

# LOS ANGELES POLICE DEPARTMENT



**MICHEL R. MOORE**  
Chief of Police

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Los Angeles, CA 90030  
Telephone: (213) 486-8590  
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Ref #: 3.5

**ERIC GARCETTI**  
Mayor

October 4, 2018

Mr. Richard H. Llewellyn, Jr.  
City Administrative Officer  
200 North Main Street, Suite 1500  
Los Angeles, California 90012

Dear Mr. Llewellyn:

Enclosed for your review is the Los Angeles Police Department's (LAPD) response to Adopted Budget Recommendation 137 (C.F. 18-0600-S147) regarding the use of 25 LAPD BMW electric vehicles by the Bureau of Street Services (BSS), that was raised during the Fiscal Year (FY) 2018-19 Budget deliberations:

*Instruct the CAO and BSS to report with the an [sic] analysis of the process necessary to effectuate the use of twenty-five LAPD BMW electric vehicles by Street Services Investigators, as well as an analysis of whether BSS has the necessary infrastructure to utilize these vehicles.*

The LAPD owns and operates approximately 5,200 vehicles. The fleet is categorized into three groups: emergency response vehicles; specialized vehicles; and plain or non-emergency response vehicles. The plain/non-emergency group primarily consists of vehicles used for undercover and surveillance operations and vehicles used for routine administrative duties. There are approximately 500 vehicles available for administrative use, which are prime targets to be replaced by Battery Electric Vehicles (BEV).

In 2015, Mayor Garcetti's Executive Order Number 7 established the Sustainable City pLAN. The plan includes vehicle purchase and lease programs designed to ensure that by 2017, 50 percent of the City's annual light-duty vehicle purchases are electric vehicles. The plan also includes a long-term goal of increasing the number to 80 percent by 2025.

The LAPD currently leases 200 Battery Electric Vehicles (BEV). The BEVs have replaced other administrative non-BEV vehicles and are not considered additional vehicles to the fleet.

One BEV was returned to the dealership due to traffic damage, and the remaining 199 are assigned to 59 entities within the LAPD. Each entity is responsible for operating and assigning the vehicles to various operations as needed per their Commanding Officer's direction.

Mr. Richard H. Llewellyn, Jr.

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The motor pool operation has 25 BEVs that are used on a daily basis to provide transportation needs for Department employees assigned to work at the Police Administration Building. On an average monthly basis, each BEV is reserved 10 times to various entities and the vehicles are out for an average of two consecutive days before they are returned. Thus, the motor pool operation uses its fleet of BEV pool vehicles at full capacity with minimal reserve capabilities.

If the Department provides 25 BEVs to BSS, most of the LAPD entities will have to give up vehicles. Some entities, such as Audit Division and Behavioral Science Services Divisions, only have BEV vehicles assigned. Reducing the LAPD fleet will negatively impact the Department's ability to provide administrative services. The Department employees will be forced to share emergency class vehicles designed for field operations and crime fighting needs to perform administrative work. Thus, vehicle shortage in emergency services will adversely affect crime suppression and other vital public services performed by the Department.

An alternative and quick solution to assist the BSS to meet their vehicle needs is to allow BSS to lease their own BMW i3 vehicles using the LAPD lease contract. The funding that BSS uses to reimburse their employees for mileage can be used to lease 24 vehicles on an annual basis. As for BEV charging stations, the BSS is welcome to use all LAPD charging stations available in various locations. Furthermore, BSS may use privately and other publicly owned charging stations in a strategic manner to remedy vehicle charging needs on an emergency basis. Lastly, the BMW i3 lease contract includes preventive maintenance services that will minimize the burden on the Department of General Services to meet the BEV repair and service mechanical resource requirements.

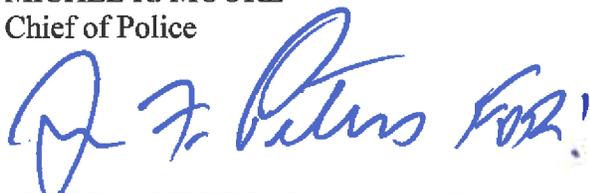
The attached document provides a list of all LAPD charging station locations and type of chargers available.

If you have any questions, please contact Annemarie Sauer, Police Administrator II, Fiscal Operations Division, at (213) 486-8590.

Respectfully,

MICHEL R. MOORE

Chief of Police



JORGE A. VILLEGAS, Assistant Chief

Director, Office of Support Services

Attachment

CHARGING STATION LOCATION AND QUANTITY

| Location            | # DCFC Fleet | # L2 Fleet | Date of Install   | # L2 CEC Public | Date of Install |
|---------------------|--------------|------------|-------------------|-----------------|-----------------|
| <b>PHASE 1</b>      |              |            |                   |                 |                 |
| Main Street Parking | 4*           | 100        | 6/25/2016         |                 |                 |
| <b>PHASE 2</b>      |              |            |                   |                 |                 |
| Central PD          | 1            | 3          | 7/15/2017         |                 |                 |
| 77th PD             | 1            | 3          | 7/21/2017         |                 |                 |
| North Hollywood PD  | 1            | 3          | 8/28/2017         | 1               | 10/18/2017      |
| Harbor PD           | 1            | 3          | 8/24/2017         | 1               | 10/18/2017      |
| Pacific PD          | 1            | 1          | 8/10/2017         |                 |                 |
| ARTC                | 1            | 3          | 8/21/2017         |                 |                 |
| EVOC                | 1            | 3          | 8/28/2017         |                 |                 |
| West Valley PD      | 1            | 3          | 8/28/2017         |                 |                 |
| Topanga PD          | 1            | 3          | 9/14/2017         | 1               | 10/18/2017      |
| <b>PHASE 3</b>      |              |            |                   |                 |                 |
| Newton†             | 1            | 3          | 8/10/2018         |                 |                 |
| Hollenbeck†         | 1            | 3          | 8/10/2018         | 2               | 10/18/2017      |
| Olympic†            | 1            | 3          | 8/10/2018         | 2               | 10/18/2017      |
| Rampart†            | 1            | 3          | 8/10/2018         |                 |                 |
| Mission†            | 1            | 3          | 8/10/2018         | 2               | 10/18/2017      |
| Valley Traffic**    | 1            | 3          | by September 2018 |                 |                 |
| Foothill**          | 1            | 3          | by September 2018 |                 |                 |
| Van Nuys**          | 1            | 3          | by September 2018 |                 |                 |
| Devonshire**        | 1            | 3          | by September 2018 |                 |                 |
| Wilshire‡           | 1            | 3          | by 2019           |                 |                 |
| Southwest‡          | 1            | 3          | by 2019           |                 |                 |
| Hollywood‡          | 1            | 3          | by 2019           |                 |                 |
| Elysian Park‡       | 1            | 3          | by 2019           |                 |                 |
| West LA‡            | 1            | 3          | by 2019           |                 |                 |
| Southeast‡          | 1            | 3          | by 2019           |                 |                 |
| Northeast           |              | 7****      | 4/1/2018          |                 |                 |

\* 1 DCFC 50/3 DCFC 25

† L2 are functional, waiting for DWP meter installation for DCFC to be activated

\*\*This phase is under construction

‡ These sites are currently in design and require DWP equipment upgrades

# L2 CEC Public - California Energy Commission Grant Funded Publicly Accessible EV Chargers

\*\*\*\*6 are for fleet only, one remains available for both fleet/employee access

## ASB Project # 18-045

**Response to Item 137.**

The Los Angeles Police Department owns and operates approximately 5,200 vehicles. The fleet is categorized into three groups: emergency response vehicles; specialized vehicles; and plain or non-emergency response vehicles. The plain/non-emergency group primarily consists of vehicles used for undercover and surveillance operations and vehicles used for routine administrative duties. There are approximately 500 vehicles available for administrative use, which are prime targets to be replaced by Battery Electric Vehicles (BEV).

