for each mile exceeding specified mileage.

B. Lessee shall ensure all Equipment and equipment operations conform to all applicable local, state, and Federal laws, health and safety guidelines. Upon return, the Equipment will be complete and operational with all components as originally supplied and will have passed D.O.T. inspections, or other appropriate agency or association requirements for operation. If applicable, an inspection sticker or certificate will be furnished to Lessor verifying compliance with any regulatory requirements. Lessee shall satisfy all legal and regulatory conditions necessary for Lessor to sell or lease the Equipment to a third party. Lessee will keep all licenses and operating certificates required for operation of the Equipment current during the term of the Lease. Lessee will at all times use the Equipment in compliance with all applicable laws and regulations of any governmental, local and regulatory agency.

C. Lessee shall provide safe, secure storage for the Equipment for one-hundred and eighty (180) days after expiration or earlier termination of the Lease at not more than three (3) location(s) selected by Lessor;

D. Lessee shall take such action as may be required so that, upon return, each unit of Equipment must meet all of its manufacturer's specifications for performance under full-rated loads and all of the following conditions:

1). Tires: All tires shall be of the same type (original size) and manufacturer (i.e. matched) and have a minimum of fifty (50) percent remaining tread life. All front tires shall be original casing with no crossed tugs, rear tires may be either original casings or first time recapped tires and no tire shall exhibit or have flat or bald spots, dry rot, exposed cord or cuts in sidewall;

2). Any time or life-limited components including, but not limited to, power train assembly, transmissions, converters, generators, axles, wheels, pumps or other parts shall have at least fifty (50%) percent useful life remaining before the manufacturer's next recommended major overhaul, rebuild, calibration or replacement as recommended by the manufacturer and/or published in standard maintenance manuals;

3). Mechanical Power Train: Each unit of Equipment shall have passed a dynamometer test, road test and oil analysis, each conducted not more than sixty- (60) days prior to the return of the equipment, the test results shall have been provided to Lessor not more than two- (2) weeks after each test has been conducted and not less than two- (2) weeks prior to the return of the Equipment and the tests and test results shall have been reasonably acceptable to the Lessor. The engine must have at least 50% remaining mileage until the next manufacturer's scheduled "in-frame" overhaul, there shall be no cracked cylinder heads or engine blocks, the wheel horsepower must be within 80% - 85% of the rated flywheel horsepower without excess blow-by, exhaust system leakage or oil leakage and must meet current smoke emission standards. The transmission and rear axles shall be capable of pulling loads to their full rated capacity, there shall be no transmission, drive axle or wheel hub oil leaks and there shall be no "slipping" or "grabbing" clutch. Cooling and lubrication systems shall not be contaminated and there shall be no leaking between systems, no battery shall have any dead cell, cracked case or be inoperative;

4). Service Body/Digger Derrick: Lessee will ensure that the Equipment will be mechanically and structurally sound, no bowed sections, free of cracks, bends or warping that impacts the Fair Market Value and marketability of the Equipment and is capable of performing the functions for which the Equipment was originally designed. Ensure all safety equipment, covers and guards, parts and components must be in-place and operational. No safety features shall be bypassed or disconnected. All body parts shall be intact with no tears or dents in metal. Service bodies to be free of dents (or cracks on fiberglass components) or damages over \$50.00, normal wear and tear excepted. Sheet metal must be complete. All cooling, heating and lubrication systems shall not be contaminated and there shall be no leaks or leakage between systems. All gauges, indicators and controls will be in good conditions, plastic or glass coverings intact, clear and all will be in good working order. No battery shall have any dead cells, cracked case be inoperative or unable to be charged. All internal fluids, such as lube oil and hydraulic fluids, are to be filled to operating levels and all filler caps are to be secured. Digger/Derrick boom, hydraulic cylinders and all accessories and attachments shall be free of damage and capable of performing to their maximum operational designs. All drive axles and non-drive axles are to be fully functional with no slipping, grinding or grabbing, and the Equipment shall be operational in all gears, forward and reverse. If during such inspection, the authorized inspector finds any of the material or workmanship to be defective or the Equipment not meeting or exceeding the manufacturer's operating requirements, Lessee, at Lessee's cost, shall repair or replace the material or defective workmanship utilizing manufacturer approved components and in accordance with the manufacturer's recommendations. After corrective measures are completed, Lessee, at Lessee's cost will provide for a follow-up inspection of the Equipment by the authorized inspector as outlined in this paragraph;

