

HARLEY-DAVIDSON POLICE MOTORCYCLE
LEASE AGREEMENT

This Agreement made and entered into between VEHICLE CITY HARLEY-DAVIDSON designated as the Lessor, and CITY OF ANN ARBOR/ANN ARBOR POLICE DEPARTMENT, designated as the Lessee, made this 1st day of APRIL 2011, for the purpose of leasing to the Lessee 4 Harley-Davidson police motorcycles, under the following terms and conditions:

1. EQUIPMENT

4 year 2011 Harley-Davidson police solo motorcycles with windshield, pursuit lamps, strobe light and siren. FLHP VIN 1HD1FHM16BB650994, FLHP VIN 1HD1FHM1XBB650786, FLHP VIN 1HD1FHM17BB650082, FLHP VIN 1HD1FHM15BB649397.

2. AGREEMENT TERM

This Agreement shall be effective as of the date of execution for a period of 24 months. Motorcycles leased under this Agreement are to be used for Police and related activities only.

3. PAYMENT PERIOD

The Lease agreement will be for the amount of \$1800.00 each year. The Lessee shall pay one yearly payment in the amount of ~~\$7200.00~~ each year. Payments include the cost of the equipment, payment of interest, and administrative costs less the residual value of the motorcycles.

4. INSURANCE

At its own expense, the Lessee shall carry Casualty Insurance with respect to the motorcycles and shall carry Public Liability and Property Damage insurance sufficient to protect the full value of the equipment and to protect the Lessor from liability in all events. The Lessee shall carry Workman's Compensation Insurance covering all employees working on, in, near, or about the motorcycles and shall require any other person working on, in, near, or about the motorcycles to carry such coverage. The Lessee shall furnish to the Lessor certificates or other

satisfactory evidences of all the insurance coverages described above as required by the terms and conditions of this Agreement.

5. **INDEMNITY**

The Lessee shall and does hereby indemnify and save the Lessor harmless from any and all liability arising out of the leasing, renting, operation, control, use, delivery and/or return of the motorcycles including, but not limited to injuries causing personal injury, property damage and/or death, but shall be credited with any amounts received by the Lessor with respect thereto from liability insurance secured by the Lessee. That indemnification shall include all costs and expenses including attorney's fees incurred by the Lessor in connection with any suits or actions resulting from any special liability.

6. **LIENS**

The Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the equipment, except with respect to the respective rights of the Lessor as herein provided. Lessee shall promptly, at its own expense, take such actions as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above if the same shall arise at any time.

7. **TAXES**

The Lessee shall comply with all laws and shall pay all taxes, if any, including but not limited to Sales and Use Taxes, Excise Taxes, Personal Property Taxes and Assessments and Penalties, Licenses, Registration Fees, Freight and Transportation Charges, Permits and any similar charges imposed on the ownership, possession or use of the motorcycles during the term of this Agreement.

8. **CARE AND USE OF EQUIPMENT**

The Lessee at its own cost and expense shall maintain the motorcycles in good operating condition, repair and appearance, and protect them from deterioration other than normal wear and tear; shall use the motorcycles for police and related activities only, without abuse, and in a

manner contemplated by Vehicle City Harley-Davidson, shall not make modifications, alterations or additions to the motorcycles (other than normal operating accessories or controls) without the written consent of Vehicle City Harley-Davidson, which shall not be unreasonably withheld. Maintenance will conform to manufacturer's maintenance specifications per the owner's manuals.

Vehicle City Harley-Davidson, shall have the right during normal hours to enter upon the premises where the motorcycles are located in order to inspect, observe or otherwise protect their interest and the Lessee shall cooperate in affording them the opportunity to do the same.

The Lessee agrees to maintain the motorcycles pursuant to the Manufacturer's Standard Preventative Maintenance Contract and/or Recommendations.

9. DAMAGE OR DETERIORATION OF EQUIPMENT

In the event the equipment is partially damaged or destroyed prior to the end of the Agreement Terms, the Lessee will promptly have the equipment repaired and restored to its original condition and working order for the purposes intended.

10. EVENTS OF DEFAULT AND REMEDIES

Lessee shall be deemed to be in default hereunder upon the happening of any of the following events of default:

- a. Lessee shall fail to make any periodic payment, or to pay any other payment required to be paid hereunder, or
- b. Lessee shall fail to keep any such other term, covenant or condition contained herein.