In 2015, Mayor Garcetti's Executive Order Number 7 established the City's Sustainable plan. The plan includes vehicle purchase and lease programs designed to ensure that by 2017, 50% of the City's annual light-duty vehicle purchases are Electric Vehicles. The plan also includes a long-term goal of increasing the number to 80% by 2025.

Los Angeles Police Department leased 200 Battery Electric Vehicles (BEV). The BEVs have replaced other administrative non-BEV vehicles. The BEVs are not additional vehicles.

One BEV was returned to the dealership due traffic damage, and the remaining 199 are assigned to 59 entities within the LAPD. Each entity is responsible to operate and assign the vehicles to various operations as it is needed per their Commanding Officer's direction. The breakdown and the distribution of BEVs within the Department is indicated in the Table #1.

Table #1:

| Number of Unique Divisions with BEV Assignment | Count of BEV per Division | Total BEVs in All Divisions |
|--|---------------------------|-----------------------------|
| 25   | 1                         | 25                          |
| 8  | 2                         | 16                          |
| 9  | 3                         | 27                          |
| 2  | 4                         | 8                           |
| 5  | 5                         | 25                          |
| 3  | 6                         | 18                          |
| 2  | 7                         | 14                          |
| 1  | 8                         | 8                           |
| 1  | 9                         | 9                           |
| 1  | 11                        | 11                          |
| 1  | 13                        | 13                          |
| 1  | 25                        | 25                          |
| <b>Total</b>                                   | <b>59</b>                 | <b>199</b>                  |

The Motor Pool operation has 25 BEVs that are used on a daily basis to provide transportation needs for the Department employees assigned to work at the Police Administrative Building. On an average monthly basis, each BEV is reserved 10 times to various entities and the vehicles are out for the average of two consecutive days before they are returned. Thus, the motor pool operation uses its fleet of BEV pool vehicles at full capacity with minimal reserve capabilities.

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If the Department gives up 25 BEVs, most of the LAPD entities will have to give up vehicles. Some entities, such as Audit Division and Behavior and Science Services Divisions, have only BEV vehicles assigned for their operations. Fleet reduction at LAPD will negatively impact the Department's ability to provide administrative services. The Department employees will be forced to share emergency class vehicles designed for field operations and crime fighting needs to perform administrative work. Thus, vehicle shortage in emergency services will adversely affect crime suppression and other vital public services performed by the Department.

Alternative and a quickest solution to assist the Bureau of Street Services (BSS) to meet their vehicle needs is to allow the BSS to lease their own BMW i3 vehicles using the LAPD lease contract. The funding that BSS uses to reimburse their employees for mileage vehicles can be used to lease 24 vehicles on an annual basis. As for BEV charging stations, the BSS is welcome to use all LAPD Charging stations available in various locations. Furthermore, BSS may use privately and other publicly owned charging stations in a strategic manner to remedy vehicle charging needs on an emergency basis. Finally, the BMW i3 lease contract includes preventive maintenance services that will minimize the burden on the General Services fleet operations to meet the BEV repair and service mechanical resource requirements.

The table #2 below indicates all the charging station locations and number and type of chargers available.

Table #2

| Location  | Number of DC Fast Chargers | Number of L2 Chargers | Date of completion | Number of L2 Public Chargers | Date of Completion |
|---|----------------------------|-----------------------|--------------------|------------------------------|--------------------|
| <b>Main Street PD</b><br>260 S. Main Street     | 4                          | 100                   | 6/25/16            |                              |                    |
| <b>Northeast PD</b><br>3353 San Fernando Road   |                            | 7                     | 4/13/17            |                              |                    |
| <b>Central PD</b><br>519 Wall St                | 1                          | 3                     | 7/15/17            |                              |                    |
| <b>77th PD</b><br>7600 S. Broadway              | 1                          | 3                     | 7/21/17            |                              |                    |
| <b>North Hollywood PD</b><br>11640 Burbank Blvd | 1                          | 3                     | 8/28/17            | 2                            | 10/18              |
| <b>Harbor PD</b><br>2175 John S. Gibson         | 1                          | 3                     | 8/24/17            | 3                            | 10/18              |
| <b>Pacific PD</b><br>12312 Culver Blvd          | 1                          | 2                     | 8/10/17            |                              |                    |
| <b>ARTC</b>                                     | 1                          | 3                     | 8/21/17            |                              |                    |

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|                          |    |     |                   |    |       |
|--------------------------|----|-----|-------------------|----|-------|
| 5651 Manchester Blvd     |    |     |                   |    |       |
| <b>EVOC</b>              | 1  | 3   | 8/28/17           |    |       |
| 12001 Blucher St         |    |     |                   |    |       |
| <b>West Valley PD</b>    | 1  | 3   | 8/28/17           |    |       |
| 19020 Vanowen St         |    |     |                   |    |       |
| <b>Topanga PD</b>        | 1  | 3   | 9/14/17           | 2  | 10/18 |
| 12501 Shoeborn St        |    |     |                   |    |       |
|                          |    |     |                   |    |       |
| <b>Newton PD</b>         | 1  | 3   | Jul-18            |    |       |
| 3400 S. Central          |    |     |                   |    |       |
| <b>Hollenbeck PD</b>     | 1  | 3   | Jul-18            | 2  | 10/18 |
| 2111 E. 1st St           |    |     |                   |    |       |
| <b>Olympic PD</b>        | 1  | 3   | Jul-18            | 2  | 10/18 |
| 1130 S. Vermont Ave      |    |     |                   |    |       |
| <b>Rampart PD</b>        | 1  | 3   | Jul-18            |    |       |
| 1401 W. 6th St           |    |     |                   |    |       |
| <b>Mission PD</b>        | 1  | 3   | Jul-18            | 2  | 10/18 |
| 11121 N. Sepulveda       |    |     |                   |    |       |
|                          |    |     |                   |    |       |
| <b>Valley Traffic PD</b> | 1  | 3   | by end of<br>2018 |    |       |
| 7870 Nolan Place         |    |     |                   |    |       |
|                          |    |     |                   |    |       |
| <b>Foothill PD</b>       | 1  | 3   | by end of<br>2018 |    |       |
| 12760 Osborne            |    |     |                   |    |       |
|                          |    |     |                   |    |       |
| <b>Van Nuys PD</b>       | 1  | 3   | by end of<br>2018 |    |       |
| 6171 Tyrone Ave          |    |     |                   |    |       |
|                          |    |     |                   |    |       |
| <b>Devonshire PD</b>     | 1  | 3   | by end of<br>2018 |    |       |
| 10250 Etiwanda           |    |     |                   |    |       |
| <b>Wilshire PD</b>       | 1  | 3   | by 2019           |    |       |
| 4861 Venice Blvd         |    |     |                   |    |       |
| <b>Southwest PD</b>      | 1  | 3   | by 2019           |    |       |
| 1546 MLK Blvd            |    |     |                   |    |       |
| <b>Hollywood PD</b>      | 1  | 3   | by 2019           |    |       |
| 1414 N. Hudson Ave       |    |     |                   |    |       |
| <b>Elysian Park</b>      | 1  | 3   | by 2019           |    |       |
| 12345 Elysian Park Blvd  |    |     |                   |    |       |
| <b>W. LA PD</b>          | 1  | 3   | by 2019           |    |       |
| 1658 Butler Ave          |    |     |                   |    |       |
| <b>Southeast PD</b>      | 1  | 3   | by 2019           |    |       |
| 145 W 108 St             |    |     |                   |    |       |
| <b>Total Chargers</b>    | 28 | 178 |                   | 13 |       |