5). General Condition: With respect to each unit, there must be no structural or mechanical damage; no glass shall be broken, chipped or cracked; no upholstery shall have any cuts, tears or burn marks. All rust or corrosion must be treated in a manner consistent with standard industry practices. All Equipment must have a good overall appearance and no material damage. The Equipment shall be cleaned (internal and external), free of rust and corrosion with no missing or damaged parts. Upon return, all commercial fogs, advertising, graffiti, insignias and lettering shall be removed and repaired in a workmanlike manner so as to not damage the Equipment. Manufacturer's identity plates and markings shall not be removed. With respect to each unit, the total cost of necessary repairs for damage or other related costs necessary to place the Equipment in such condition as to be in complete compliance with this Lease may not exceed \$150.00;

6). Documents and Records: Written records of scheduled and other maintenance and repair work done shall be kept, dated, and signed by the appropriate authority. A service history or log will be maintained during the Lease term and a copy provided to Lessor upon request during the term of the Lease, or at Lease termination. All maintenance records, maintenance record jackets, repair jackets, repair orders, license plates, registration certificates and all other similar documents, in their entirety, must be returned to Lessor;

7). Brakes: Brake drums, linings and other brake components shall not be cracked and shall not exceed manufacturers' recommended wear limits. Brake linings shall have fifty (50) percent remaining wear;

8). Maintenance: Lessee shall strictly follow the manufacturer's recommended maintenance and service schedule, as required to validate any warranty, at Lessee's sole cost and expense. Any maintenance or repair work shall comply with the guidelines and procedures as specified by the manufacturers of the equipment and in accordance with standards in the industry. Lessee will use only original manufacturer's approved replacement parts and components in the performance or any maintenance and repair of the Equipment. Lessee will at all times maintain the Equipment in good operational condition and appearance;

9). Use: Lessee guarantees that the Equipment will not be or have been operated beyond the rated capacity as certified by the manufacturer at any time during the Lease term. Lessee will not discriminate in the use of the Equipment from any other similar equipment in its fleet;

10). Alterations: Lessee will not modify the Equipment without the prior written approval of Lessor. In any event, Lessee will not make any modifications or alterations that would impair the Equipment's use, value, marketability or manufacturer's warranty and recommendations. Lessee will not make any alterations to the Equipment that would damage or restrict the use of the Equipment from its initial use and design and that cannot be removed without damage to the unit. Changes, modifications or additions to the Equipment mandated by Federal or state authorities will be completed by Lessee and become property of Lessor;

11). Not more than ninety- (90) days prior to return of Equipment, during regular working hours, Lessee must make the Equipment available to allow Lessor or Lessor's agent to conduct an in-depth physical inspection. Any part, component or function found not to be within the manufacturer's tolerances and operational specifications, including but not limited to engines, transmissions, clutches, drive trains, and rear axles, will be replaced or brought within those tolerances and specifications to the satisfaction of Lessor. Testing with necessary reconditioning to meet the return conditions are to be provided to Lessor two- (2) weeks prior to the return of the equipment. Lessee shall obtain written certification from the manufacturers or their authorized representative that the Equipment has been returned in accordance with the terms set forth herein;

12). Redelivery: Units shall be redelivered to three (3) location(s) within one-thousand 1,000 miles of the location to which the units were originally delivered, at the direction of the Lessee.

16. **ADDITIONAL ACTION.** Lessee will promptly execute and deliver to Lessor such further documents and take such further action as Lessor may request in order to carry out more effectively the intent and purpose of this Lease, including the execution and delivery of appropriate financing statements to protect fully Lessor's interest hereunder in accordance with the Uniform Commercial Code or other applicable law. Lessor and any assignee of Lessor is authorized to file one or more Uniform Commercial Code financing statements without the signature of Lessee or signed by Lessor or any assignee of Lessor as attorney-in-fact for Lessee. Lessee hereby grants to Lessor a power of attorney in Lessee's name, to apply for a certificate of title for any item of Equipment that is required to be titled under the laws of any jurisdiction where the Equipment is or may be

APPROVED AS TO FORM

Page 2 of 3

Initials: *(initials)*

Attest:

*Sherry Y. Minton*  
City Clerk

*Jason Wilson*  
DEPUTY CITY ATTORNEY

used and/or to transfer title thereto upon the exercise by Lessor of its remedies upon an Event of Default by Lessee under this Lease. Lessee will pay all costs of filing any financing, continuation or termination statements with respect to this Lease including, without limitation, any documentary stamp taxes relating thereto. Lessee will do whatever may be necessary to have a statement of the interest of Lessor and any assignee of Lessor in the Equipment noted on any certificate of title relating to the Equipment and will deliver said certificate to Lessor. If Lessee fails to perform or comply with any of its agreements, Lessor may perform or comply with such agreements in its own name or in Lessee's name as attorney-in-fact and the amount of any payments and expenses of Lessor incurred in connection with such performance or compliance, together with interest thereon at the rate provided below, shall be deemed rent payable by Lessee upon demand. Lessee will furnish, from time to time on request, a copy of Lessee's complete financial package at fiscal year end.

17. LATE CHARGES. If any installment of interim rent or basic rent is not paid when due, Lessor may impose a late charge of up to 10% of the amount of the installment but in any event not more than permitted by applicable law. Payments thereafter received shall be applied first to delinquent installments and then to current installments.

18. DEFAULT. Each of the following events shall constitute an "Event of Default" hereunder: (a) Lessee shall fail to pay when due any installment of interim rent or basic rent; (b) Lessee shall fail to observe or perform any other agreement to be observed or performed by Lessee hereunder and the continuance thereof for 10 calendar days following written notice thereof by Lessor to Lessee; (c) Lessee or any guarantor of this lease or any partner of Lessee if Lessee is a partnership shall cease doing business as a going concern or make an assignment for the benefit of creditors; (d) Lessee or any guarantor of this lease or any partner of Lessee if Lessee is a partnership shall voluntarily file, or have filed against it involuntarily, a petition for liquidation, reorganization, adjustment of debt, or similar relief under the federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law, or a trustee, receiver, or liquidator shall be appointed of it or of all or a substantial part of its assets; (e) any individual Lessee, guarantor of this lease, or partner of Lessee if Lessee is a partnership shall die; (f) any financial or credit information submitted by or on behalf of Lessee shall prove to have been false or materially misleading when made; (g) an event of default shall occur under any other obligation Lessee owes to Lessor; (h) any indebtedness Lessee may now or hereafter owe to any affiliate of Lessor shall be accelerated following a default thereunder or, if any such indebtedness is payable on demand, payment thereof shall be demanded; (i) if Lessee is a corporation, more than 50% of the shares of voting stock of Lessee shall become owned by a shareholder or shareholders who were not owners of voting stock of Lessee on the date this lease begins or, if Lessee is a partnership, more than 50% of the partnership interests in the Lessee shall become owned by a partner or partners who were not partners of Lessee on the date this lease begins; and (j) Lessee shall consolidate with or merge into, or sell or lease all or substantially all of its assets to, any individual, corporation, or other entity.

19. REMEDIES. Lessor and Lessee agree that Lessor's damages suffered by reason of an Event of Default are uncertain and not capable of exact measurement at the time this lease is executed because the value of the Equipment at the expiration of this lease is uncertain, and therefore they agree that for purposes of this paragraph 19 "Lessor's Loss" as of any date shall be the sum of the following: (1) the amount of all rent and other amounts payable by Lessee hereunder due but unpaid as of such date plus (2) the amount of all unpaid rent for the balance of the term of this lease not yet due as of such date discounted from the respective dates installment payments would be due at the rate of 4% per annum plus (3) the residual amount discounted at the rate of 4%.

Upon the occurrence of an Event of Default and at any time thereafter, Lessor may exercise any one or more of the remedies listed below as Lessor in its sole discretion may lawfully elect; provided, however, that upon the occurrence of an Event of Default specified in paragraph 18(d), an amount equal to Lessor's Loss as of the date of such occurrence shall automatically become and be immediately due and payable without notice or demand of any kind.

a.) Lessor may, by written notice to Lessee, terminate this lease and declare an amount equal to Lessor's Loss as of the date of such notice to be immediately due and payable, and the same shall thereupon be and become immediately due and payable without further notice or demand, and all rights of Lessee to use the Equipment shall terminate but Lessee shall be and remain liable as provided in this paragraph 19. Lessee shall at its expense promptly deliver the Equipment to Lessor at a location or locations within the continental United States designated by Lessor. Lessor may also enter upon the premises where the Equipment is located and take immediate possession of and remove the same with or without instituting legal proceedings.