Upon the occurrence of an event of default as specified above, the Lessee shall fail to remedy such event of default with all reasonable dispatch within a period of thirty (30) days, Lessor or its assigns shall have the right, at its option without any further demand or notice, to pursue any one or more of the following remedies:

- a. by written notice to Lessee, declare an amount equal to all payments due during the Agreement Term to be immediately due and payable as liquidated damages and not as a penalty, whereupon the same shall become immediately due and payable.

- b. re-enter and take possession of the equipment enforcing this Agreement or terminating this Agreement, and repossess the equipment and sell or lease the equipment for the account of Lessee, holding Lessee liable for all payments up to the effective date of such leasing or selling and for the difference in the purchase price, rental and other amounts paid by the Lessee or purchaser pursuant to such lease or sale and the amounts payable by Lessee hereunder, and
- c. take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, Agreement or covenant of Lessee under this Agreement.

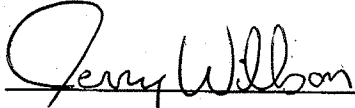
11. DISPOSITION OF EQUIPMENT

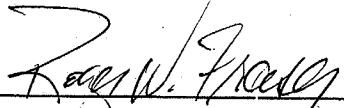
Upon termination of this Leasing Agreement at the end of the rental period, the CITY OF ANN ARBOR/ANN ARBOR POLICE DEPARTMENT will have the option of purchasing the Harley-Davidson Motorcycles covered by this Agreement for \$14,500.00 each from Vehicle City Harley-Davidson 30 days prior to the end of the lease. This price does not include windshield, pursuit lamps, strobe light or siren. Said disposition will be determined immediately prior to the end of the Lease Agreement period.

The above terms and conditions are acceptable.

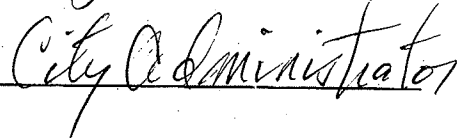
Lessor: Vehicle City Harley-Davidson

Lessee: CITY OF ANN ARBOR/ANN ARBOR
POLICE DEPARTMENT

By: 

By: 

Its: Owner/Managing Member

Its: 

Date: April 1, 2011

Date: April 6, 2011

ADDENDUM ONE TO LEASE AGREEMENT BETWEEN
VEHICLE CITY HARLEY-DAVIDSON AND THE CITY OF ANN ARBOR

POLICE MOTORCYCLE LEASE

This Addendum modifies and amends the Harley-Davidson Police Motorcycle Lease Agreement between the City of Ann Arbor, Michigan (the "Lessee") and Vehicle City Harley-Davidson ("Lessor"), dated _____, 2011, hereby adding to or deleting the following terms and conditions as set forth in the Lease Agreement and which is attached to and a part of the Lease Agreement between the parties.

1. Article 1, Equipment, is amended to include the following:

Lessee shall have the right to inspect the equipment at or before delivery and this Lease shall not be effective until such inspection has occurred and the equipment has been accepted in writing by the City.

2. Article 5, Indemnity, is amended to read as follows:

Lessee agrees to hold Lessor harmless from all claims and losses resulting from Lessee's breach of this Agreement or the negligent acts or omissions of Lessee but only to the extent that such claims or losses are not or would not be barred by governmental immunity if made against Lessee. This provision does not and shall not be construed to waive or limit Lessee's governmental immunity. This provision is not and shall not be construed as a contractual agreement for Lessee to indemnify Lessor and does not authorize Lessor to seek reimbursement from Lessee either for any claims Lessor pays by settlement or otherwise or for any of Lessor's cost associated with such claims. This provision does not and shall not be construed to impose liability on Lessee either for the acts or omissions of Lessor, its officers, or employees, or for the acts and omissions of third parties.

3. Article 12 is added as follows:

It is understood and agreed by the parties that if this Agreement extends for several fiscal years, continuation of this Agreement is subject to appropriation of funds for the lease payment. If funds to enable the City to effect continued payment under this Agreement are not appropriated or otherwise made available, the City shall have the right to terminate this Agreement without penalty at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Lessor. Lessee shall give Lessor written notice of such non-appropriation within thirty (30) days after it receives notice of such non-appropriation.