# MASTER COMMERCIAL MOTOR VEHICLE FLEET LEASE AGREEMENT (Closed End) - California

| 1. PARTIES   |  |                                |
|--|--|--------------------------------|
| Lessor (Center) Name and Address<br>New Century Alhambra Automobiles, LLC<br>d/b/a New Century BMW<br>138 W. Main Street<br>Alhambra, CA 91201 | Lessee Name and Address<br>The City of Los Angeles<br>111E 1st Street, Room 110<br>Los Angeles, CA 90012 | Billing Address (if Different) |
|  |  |                                |

2. **Agreement to Lease.** This Master Commercial Motor Vehicle Lease Agreement (the "Master Lease" and together with the Equipment Schedules made a part hereof, the "Lease") is entered into between the lessee ("Lessee") and the lessor ("Lessor") named above. "Vehicle" refers to each vehicle described in any Equipment Schedule in substantially the form attached hereto executed and delivered by Lessor and Lessee prior to January 1, 2021, and relating to this Lease (each, an "Equipment Schedule"). This Master Lease, together with the Equipment Schedule with respect to a Vehicle, shall constitute a lease of such Vehicle on the terms of this Master Lease and the applicable Equipment Schedule. "Assignee" refers to BMW Financial Services NA, LLC ("BMW FS") or, if indicated on an Equipment Schedule, Financial Services Vehicle Trust. BMW FS will administer this Lease on behalf of itself or any assignee. The disclosures contained in this Lease are made on behalf of Lessor and its successors or assignees.

Lessee agrees to lease 100 Vehicles per year for each of calendar years 2016, 2017, and 2018, for a total of 300 Vehicles. Price of each lot of 100 Vehicles will be specified in the applicable Equipment Schedule, based on Lessor's prevailing prices at the time each Equipment Schedule is entered into.

3. **Date of Master Lease, Lease Term and Scheduled Maturity Date; Periodic Payments.** This Lease is entered into on January 1, 2016. The scheduled Lease Term and Scheduled Maturity Date for each Vehicle is indicated on the applicable Equipment Schedule. Lessee is required to make the Periodic Payments specified in the applicable Equipment Schedule for each Vehicle. All payments under this Lease shall be made directly to BMW FS as assignee of Lessor.

4. **Excessive Wear and Use.** Lessee may be charged for excessive wear based on Lessor's standards for normal use and for mileage in excess of total miles over the scheduled Lease Term stated in the Equipment Schedule, at the rate specified in the Equipment Schedule.

5. **Purchase Option at End of Lease Term.** Lessee has an option to purchase each Vehicle "as is" at the Scheduled Termination of the Lease for its Residual Value specified in the applicable Equipment Schedule. The purchase option price does not include official fees, such as those for taxes, title, registration and license/tags. See Section 18 for more information.

**Other Important Terms.** See the additional pages of this Master Lease and the Equipment Schedules for additional information on early termination, purchase options, maintenance responsibilities, warranties, late and default charges, insurance, and other important provisions.

**6. WARRANTIES**

Each Vehicle is subject to the following express warranties. If the Vehicle is new, the Vehicle is subject to the standard manufacturer's new vehicle warranty. The Vehicle is also covered by the following, if checked:

Remainder of the standard manufacturer's new vehicle warranty if the Vehicle is not a new vehicle.

UNLESS A LESSOR'S WARRANTY IS DISCLOSED ABOVE, LESSOR, TO THE EXTENT PERMITTED BY LAW, (1) MAKES NO WARRANTIES OR REPRESENTATIONS, EITHER EXPRESSED OR IMPLIED, AS TO THE VEHICLE OR ANY OF ITS PARTS OR ACCESSORIES AND (2) MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY VEHICLE FOR ANY PARTICULAR PURPOSE. LESSEE ACKNOWLEDGES THAT IT IS LEASING EACH VEHICLE FROM THE LESSOR "AS IS."

**7. INSURANCE COVERAGE**

Lessee agrees to maintain the insurance coverage described in Section 12. Lessee affirms that such insurance is in full force on the date of the Lease of each Vehicle. Lessee authorizes Lessor and its assignees to speak to Lessee's insurance agent or company, and any future insurance agents or companies, about Lessee's coverage for the leased Vehicle.

CITY OF LOS ANGELES SELF INSURED

Insurance Company Policy No. Coverage Verified (Dealer Employee's Initials)

Agent Name Address Phone No.

All matters regarding insurance should be sent by e-mail to [insuranceinfo@browfs.com](mailto:insuranceinfo@browfs.com) or faxed to 888-725-8456.

Check here if Lessee is a governmental entity that self-insures.

**8. LESSEE SIGNATURE**

By signing below, Lessee agrees to be legally bound to this Master Lease and each Lease of a Vehicle hereunder.

Lessee: THE CITY OF LOS ANGELES

By: 

Name: MELINDA YASTILON

Title: DIRECTOR

**9. LESSOR'S COMPLIANCE AND ASSIGNMENT**

By signing below, Lessor (1) accepts the terms, conditions and obligations of this Master Lease and each Lease hereunder and (2) assigns all right, title and interest in each Vehicle and the Lease thereof to the Assignee listed in Section 2 above (or, if different, in the applicable Equipment Schedule). Each Lease hereunder, including all amounts to become due under it, and any guaranty, are subject to the provisions of the Center Agreement between Lessor and BMW FS.

Lessor Name: New Century Alhambra Automobiles, LLC Signature of Authorized Representative \_\_\_\_\_

## LESSEE'S OBLIGATIONS

10. **Vehicle Use.** Lessee agrees not to use (or permit others to use) the Vehicle: (a) in any way that violates the law or the terms of Lessee's insurance policy or this Lease; (b) to transport goods or people for hire, lease or rental to others; (c) outside the state where it was first titled for more than 30 days without Lessor's prior written consent; or (d) outside the United States, except for less than 30 days in Canada. Lessee will not allow an uninsured person to operate the Vehicle at any time, or allow any third party, other than Lessee's authorized employees, to operate the Vehicle without written permission from Lessor. Lessee will not physically change the Vehicle's body or interior in any way unless Lessee first gets Lessor's written consent.

11. **Vehicle Maintenance, Service, Repairs, and Reconditioning.** Lessee agrees to maintain, service, repair, and recondition the Vehicle during the Lease Term with new and genuine BMW manufacturer's original equipment replacement parts as recommended in the Vehicle owner's manual. Lessee will keep complete maintenance records and return them with the Vehicle.

Lessee is responsible for repairs of all collision, accident, and other physical damage that is not a result of normal wear and use. These repairs include, but are not limited to, those necessary to return the Vehicle to its pre-damage condition, including, but not limited to, repairing damage to exterior panels and components, structural components, vehicle safety systems such as airbag systems and seatbelts, and the Vehicle's interior. All repairs must be made with new and genuine BMW manufacturer's original equipment replacement parts. Lessee will discuss these requirements with Lessee's insurance company prior to signing Lessee's insurance agreement, damage repair estimate, or before authorizing any damage repair work. If Lessee has not had the repairs made before the Vehicle is returned at or before the end of the scheduled Lease Term, Lessee will pay the estimated cost of such repairs to restore the Vehicle to its pre-damage condition, even if the repairs are made after the Vehicle is returned.