b.) Lessor may proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of this lease or to recover, for breach of this lease, Lessor's Loss as of the date Lessor's Loss is declared due and payable hereunder; provided, however, that upon recovery of Lessor's Loss from Lessee in any such action without having to repossess and dispose of the Equipment, Lessor shall transfer the Equipment to Lessee at its then location upon payment of any additional amount due under clauses (d) and (e) below.

c.) In the event Lessor repossesses the Equipment, Lessor shall either retain the Equipment in full satisfaction of Lessee's obligation hereunder or sell or lease each item of Equipment in such manner and upon such terms as Lessor may in its sole discretion determine. The proceeds of such sale or lease shall be applied to reimburse Lessor for Lessor's Loss and any additional amount due under clauses (d) and (e) below. Lessor shall be entitled to any surplus and Lessee shall remain liable for any deficiency. For purposes of this subparagraph, the proceeds of any lease of all or any part of the Equipment by Lessor shall be the amount reasonably assigned by Lessor as the cost of such Equipment in determining the rent under such lease.

d.) Lessor may recover interest on the unpaid balance of Lessor's Loss from the date it becomes payable until fully paid at the rate of the lesser of 12% per annum or the highest rate permitted by law.

e.) Lessor may exercise any other right or remedy available to it by law or by agreement, and may in any event recover legal fees and other expenses incurred by reason of an Event of Default or the exercise of any remedy hereunder, including expenses of repossession, repair, storage, transportation, and disposition of the Equipment.

If this lease is deemed at any time to be a lease intended as security, Lessee grants Lessor a security interest in the Equipment to secure its obligations under this lease and all other indebtedness at any time owing by Lessee to Lessor and agrees that upon the occurrence of an Event of Default, in addition to all of the other rights and remedies available to Lessor hereunder, Lessor shall have all of the rights and remedies of a secured party under the Uniform Commercial Code.

No remedy given in this paragraph is intended to be exclusive, and each shall be cumulative but only to the extent necessary to permit Lessor to recover amounts for which Lessee is liable hereunder. No express or implied waiver by Lessor of any breach of Lessee's obligations hereunder shall constitute a waiver of any other breach of Lessee's obligations hereunder.

20.) TAX INDEMNITY. Lessor's loss of, or loss of the right to claim, or recapture of, all or any part of the federal or state income taxes benefits Lessor anticipated as a result of entering into this lease and owning the Equipment is referred to herein as a "Loss". If for any reason this lease is not a true lease for federal or state income tax purposes, or if for any reason (even though the Lease may be a true lease) Lessor is not entitled to depreciate the Equipment for federal or state income tax purposes in the manner that Lessor anticipated when entering into this lease, and as a result Lessor suffers a Loss, then Lessee agrees to pay Lessor a lump-sum amount which, after the payment of all federal, state and local income taxes on the receipt of such amount, and using the same assumptions as to tax benefits and other matters Lessor used in originally evaluating and pricing this lease, will in the reasonable opinion of Lessor maintain Lessor's net after-tax rate of return with respect to this lease at the same level it would have been if such Loss had not occurred. Lessor will notify Lessee of any claim that may give rise to indemnity hereunder. Lessor shall make a reasonable effort to contest any such claim but shall have no obligation to contest such claim beyond the administrative level of the Internal Revenue Service or other taxing authority. In any event, Lessor shall control all aspects of any settlement and contest. Lessee agrees to pay the legal fees and other out-of-pocket expenses incurred by Lessor in defending any such claim even if Lessor's defense is successful. Notwithstanding the foregoing, Lessee shall have no obligation to indemnify Lessor for any Loss caused solely by (a) a casualty to the Equipment if Lessee pays the amount Lessee is required to pay as a result of such casualty, (b) Lessor's sale of the Equipment other than on account of an Event of Default hereunder, (c) failure of Lessor to have sufficient income to utilize its anticipated tax benefits or to timely claim such tax benefits, and (d) a change in tax law (including tax rates) effective after this lease begins. For purposes of this paragraph 20, the term "Lessor" shall include any member of an affiliated group of which Lessor is (or may become) a member if consolidated tax returns are filed for such affiliated group for federal income tax purposes.