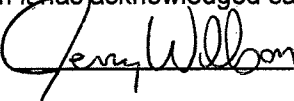
4. Article 13 is added as follows:

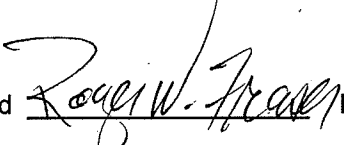
This Agreement will be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction, excepting the principles of conflicts of law. The parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

5. Article 14 is added to read as follows:

This Agreement, together with Addendum No. 1 to the Agreement, constitutes the entire understanding between the parties with respect to the subject matter of the Agreement and it supersedes all previous agreements, negotiations and representations. Neither party has relied on any prior representations, of any kind or nature, in entering into this Agreement. This Agreement may only be modified in writing signed by both parties. This Agreement is for the exclusive benefit of the parties hereto and no benefit is intended for any third party.

As evidence of Lessor and Lessee agreement with the terms and conditions stated in this addendum it has acknowledged said terms and conditions by its signature below.

Accepted  Date 4-7-11
Vehicle City Harley-Davidson

Accepted  Date 4/6/11
City of Ann Arbor
SKP

LEASE AGREEMENT BETWEEN VEHICLE CITY HARLEY DAVIDSON
AND THE CITY OF ANN ARBOR

Addendum One, Article 1

Acceptation Forms

Manufacture Harley-Davidson
Model FLHP
VIN 1HD1FH M16 B B 650994

The above reference Motorcycle has been inspected and accepted by The City of Ann Arbor on April 8, 2011 with the following exceptions:

- a) The Unit was not supplied with a siren as listed in Article 1 – Equipment.
- b) The Unit was not supplied with a strobe light as listed in Article 1 – Equipment. Vehicle City Harley Davidson will supply a strobe light to be install by the City of Ann Arbor By May 9, 2011

Accepted Jerry Wilson Date 4-8-11
For Vehicle City Harley Davidson

Accepted Thomas A. Adams Date 4-8-11
For the City of Ann Arbor

LEASE AGREEMENT BETWEEN VEHICLE CITY HARLEY DAVIDSON
AND THE CITY OF ANN ARBOR

Addendum One, Article 1

Acceptation Forms

Manufacture Harley - Davidson

Model FLHP

VIN 1HD1FHMIXBB650786

The above reference Motorcycle has been inspected and accepted by The City of Ann Arbor on April 8, 2011 with the following exceptions:

- a) The Unit was not supplied with a siren as listed in Article 1 – Equipment.
- b) The Unit was not supplied with a strobe light as listed in Article 1 – Equipment. Vehicle City Harley Davidson will supply a strobe light to be install by the City of Ann Arbor By May 9, 2011

Accepted Jerry Wilson Date 4-8-11
For Vehicle City Harley Davidson

Accepted Thomas A. Adams Date 4-8-11
For the City of Ann Arbor

LEASE AGREEMENT BETWEEN VEHICLE CITY HARLEY DAVIDSON
AND THE CITY OF ANN ARBOR

Addendum One, Article 1

Acceptation Forms

Manufacture Harley-Davidson
Model FLHP
VIN 1HD1FHM17BB650082

The above reference Motorcycle has been inspected and accepted by The City of Ann Arbor on April 8, 2011 with the following exceptions:

- a) The Unit was not supplied with a siren as listed in Article 1 – Equipment.
- b) The Unit was not supplied with a strobe light as listed in Article 1 – Equipment. Vehicle City Harley Davidson will supply a strobe light to be install by the City of Ann Arbor By May 9, 2011

Accepted Jerry Wilson Date 4-8-11
For Vehicle City Harley Davidson

Accepted Thomas A. Allan Date 4-8-11
For the City of Ann Arbor

LEASE AGREEMENT BETWEEN VEHICLE CITY HARLEY DAVIDSON
AND THE CITY OF ANN ARBOR

Addendum One, Article 1

Acceptation Forms

Manufacture Harley - Davidson
Model FLHP
VIN 1HD1FHM15BB649397

The above reference Motorcycle has been inspected and accepted by The City of Ann Arbor on April 8, 2011 with the following exceptions:

- a) The Unit was not supplied with a siren as listed in Article 1 – Equipment.
- b) The Unit was not supplied with a strobe light as listed in Article 1 – Equipment. Vehicle City Harley Davidson will supply a strobe light to be install by the City of Ann Arbor By May 9, 2011

Accepted *Jerry Wilson* Date 4-8-11
For Vehicle City Harley Davidson

Accepted *Thomas A. Miller* Date 4-8-11
For the City of Ann Arbor