If the Vehicle's odometer becomes inoperative or malfunctions, Lessee agrees to notify Lessor and have the odometer repaired within 30 days. Lessee agrees not to make any alterations that decrease the Vehicle's value or usefulness or that violate the law. If Lessee adds non-standard equipment to the Vehicle, Lessee will return it to original manufacturer specifications before the end of the Lease Term. If the non-standard equipment cannot be removed or modified without decreasing the Vehicle's value or usefulness when the Vehicle is returned to Lessor, the equipment will become Lessor's property, and Lessee may be billed in accordance with Section 24 below. Lessor may inspect the vehicle at any reasonable time.

**NO PHYSICAL DAMAGE OR LIABILITY INSURANCE COVERAGE FOR BODILY INJURY OR PROPERTY DAMAGE CAUSED TO OTHERS IS INCLUDED IN THIS LEASE.**

12. **Required Insurance.** During the term of this Lease and until Lessee returns the Vehicle, Lessee agrees to maintain the following types and amounts of primary insurance: (a) personal liability for bodily injury or death to any one person for not less than \$100,000 and for any one occurrence for not less than \$300,000; (b) property damage liability for not less than \$50,000; (c) comprehensive liability, including fire and theft, for the Vehicle's actual value (payable in cash and not by a replacement vehicle) with a maximum deductible of \$1,000; (d) collision liability for the Vehicle's actual value (payable in cash and not by a replacement vehicle) with a maximum deductible of \$1,000. The coverage will name Lessor as an additional insured and loss payee. Lessee will provide Lessor with at least 30 days advance notice of cancellation. Lessor has the right to endorse Lessee's name on any insurance check or settlement Lessor Receives. Lessor also has the right to speak to Lessee's insurance company about Lessee's insurance coverage. The foregoing requirements notwithstanding, if the Lessee is a governmental unit and the "self-insurance" box is checked in Section 7, the Lessee may self-insure the Vehicles in accordance with its usual self-insurance program.

Except to the extent required by the motor vehicle financial responsibility laws of the applicable state or otherwise by law, Lessee acknowledges that Lessor does not extend any of Lessor's motor vehicle financial responsibility or provide insurance coverage to Lessee, any authorized additional driver(s), passengers or third parties through this Lease. If valid automobile liability insurance or self insurance is available on any basis for Lessee, additional authorized driver(s) or any other driver and such insurance or self insurance satisfies the applicable state motor vehicle financial responsibility law, then Lessor extend none of Lessor's motor vehicle financial responsibility. However, if Lessee and any authorized driver(s) are in compliance with the terms and conditions of this Lease and if Lessor is obligated to extend Lessor's motor vehicle financial responsibility to Lessee, any additional authorized driver(s) or third parties, then Lessor's obligation is limited to the applicable state minimum financial responsibility amounts. Unless required by law, Lessor's financial responsibility shall not extend to any claim made by any passenger while riding in or on or getting in or out of the Vehicle. Lessor's financial responsibility shall not extend to liability imposed or assumed by anyone under any worker's compensation act, plan or contract.

Except as required by law, Lessor does not provide Personal Injury Protection, No Fault Benefits or Medical Payment Coverage (PIP) or Uninsured/Underinsured Motorist Protection (UM/UIM) through this Lease. If Lessor is required by law to provide PIP and/or UM/UIM, Lessee expressly selects such protection in the minimum limits with DB3/20060453.4

maximum deductible and expressly waive and reject PIP and/or UM/UIM limits in excess of the minimum limits required by law.

13. **Registration, Titling, and Taxes.** Lessee agrees to pay registration, title, license, inspection fees and other official fees and taxes in connection with each Vehicle when due, including taxes imposed on fees such as, but not limited to, the disposition fee. Lessor may, at Lessor's discretion, pay these fees or taxes to protect Lessor's interest in the Vehicles. If Lessor pays such fees or taxes on Lessee's behalf, Lessee agrees to reimburse Lessor when Lessee is billed. If Lessee fails to reimburse Lessor within 60 days after Lessee is billed, then Lessee will pay Lessor a monthly late charge, until the unpaid balance of the fees and taxes has been paid in full. The amount of each such late charge will not exceed 1.5% of the outstanding unpaid balance of the fees and taxes then due, or the maximum amount permitted by law, whichever is less. The remedies described in this Section 13 are in addition to any remedies Lessor may have pursuant to Section 15.

If Lessee moves to another location during the Lease Term or it becomes necessary for Lessor to correct any title or registration deficiencies, or to perfect Lessor's interest in any Vehicle, whether as a result of Lessee's failure to cooperate or other action or inaction on Lessee's part, Lessee agrees to pay Lessor a \$30 service charge per Vehicle in addition to the actual fees or taxes, unless prohibited by law, to process registration, title and license documents.

14. **Payments, Late Charge, Returned Payment Charge, Fines, and Traffic Tickets.** If Lessor does not receive Lessee's total Periodic Payment within 45 days after it is due, Lessee agrees to pay a late charge of \$30 per Vehicle, but not to exceed any limit under applicable law. If any payment is returned to Lessor unpaid for any reason, or if any electronic debit authorization is not paid, Lessee agrees to pay Lessor a \$25 service charge per item when Lessee is billed.

If Lessor Receives notice of any third-party charges related to the Vehicle (including but not limited to fines, traffic tickets, parking tickets, toll violations, towing fees, storage fees, or repair bills), Lessee will pay Lessor a \$30 service charge per item whether or not Lessor pays such third-party charges. Lessor may, at Lessor's discretion, pay these charges to protect Lessor's interest in the Vehicle. If Lessor pays such charges on Lessee's behalf, Lessee agrees to reimburse Lessor when Lessee is billed. If Lessee fails to reimburse Lessor within 60 days after Lessee is billed, then Lessee will pay Lessor a monthly late charge, until the unpaid balance of such third-party charges has been paid in full. The amount of each such late charge will not exceed 1.5% of the outstanding unpaid balance of the third-party charges then due, or the maximum amount permitted by law, whichever is less. Lessee further agrees to pay Lessor any and all costs Lessor incurs associated with Lessee's failure to pay such fines, charges or traffic tickets, including legal costs and reasonable attorneys' fees as allowed by applicable law. The remedies described in this Section 14 are in addition to any remedies Lessor may have pursuant to Section 15.

15. **Default and Remedies.** Lessee will be in default under this Master Lease and all Lessee hereunder if:

- (a) Lessee fails to make a Periodic Payment when due and such failure continues for a period of 45 days;
- (b) Lessee fails to maintain the required insurance;
- (c) Lessee fails to return any Vehicle at the end of the Lease Term;
- (d) Lessee fails to keep any of its promises under this Lease;
- (e) Lessee abandons the Vehicle;
- (f) Lessee or a guarantor become(s) insolvent or die(s);
- (g) Any information in any credit application or a guarantor's credit application is false or misleading; or
- (h) The Vehicle is subject to or threatened by seizure, confiscation, levy, or other involuntary transfer by governmental, administrative or legal process.