21.) NOTICES. Any written notice hereunder to Lessee or Lessor shall be deemed to have been given when delivered personally or deposited in the United States mails, postage prepaid, addressed to recipient at its address set forth on the first page of this lease or at such other address as may be last known to the sender.

22.) NET LEASE AND UNCONDITIONAL OBLIGATION. This lease is a completely net lease and Lessee's obligation to pay rent and amounts payable by Lessee under paragraphs 13 and 19 is unconditional and not subject to any abatement, reduction, setoff or defense of any kind.

23.) NON-CANCELABLE LEASE. This lease cannot be canceled or terminated except as expressly provided herein.

24.) SURVIVAL OF INDEMNITIES. Lessee's obligations under paragraphs 8, 9, 19, and 20 shall survive termination or expiration of this lease.

25.) COUNTERPARTS. There shall be but one counterpart of this lease and such counterpart will be marked "Original." To the extent that this lease constitutes chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in the lease marked "Original."

26.) REPRESENTATIONS AND AGREEMENTS. Lessee hereby represents and agrees that (a) if Lessee is a corporation, a partnership, or a limited liability company, the execution, delivery and performance of this lease has been duly authorized by all necessary action on the part of Lessee and will not violate any provision of Lessee's articles of incorporation or by-laws, partnership agreement or articles of organization or management agreement, as the case may be; (b) the Equipment will be used primarily for business purposes as opposed to agricultural purposes or personal, family or household purposes; and (c) Lessee authorizes Lessor to pay the Total Cost as set forth on the first page of this lease directly to the seller of the Equipment to the extent of the unpaid balance of the purchase price.

27.) MISCELLANEOUS. This lease constitutes the entire agreement between Lessor and Lessee and may be modified only by a written instrument signed by Lessor and Lessee. Any provision of this lease which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions of this lease, and any such unenforceability in any jurisdiction shall not render unenforceable such provision in any other jurisdiction. This lease shall in all respects be governed by, and construed in accordance with, the substantive laws of the state where Lessor or Secured Party, whichever the case may be, maintains its principal place of business. In the event there is more than one Lessee named herein, the obligations of each shall be joint and several. **LESSEE HEREBY WAIVES ANY RIGHT TO A JURY TRIAL WITH RESPECT TO ANY MATTER UNDER OR IN CONNECTION WITH THE EQUIPMENT LEASE.** Anything herein to the contrary notwithstanding, certificates of title for the Equipment may be held by a trust or other entity designated by Lessor and such circumstance shall not affect the parties' obligations or rights hereunder, except that all of Lessee's obligations to indemnify and provide insurance for the benefit of Lessor shall apply equally to such trust or other entity and the party acting as trustee or servicer.

Lessor: *Altos Capital Services, L.L.C.*

Customer Name: *City of Riverside/Riverside Public Utilities*

By

By

*Belinda J. Graham*  
Belinda J. Graham

Title

Title

*Assistant City Manager*  
Assistant City Manager

Rent Commencement Date: July 1, 2013

Page 3 of 3

APPROVED AS TO FORM

*Susan Wilson*  
DEPUTY CITY ATTORNEY

*Sherry Norton*  
City Clerk



ALTEC CAPITAL SERVICES, LLC  
33 Inverness Center Parkway  
Suite 200  
Birmingham, AL 35242

Exhibit A

Name and Address of Lessee:

Equipment Lease Number 42624

City of Riverside/ Riverside Public Utilities  
2911 Adams Street  
Riverside, CA 92504-4303

Equipment Description:

Year	Description	Chassis Model	Upfitted Model	Serial Number	VIN Number
2013	Freightliner Altec Digger Derrick	114SD	D3055B-TR	1112FU0095	1FVHG3DXXDHFE1932

City of Riverside/ Riverside Public Utilities

Lessee Signature:

Beth J. Graham

Its: Assistant City Manager

Attest:

Sherzy M. Reed  
City Clerk

APPROVED AS TO FORM

Susan Wilson

DEPUTY CITY ATTORNEY

**DELIVERY AND ACCEPTANCE CERTIFICATE  
ALTEC CAPITAL SERVICES, LLC**

Lease Number: 42624

YEAR	EQUIPMENT DESCRIPTION	SERIAL NUMBER	VIN	MILEAGE OR HOURS
2013	Freightliner Altec Digger Derrick 114SD	1112FU0095	1FVHG3DXXDHFE1932	697.6