If Lessee is in default, Lessor may do any or all of the following:

- (i) Terminate this Lease and Lessee's rights to possess and use the Vehicle;
- (ii) Take possession of the Vehicle by any method permitted by law;
- (iii) Pursue any other remedy permitted by law;
- (iv) Dispose of any personal or other property in the Vehicle at the time of repossession if Lessee does not reclaim it within 10 days;
- (v) Require that Lessee pay the sum of: (1) any past due Monthly Payments; plus (2) any official fees and taxes assessed or billed in connection with this Lease and the Vehicle and any other amounts needed to satisfy Lessee's obligations under this Lease except Excess Wear and Use and Excess Mileage charges; plus (3) the amount by which the Adjusted Lease Balance (explained in Section 22) exceeds the Realized Value of the Vehicle (Section 23); plus (4) all of Lessor's expenses for taking these actions, including, but not limited to expenses for repossession, transportation, storage, and/or sale of the Vehicle; plus (5) all fees and costs of collections, including reasonable attorneys' fees, court costs, interest, and other related expenses involving the enforcement of the terms and conditions of the this Lease, the protection or defense of Lessor's interest in the Lease or Vehicle and all losses Lessor incurs in connection with Lessee's default of this Lease whether such action is in law, equity or an administrative remedy. Furthermore, if Lessee does not pay these amounts when Lessor ask, Lessor may charge interest at a rate not exceeding the highest lawful rate until Lessee pays;
- (vi) If the Vehicle has an electronic tracking device, Lessee agrees that Lessor may use the device to find the Vehicle.

16. **Vehicle Loss or Damage.** Lessee agrees to immediately notify Lessor if the Vehicle is damaged or destroyed in an accident, stolen, abandoned, or taken by a police or other governmental agency. In that event, Lessor reserves the right to terminate this Lease with respect to such Vehicle and Lessee's liability will either be: (a) calculated under Section 17 below, if Lessee does not self-insure and is in compliance with Lessee's insurance obligations; or (b) calculated under Section 15 above. If the Vehicle is stolen or destroyed, another vehicle may be substituted in its place only if Lessor agrees to the substitution. Lessor has no obligation to provide a substitution vehicle. If a Vehicle is damaged and Lessor does not terminate this Lease with respect to such Vehicle because the Vehicle is reasonably repairable, Lessee agrees to make the repairs in accordance with Section 11 above at Lessee's expense.

17. **"Gap Amount" Waiver.** If Lessee does not self-insure and is in compliance with Lessee's insurance obligations under this Lease and the Vehicle is damaged, stolen or destroyed and considered a total loss under Lessee's insurance coverage, Lessee will not be obligated to pay Lessor the gap amount (the difference between the Adjusted Lease Balance and the actual cash value of the Vehicle as of the date of loss) if the claim for total loss is actually paid to Lessor by Lessee's insurance company. However, Lessee will be obligated to pay Lessor: (1) any and all amounts due and owing needed to satisfy Lessee's obligations under this Lease (including past due Monthly Payments and any official fees and taxes assessed or billed in connection with this Lease and the Vehicle); plus (2) any amounts (including Monthly

Payments) that become due pending receipt of the insurance proceeds, plus (3) the deductible amount under Lessee's insurance policy, plus (4) any amounts deducted from the actual cash value of the Vehicle by the insurance carrier. If as of the date of loss, Lessee does not have a physical damage insurance policy that complies with the insurance requirements set forth in this Lease, no gap amount waiver applies and the amount of Lessee's liability will be determined as set forth in Section 15.

18. **Power of Attorney.** Lessee appoints Lessor, to the extent permitted by law, through Lessor's officer or employee, as Lessee's attorney-in-fact. Lessee's grant of this power of attorney is coupled with an interest, and is irrevocable until all obligations Lessee owes under this Lease are paid in full. As Lessee's attorney-in-fact, Lessor can sign on Lessee's behalf all Certificates of Ownership, Registration Cards, applications, affidavits, or any other documents required to register and properly perfect Lessor's interest in the Vehicle; transfer Lessee's entire interest in the Vehicle as part of a repossession and sale; act on Lessee's behalf in insurance matters relating to the Vehicle, including, but not limited to, the power to endorse insurance proceeds checks or drafts on Lessee's behalf; and cancel any Credit Life, Credit Disability, GAP Coverage, Extended Warranty, or other optional insurance financed under this Lease, and apply the refunded premium or coet to Lessee's outstanding balance if Lessee is in default. Should an original power of attorney be necessary to accomplish any of the preceding, Lessee agrees to execute a separate identical power of attorney document and provide Lessor with same.

#### ENDED LEASE

19. **Purchase Option.** Lessee has an option to purchase the Vehicle AS-IS, WHERE-IS at the end of the Scheduled Term of each Vehicle. If Lessee wants to buy the Vehicle, Lessee will notify Lessor in advance and agree to complete any documents Lessor requires for the purchase. Lessee also agrees to re-register and re-title the Vehicle at Lessee's own expense in Lessee's name at the time Lessee purchases it. If Lessee fails to do so, Lessor reserves the right to cancel the registration. At the Scheduled Termination of the Lease, the purchase price will be the Residual Value (as described in the applicable Equipment Schedule). Prior to the end of the Lease Term, the purchase price will be the Adjusted Lease Balance (as described in Section 22). In either case, Lessee agrees to also pay any other amounts due or outstanding under the Lease at the time of purchase such as any official fees, unpaid Monthly Payments or late charges.

20. **Vehicle Return.** If Lessee does not purchase the Vehicle, Lessee agrees to return it to the place Lessor specifies with all parts and accessories and in good working order. Upon return, Lessee agrees to complete and sign an odometer disclosure statement and a vehicle inspection report, which may be used in determining any excess wear and use and/or excess mileage. If Lessee does not return the Vehicle at the end of Lessee's Lease Term, Lessee is in default and will continue to pay an amount equal to the Periodic Payment pro-rated for each month until the time that Lessee returns the Vehicle. Payment of this amount does not give Lessee the right to keep the Vehicle nor does it automatically extend this Lease.

21. **Scheduled Termination of the Lease.** Unless Lessee terminates Lessee's Lease early or purchase the Vehicle, Lessee's Lease will terminate on the Scheduled Maturity Date, at which time, Lessee agrees to pay Lessor: (a) a \$350 Disposition Fee, plus (b) any unpaid Monthly Payments then due and other amounts needed to satisfy Lessee's obligations under this Lease, plus (c) any Excess Mileage and Excess Wear and Use charges (Section 24), plus (d) any official fees or taxes assessed or billed in connection with this Lease.

22. **Early Termination of the Lease.** Lessee may terminate this Lease with respect to all, but not less than all, of the Vehicles covered by any Equipment Schedule, at any time by purchasing the Vehicle and paying the Adjusted Lease Balance. The "Adjusted Lease Balance" is the sum of the remaining Periodic Payments with respect to the purchased Vehicles plus the Residual Value of the purchased Vehicles.

23. **Realized Value of the Vehicle.** For the purpose of calculating Lessee's Early Termination liability (Section 22), the Realized Value of the Vehicle is (a) the price Lessor Receives for the Vehicle upon

disposition in a commercially reasonable manner or (b) a price agreed to by Lessor and Lessee in a separate writing. If the Vehicle is a total loss as set forth in Section 16 above, and Lessee is in compliance with Lessee's insurance obligations, the amount of any deductible and the proceeds of the settlement of the insurance claim Lessor Receives are the "Realized Value." The Realized Value may also be determined by an appraisal of the wholesale value of the Vehicle, which Lessee may obtain, at Lessee's own expense from a professional, independent appraiser agreeable to both of us. If Lessee obtains such an appraisal not later than 3 days before the date of scheduled disposition of the Vehicle by Lessor, the appraisal will be the final and binding Realized Value.

24. **Excessive Wear and Use.** Lessee agrees to pay Lessor the costs of all repairs to the Vehicle that are not the result of normal wear and use, whether or not Lessor actually repairs the Vehicle. Excessive wear and use includes, but is not limited to:

- (a) inoperative electrical or mechanical parts;
- (b) dented, scratched, chipped, rusted, pitted, broken or mismatched body parts, paint, vehicle identification items, trim or grill work;
- (c) non-functioning, scratched, cracked, pitted or broken glass or lights;
- (d) missing equipment, parts, accessories or adornments;
- (e) torn, damaged, burned, or stained interior;
- (f) repair of any damage that makes the Vehicle unlawful or unsafe to drive;
- (g) damage due to installation or removal of non-manufacturer, after-market or replacement parts;
- (h) damage (including damage to the engine) due to failure to maintain the Vehicle in accordance with Section 11; or
- (i) tires with tread depth of less than 1/8" remaining at the shallowest point, and/or tires that are not all of the same grade, quantity or quality as those delivered with the Vehicle.

If Lessee fails to pay any excess wear and use, excess mileage or other lease end charges within thirty days of the due date indicated on Lessee's end of lease bill, Lessee will pay Lessor interest on the unpaid balance of these charges at the rate of 18 percent per annum, if permitted by law, or the maximum rate permitted, if less until paid in full.

Lessee agrees to pay state and local taxes that may be due on amounts owed for lease end charges, including but not limited to excess wear and use and excess mileage fees.

#### ADDITIONAL INFORMATION

25. **Indemnification.** Except for willful misconduct or active negligence of BMW Financial Services, Lessee agrees to indemnify, defend and hold Lessor harmless from all claims, liabilities, suits, losses, damages and expenses (including reasonable attorney's fees and court costs) including, but not limited to, claims concerning the condition (less normal wear and tear), maintenance, use, ownership or operation of the Vehicle, or claims made under the strict liability doctrine.

26. **Refundable Security Deposit.** Lessor may use some or all of Lessee's Security Deposit to pay any amount Lessee owes under this Lease at the end of Lessee's Lease Term or upon early termination of the Lease. Lessee will not earn any interest on Lessee's Security Deposit. After Lessee has paid all Lessee's obligations under this Lease, Lessor will refund to Lessee any part of Lessee's Security Deposit that is not used to pay what Lessee owes Lessor.

27. **Assignment.** Lessor may assign Lessor's interests under this Lease without Lessee's consent. LESSEE MAY NOT TRANSFER OR SUBLEASE THIS VEHICLE TO A THIRD PARTY OR ASSIGN THE LEASE OR ANY RIGHTS UNDER IT WITHOUT LESSOR'S PRIOR

WRITTEN APPROVAL, WHICH LESSOR MAY WITHHOLD IN LESSOR'S SOLE JUDGMENT.

28. **Notices.** All correspondence and notices will be sent to Lessee at Lessee's Billing Address shown on this Lease unless Lessee gives Lessor a different address in writing.

29. **Other Terms, Waiver.** Lessor may waive or delay enforcement of Lessor's rights under this Lease without affecting Lessor's rights on future defaults. **Severability.** Any part of this Lease that is not enforceable shall not affect the validity of the remainder of this Lease. **Joint Liability.** If more than one Lessee signs this Lease, each Lessee shall be jointly and severally liable for all obligations under this Lease. **Choice of Law.** Except as may otherwise be provided by law, this Lease will be subject to the laws of the state where Lessee signs it. In the event that both parties agree not to arbitrate in accordance with Section 30 below, any dispute shall be brought in a court located in the state where Lessee signed the Lease.

**Entire Agreement.** This Lease describes all agreements between us with respect to the Lease of the Vehicle. All prior agreements, whether oral or in writing, are superseded. **Maintaining Payments.** Lessee may

not change or stop any Monthly Payments for any reason, even if Lessee does not receive an invoice, and even if the Vehicle is stolen, destroyed, seized by the government or the court, experiences mechanical problems, or does not satisfactorily perform. **Lessee's Warranties.** Lessee represents that Lessee has given a true Amount Owed for any vehicle traded in. If the correct Prior Credit or Lease Balance is more than the amount shown in on the applicable Equipment Schedule, Lessee agrees to pay Lessor the excess amount upon demand. **Personal Property.** Lessor shall not be responsible at any time for any personal property in the Vehicle. **Escheatment** If for any reason Lessor needs to escheat any of Lessee's funds to an unclaimed funds department, Lessor may retain such fee as is allowable per state law. **Rule of Construction.** References herein to "the Vehicle" shall mean each Vehicle that is subject to this Master Lease or all Vehicles subject to this Master Lease, as the context may require.

### 30. ARBITRATION CLAUSE

#### PLEASE REVIEW - IMPORTANT - AFFECTS OUR LEGAL RIGHTS

**NOTICE:** Either Lessee or Lessor may choose to have any dispute between us decided by arbitration and not in a court or by jury trial. If a dispute is arbitrated, Lessee will give up Lessee's right to participate as a class representative or class member on any Claim Lessee may have against Lessor including any right to class arbitration or any consolidation of individual arbitrations. Discovery and rights to appeal in arbitration are generally more limited than in a lawsuit, and other rights Lessor and Lessee would have in court may not be available in arbitration.

"Claim" broadly means any claim, dispute or controversy, whether in contract, tort, statute or otherwise, whether preexisting, present or future, between Lessee and Lessor or Lessor's employees, officers, directors, affiliates, successors or assigns, or between Lessee and any third parties if Lessee asserts a Claim against such third parties in connection with a Claim Lessee asserts against Lessor, which arises out of or relates to Lessee's credit application, lease, purchase or condition of this Vehicle, this Lease or any resulting transaction or relationship (including any such relationship with third parties who do not sign this Lease). Any Claim shall, at Lessor's or Lessee's election, be resolved by neutral, binding arbitration and not by a court action. However, "Claim" does not include any dispute or controversy about the validity, enforceability, coverage or scope of this Arbitration Clause or any part thereof (including, without limitation, the Class Action Waiver set forth below and/or this sentence); all such disputes or controversies are for a court and not an arbitrator to decide. But any dispute or controversy that concerns the validity or enforceability of the Lease as a whole is for the arbitrator, not a court, to decide. In addition, "Claim" does not include any individual action brought by Lessee in small claims court or Lessee's state's equivalent court, unless such action is transferred, removed or appealed to a different court. Moreover, this Arbitration Clause will not apply to any Claims that are the subject of (a) a class action filed in court that is pending as of the effective date of this Arbitration Clause in which Lessee is alleged to be a member of the putative class (however, Lessor and Lessee will continue to be bound by any prior Arbitration Clause) or (b) a motion to compel arbitration filed by Lessor against Lessee before the effective date of this Arbitration Clause pursuant to a prior Arbitration Clause (however, Lessor and Lessee will continue to be bound by any prior Arbitration Clause).

**Class Action Waiver.** Notwithstanding any other provision of this Lease or Arbitration Clause, if either Lessor or Lessee elects to arbitrate a Claim, neither Lessor nor Lessee will have the right: (a) to participate in a class action, mass action, private attorney general action or other representative action in court or in arbitration, either as a class representative or class member; or (b) to join or consolidate Claims with claims of any other persons. No arbitrator shall have authority to conduct any arbitration in violation of this provision. (Provided, however, that the Class Action Waiver does not apply to any lawsuit or administrative proceeding filed against Lessor by a state or federal government agency even when such agency is seeking relief on behalf of a class of lessees including Lessee. This means that Lessor will not have the right to compel arbitration of any claim brought by such an agency.) The Class Action Waiver is material and essential to the arbitration of any Claims between the parties and is nonseverable from this Arbitration Clause. If the Class Action Waiver is limited, voided or found unenforceable, then this Arbitration Clause (except for this sentence) shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. The parties acknowledge and agree that under no circumstances will a class action be arbitrated.