By signing below I represent, warrant and agree on behalf of the Lessee named above:

1. I HAVE INSPECTED THE EQUIPMENT AND ACCEPT THE EQUIPMENT FOR ALL PURPOSES UNDER THE LEASE ON BEHALF OF THE LESSEE.
2. The Equipment is of the correct size, design, capacity and manufacture, as selected by the Lessee. It is in good condition and is working properly and has been delivered or installed in a satisfactory manner. The Equipment is suitable for the Lessee's purposes. If any portion of the Equipment has not been delivered or installed at the time I sign this document, the Lessee assumes all risk and responsibility, waives any right to reject the Equipment or revoke acceptance and agrees not to hold the Lessor responsible for delivery or installation of the Equipment.
3. I acknowledge that the Lessor is not the manufacturer of the Equipment or the manufacturer's agent and waive any defenses the Lessee may have now or in the future against the Lessor.
4. I acknowledge that the Lessor is relying on this Certificate in paying for the Equipment and that the inspection is my responsibility. I have had the opportunity to inspect the Equipment and to reject it. I accept the Equipment AS IS, WHERE IS. I confirm that the Lease is in full force and effect and that neither the Lessee nor the Lessor is in default under the Lease. MY SIGNING BELOW MAKES THE LEASE A NON-CANCELLABLE, UNCONDITIONAL OBLIGATION OF THE LESSEE.
5. I represent and warrant that I have the authority to execute this Certificate of Acceptance and Lessee authorizes Lessor to write in the Acceptance Date following telephone confirmation by Lessee of its receipt of the equipment (although I acknowledge that the Lessor is under no obligation to request such oral confirmation and that it is not a condition of acceptance of the Equipment).

**DO NOT SIGN UNTIL EQUIPMENT HAS BEEN DELIVERED AND INSPECTED**  
**DO NOT SIGN IF EQUIPMENT IS UNACCEPTABLE FOR ANY REASON**

Lessee: City of Riverside/ Riverside Public Utilities

By: Billy J. Brown

Its: Assistant City Manager

Date: July 5, 2013

Attest: Sherry M. Miller  
City Clerk

**\*\*Please ensure that the mileage/hours section is correctly filled in prior to signing form.**

Page 1 of 1

APPROVED AS TO FORM

Susan Wilson  
DEPUTY CITY ATTORNEY



**Altec Capital Services, L.L.C.**  
33 Inverness Center Parkway  
Suite 200  
Birmingham, AL 35242-4842

Addendum 1

December 19, 2011

Name and Address of Lessee:

**Riverside Public Utilities**  
2911 Adams Street  
Riverside, CA 92504

**Basic Rental Payment:**

The basic rental payment is indexed to the 7 Year Like Term Swap Rate as quoted on the Federal Reserve Board website. On December 16, 2011 the 7 year Like Term Swap rate was 1.67%, which provided the lessee with a rental rate factor of .0127196 on the D3055. For every .05% movement in the 7 year Treasury rate, the lessee's rental will change by .000025. The lessee's final rental rate factor will be determined on the equipment's delivery and acceptance date.

Lease Factor of .0127196 as of December 16th 2011 (7 yr Like Term Swaps @ 1.67%)

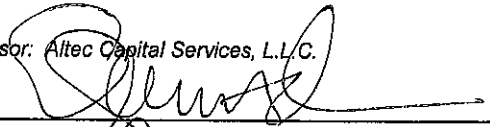
Original Cap Cost X Lease Rate Factor (LRF) = Payment

or  
\$357,459.00 X .0127196 = \$4,546.74 (plus applicable sales and use tax)

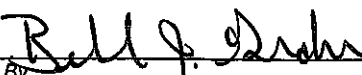
**Service Coverage:**

See Basic Service Lease Coverage & Unit/Chassis Maintenance

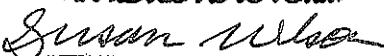
Lessor: Altec Capital Services, L.L.C.

By   
Title Manager

Customer Name: Riverside Public Utilities

By   
Title Assistant City Manager

APPROVED AS TO FORM

  
CITY ATTORNEY

Attest:  
City Clerk 