Lessee may choose the American Arbitration Association ("AAA"), 1633 Broadway, 10th Floor, New York, NY 10019, [www.adr.org](http://www.adr.org), 1-800-778-7879 or JAMS, 1920 Main Street, Suite 300, Irvine, CA 92614, [www.jamsadr.com](http://www.jamsadr.com), 1-800-352-5287 to administer the arbitration. The rules and forms of the AAA and JAMS may be obtained on their websites or by writing to these organizations at the addresses listed above. Either Lessor or Lessee may request an expedited hearing under the applicable rules. If the AAA and JAMS are unable or unwilling to serve as administrator, the parties may agree upon another administrator or, if they are unable to agree, a court shall determine the administrator. No company may serve as administrator, without the consent of all parties, if it adopts or has in place any formal or informal policy that is inconsistent with and purports to override the

terms of this Arbitration Clause. If the chosen administrator's rules or other provisions of this Lease (including any other arbitration provision relating to this Lease) conflict with this Arbitration Clause, then the provisions of this Arbitration Clause shall control. If a party files a lawsuit in court asserting Claim(s) that are subject to arbitration and the other party files a motion to compel arbitration with the court which is granted, it will be the responsibility of the party prosecuting the Claim(s) to select an arbitration administrator in accordance with this paragraph and commence the arbitration proceeding in accordance with the administrator's rules and procedures.

Arbitrators shall be attorneys with at least ten years of experience or retired judges and shall be selected pursuant to the applicable rules. The arbitrator will not be bound by judicial rules of procedure and evidence that would apply in a court, nor by state or local laws that relate to arbitration proceedings. The arbitrator will honor statutes of limitation and claims of privilege recognized under applicable law. In determining liability or awarding damages or other relief, the arbitrator will follow the applicable substantive law, consistent with the FAA (Federal Arbitration Act), that would apply if the matter had been brought in court, including, without limitation, punitive damages (which shall be governed by the Constitutional standards employed by the courts). The arbitrator may award any damages or other relief or remedies permitted by applicable law including equitable, temporary and/or provisional remedies. The arbitrator shall write a brief explanation of the grounds for the decision. Any arbitration hearing that Lessee attends shall be conducted at a place reasonably convenient to where Lessee is located. Any court having jurisdiction may enter judgment on the arbitrator's award.

In any arbitration that Lessee has commenced against Lessor, if the total amount of Lessee's Claim(s) is less than \$25,000: (a) Lessor will pay any and all fees of the administrator and/or the arbitrator if Lessee makes a written request for Lessor to pay such fees; and (b) Lessor will pay Lessee's reasonable attorneys' and expert witness fees and costs if and to the extent Lessee prevails in the arbitration. Moreover, Lessor will always bear any fees and costs (including administrator and arbitrator fees and reasonable attorneys' and expert witness fees and costs) that Lessor is required to bear pursuant to the administrator's rules or applicable law. Lessor will not seek reimbursement from Lessee of any fees or costs (including administrator and arbitrator fees and attorneys' and expert witness fees and costs) that Lessor incurs on Lessor's own behalf or pay on Lessee's behalf in connection with the arbitration.

This Lease involves interstate commerce and this Arbitration Clause and any arbitration hereunder shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. ("FAA") and not by any state law concerning arbitration. However, the governing law as to the substantive issues of the Lease and Vehicle shall be the law of the state in which this Lease was executed. The arbitrator's award shall be final and binding on all parties, except for any right of appeal provided by the FAA. However, if the amount of the Claim exceeds \$50,000 or involves a request for injunctive or declaratory relief that could foreseeably involve a cost or benefit to either party exceeding \$50,000, any party can, within 30 days after the entry of the award by the arbitrator, appeal the award to a three-arbitrator panel administered by the administrator. The panel shall reconsider anew any aspect of the initial award requested by the appealing party. The decision of the panel shall be by majority vote. Reference in this arbitration provision to "the arbitrator" shall mean the panel if an appeal of the arbitrator's decision has been taken. The costs of such an appeal will be borne in accordance with the preceding paragraph. Any final decision of the appeal panel is subject to judicial review only as provided under the FAA.

Lessor and Lessee may retain any rights to self-help remedies, such as repossession. The exercise of any self-help remedies is not a "Claim" subject to arbitration, nor is any individual action in court by one party that is limited to preventing the other party from using a self-help remedy and that does not involve a request for damages or monetary relief of any kind. Neither Lessor nor Lessee waive the right to arbitrate by using self-help remedies. This Arbitration Clause shall survive any termination, payoff or transfer of this Lease, and shall also survive any bankruptcy to the extent consistent with applicable bankruptcy law. If any part of this Arbitration Clause, other than the Class Action Waiver, is deemed or found to be unenforceable for any reason, the remainder shall remain enforceable.

Notwithstanding any other provision for notice contained in the Lease, any arbitration Claim or other notice provided under the rules of the arbitration administrator will be given to Lessor at the following address: if Lessee's Claim is against the Lessor, Lessee agrees that notice of Lessee's Claim will be given to the Lessor at the address specified in Section 1 of this Lease. If Lessee's Claim is against the Assignee (designated in Section 2 of this Lease), Lessee agrees that notice of Lessee's Claim will be given at 5550 Britton Parkway, Hilliard, OH 43026. If Lessee's Claim is against both Lessor and Assignee, Lessee agrees that both Lessor and Assignee will be notified of Lessee's Claim at the addresses indicated herein.

### 30. WAIVER OF SOVEREIGN IMMUNITY

To the extent that Lessee is a governmental entity that has sovereign immunity, Lessee hereby acknowledges that this Lease is a commercial transaction that is excluded from such sovereign immunity and hereby waives such immunity.

## EQUIPMENT SCHEDULE – MASTER COMMERCIAL MOTOR VEHICLE FLEET LEASE AGREEMENT

| PARTIES  |  |   |
|--|--|---|
| Lessor (Center) Name and Address<br>New Century Alhambra Automobiles, LLC<br>d/b/a New Century BMW<br>139 W. Main Street<br>Alhambra, CA 91201 | Lessee Name and Address<br>The City of Los Angeles<br>111E 1st Street, Room 110<br>Los Angeles, CA 90012 | Assignee<br>BMW Financial Services NA, LLC<br><br>(or, if this box is checked <input type="checkbox"/> to Financial Services Vehicle Trust) |

2. **Agreement to Lease.** This Equipment Schedule, dated \_\_\_\_\_, is made a part of the Master Commercial Motor Vehicle Lease Agreement (the "Master Lease") dated January \_\_, 2016, between Lessee and Lessor, together with the Master Lease, constitutes a lease of the Vehicles listed herein on the terms and subject to the conditions of the Master Lease as supplemented by this Equipment Schedule. All capitalized terms used and not otherwise defined on this Equipment Schedule have the meanings specified in the Master Lease.

3. **Identification of Vehicles.** The Vehicles that are the subject of this Equipment Schedule are described on Schedule 1 attached hereto. To the extent this Equipment Schedule is being executed prior to delivery of the subject Vehicles, the Lessor may complete any missing vehicle identification numbers and odometer readings at the time of delivery.

| LESSEE SIGNATURE   |
|--|
| <p><b>By signing below, Lessee agrees to be legally bound to this Equipment Schedule.</b></p> <p>Lessee: THE CITY OF LOS ANGELES</p> <p>By: _____</p> <p>Name:</p> <p>Title:</p> |

| LESSOR'S ACCEPTANCE AND ASSIGNMENT   |
|--|
| <p>By signing below, Lessor (1) accepts the terms, conditions and obligations of this Master Lease and each Lease hereunder and (2) assigns all right, title and interest in each Vehicle and the Lease thereof to BMW Financial Services NA, LLC ("BMW FS") or, if this box is checked <input type="checkbox"/> to Financial Services Vehicle Trust. Each Lease hereunder, including all amounts to become due under it, and any guaranty, are subject to the provisions of the Center Agreement between Lessor and BMW FS.</p> <p>Lessor Name: _____ Signature of Authorized Representative: _____</p> |

**SCHEDULE 1 TO MASTER COMMERCIAL MOTOR VEHICLE FLEET LEASE AGREEMENT DATED \_\_\_\_\_**

**Make: BMW**

**Model and Year:** \_\_\_\_\_

**Lease Commencement Date:** \_\_\_\_\_

**Lease Term: Three years from Lease Commencement Date.**

**Residual Value at end of Lease Term: \$ \_\_\_\_\_**

**Miles during Lease Term included in Lease: \_\_\_\_\_ miles**

**Rate for excess mileage above miles included in Lease: \_\_\_\_\_ cents per mile.**

**Options: As stated in City of Los Angeles Specification Number MTD 15-BEV1.**

**Items A through G below apply to each Vehicle separately:**

| AMOUNT DUE AT LEASE SIGNING OR DELIVERY | EQUIPMENT VALUE  | OPTIONAL CHARGES (ITEMS 17-20)   | TOTAL MONTHLY PAYMENTS (ITEMS 11-12) |
|---|--|--|--------------------------------------|
| \$ _____                                | First monthly payment of \$ _____ is due on _____ followed by \$ _____ payments of \$ _____ due on the _____ day of each month until June 1 following Lease Commencement Date. Then \$ _____ on each June 1 during the Lease Term, with a final payment of \$ _____ on the last day of the Lease term. The total of these payments is \$ _____ | A. Disposition Fee (if I do not purchase the Vehicle) \$ <u>350</u><br>B. _____ \$ _____<br>TOTAL \$ _____ | \$ _____                             |

| AMOUNT DUE AT LEASE SIGNING OR DELIVERY   | PERIODIC PAYMENTS (ITEMS 11-12)   |
|---|---|
| <b>A. Amount Due at Lease Signing or Delivery</b><br>1. Capitalized Cost Reduction \$ _____<br>2. First Monthly Payment \$ _____<br>3. Refundable Security Deposit \$ _____<br>4. Initial Title Fees \$ _____<br>5. Initial Registration Fees \$ _____<br>6. Initial License Fees \$ _____<br>7. Sales/Use Tax \$ _____<br>8. Acquisition Fee (if not capitalized) \$ _____<br>9. Electronic Vehicle Registration or Transfer Charge (not a governmental fee) (if not capitalized) Paid to: \$ _____<br>10. Sales Tax on Capitalized Cost Reduction \$ _____<br>11. Document Processing Charge (not a governmental fee) (if not capitalized) \$ _____<br>12. California Tie Fee \$ _____<br>13. Theft Deterrent Device \$ _____<br>14. Theft Deterrent Device \$ _____<br>15. Surface Protection Product \$ _____<br>16. Surface Protection Product \$ _____<br>17. _____ \$ _____<br>18. _____ \$ _____<br>19. _____ \$ _____<br>20. _____ \$ _____<br><b>TOTAL</b> \$ _____ | <b>A. Gross Capitalized Cost.</b> The agreed upon value of the Vehicle (I _____ and any items I pay for over the Lease Term (such as taxes, fees, service contracts, insurance, and any outstanding prior credit or lease balance) (See Section 13 for an itemization of this amount). \$ _____<br><b>B. Capitalized Cost Reduction.</b> The amount of any net trade-in allowance, rebate, noncash credit, or cash I pay that reduces the Gross Capitalized Cost. -\$ _____<br><b>C. Adjusted Capitalized Cost.</b> The amount used in calculating my Base Monthly Payment. = \$ _____<br><b>D. Residual Value.</b> The value of the Vehicle at the end of the Lease used in calculating my Base Monthly Payment. -\$ _____<br><b>E. Depreciation and any Amortized Amounts.</b> The amount charged for the Vehicle's decline in value through normal use and for other items paid over the Lease Term. = \$ _____<br><b>F. Rent Charge.</b> The amount charged in addition to the Depreciation and any Amortized Amounts. + \$ _____<br><b>G. Total of Base Monthly Payments.</b> The Depreciation and any Amortized Amounts plus the Rent Charge. = \$ _____<br><b>H. Lease Payments.</b> The number of payments in my Lease. + \$ _____<br><b>I. Base Monthly Payment.</b> = \$ _____<br><b>J. Sales/Use Tax.</b> = \$ _____<br><b>K.</b> = \$ _____<br><b>L. Total Monthly Payment</b> = \$ _____ |
| <b>B. How the Amount Due at Lease Signing or Delivery Will Be Paid</b><br>1. Net Trade-In Allowance \$ _____<br>2. Rebates and Noncash Credits \$ _____<br>3. Amounts to be Paid in Cash \$ _____<br><b>TOTAL</b> \$ _____  |   |

| OPTIONAL EQUIPMENT (ITEMS 17-20)   | OPTIONAL CHARGES (ITEMS 21-24)  |
|--|---|
| <b>A. Agreed Upon Value of Vehicle as Equipped at the Time of Lease Signing</b> \$ _____<br><b>B. Agreed Upon Value of Each Accessory and Item of Optional Equipment Original Lessor Agrees to Add to the Vehicle after Lease signing</b><br>_____ \$ _____<br>_____ \$ _____<br><b>C. Total Agreed Upon Value of Vehicle</b> \$ _____<br><b>D. Initial Title, License &amp; Registration Fees</b> \$ _____<br><b>E. Sales/Use Tax</b> \$ _____<br><b>F. Federal Luxury Tax</b> \$ _____<br><b>G. Sales Tax on Capitalized Cost Reduction</b> \$ _____ | <b>H. Document Processing Charge (not a governmental fee)</b> \$ _____<br><b>I. Maintenance Agreement</b> \$ _____<br><b>J. Mechanical Breakdown Protection</b> \$ _____<br><b>K. Extended Warranty</b> \$ _____<br><b>L. Service Contract</b> \$ _____<br><b>M. Prior Credit or Lease Balance*</b> \$ _____<br><b>N. Electronic Vehicle Registration or Transfer Charge (not a governmental fee)</b> \$ _____<br><b>O. Acquisition Fee</b> \$ _____<br><b>P. Other</b> \$ _____<br><b>Q. Other</b> \$ _____<br><b>R. Other</b> \$ _____<br><b>TOTAL GROSS CAPITALIZED COST (C through R)</b> \$ _____<br>* Leave blank unless Lessor has paid prior credit or lease balance. |

**ESTIMATE OF OFFICIAL FEES AND TAXES**

\$ \_\_\_\_\_ This is an estimate of the total amount I agree to pay for official and license fees, registration, title and taxes (including personal property taxes) over the Lease Term whether included in my Monthly Payment, Amount Due at Lease Signing or Delivery, or separately billed. The actual total of Official Fees and Taxes may be higher or lower, depending on the tax rates in effect or the value of the Vehicle at the time a fee or tax is assessed. This estimate is based on my Garaging Address and may increase if I move or if tax rates change. For some of these items, you may invoice me after the taxing authority has billed you, sometimes after the lease terminates.



