



Leasing Division

FEDERAL SIGNAL LEASING

1415 W. 22nd Street, Oak Brook, Illinois 60523-2004
Phone 800-934-6569 Fax 630-954-2041

February 17, 2004

Purchasing Department
City of Lincoln
555 South Tenth Street
Lincoln, NE 68508

Re: Lease/Purchase Financing of an Elgin Eagle "F" Street Sweeper

Ladies and Gentlemen:

Elgin Sweeper Company is pleased to provide the City of Lincoln with financing assistance for its purchase of an Elgin Eagle "F" Street Sweeper.

The Leasing Division of Federal Signal Corporation, like Elgin Sweeper Company is a wholly-owned subsidiary of Federal Signal Corporation and was established in 1983 to handle all of the administrative aspects of Elgin Sweeper Company's financing programs.

Enclosed is our standard lease/purchase agreement. The document has been marked with red "X"s in those places where signatures of authorized personnel are required. These include:

1. Municipal Lease and Option Agreement. Please sign and date where indicated.
2. Acceptance Certificate. See instructions below.
3. Payment Schedule (attachment). Please sign acknowledgment and acceptance of payment terms.
4. IRS Form 8038-G (attachment). Please complete with required information and sign where indicated.

The Acceptance Certificate can be retained by your department until the vehicle is delivered. Upon delivery, the department should sign, date and surrender this agreement to Elgin Sweeper Company or its authorized dealer. **Please note that the vehicle will not be released without this signed Certificate and your first payment in the amount of \$22,107.01.** The date on the Acceptance Certificate is the commencement date of the lease.

Enclosed for your convenience is an Insurance Coverage Requirement Letter which should be given to your insurance agent/broker to ensure proper coverage and documentation. Also included is an Auto Payment form. Should you choose to make your payments electronically, please provide the required signatures and banking information where indicated and forward to us for processing.

Finally, please have your attorney provide an opinion letter of substantially the same form as the attached sample "Opinion of Lessee's Counsel." This opinion must be on your attorney's letterhead.

Please return the completed documents to me as soon as possible. After we receive the documents, properly completed, we can authorize delivery of the truck. You will then be furnished a fully executed copy of the lease and attachments for your records.

Should you have any questions or comments, please do not hesitate to call us at (800) 934-6569.

Sincerely,
Teri Herzog
Leasing Dept.

Municipal

Lease No. 5155-003

Lessor: Elgin Sweeper Company
1415 W. 22nd Street, Suite 1100
Oak Brook, IL 60523
Phone: 800-934-6569

Lessee: City of Lincoln
555 South Tenth Street
Lincoln, NE 68508
Contact: Purchasing Department
Phone:

| QUANTITY | EQUIPMENT DESCRIPTION | | |
|------------|---|-------------------|--|
| 1 | Elgin Eagle "F" Street Sweeper Serial Number F1711D | | |
| | | | |
| | | | |
| Lease Term | Total Equipment Cost | Rent Due (Period) | No./Amount of Rental Payments |
| 36 Months | \$ 161,279.00 | Annual in Advance | See payment schedule attached hereto and made a part hereof ("Payment Schedule") |

MUNICIPAL LEASE AND OPTION CONTRACT

Lessor hereby leases to Lessee the Equipment for the purposes and upon the following terms and conditions listed herein

ARTICLE I: COVENANTS OF LESSEE. Lessee represents, covenants and warrants, for the benefit of Lessor as follows:

A. Lessee is a public body, corporate and politic, duly organized and existing under the Constitution and laws of the State as set forth above ("State").

B. Lessee has been duly authorized to execute, deliver and perform this Agreement under the Constitution and laws of the State and under the terms and provisions of the resolution of its governing body, or by other appropriate official approval. Lessee further represents, covenants and warrants that all requirements have been met, and procedures have occurred in order to ensure the enforceability of this Agreement, Lessee shall cause to be executed an opinion of its counsel in form acceptable to Lessor.

C. During the term of this Agreement, the Equipment will be used by Lessee only for the purpose of performing one or more governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority and will not be used in a trade or business of any person or entity other than the Lessee.

D. The equipment is, and shall remain during the period the Agreement is in force, personal property and when subject to use by Lessee under this Agreement, will not be or become fixtures.

ARTICLE II: DEFINITIONS. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Lease Term" means the Original Term defined in Article III hereof and a sufficient number of automatic Renewal Terms as will constitute the number of months set forth on the face of this Agreement.

"Lessor" means the entity designated on the face of this Agreement as Lessor hereunder.

"Purchase Price" means the amount set forth in the Payment Schedule attached to this Agreement and subject to the terms of Article IX which Lessee may, at its option, pay to Lessor in order to purchase the Equipment.

"Renewal Term(s)" means the automatic renewal periods of this Agreement, each having a duration of one (1) year coterminous with Lessee's fiscal year except the last of such automatic renewal periods which shall end on the anniversary of the Commencement Date. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Rent Payments shall be as provided in the attached Payment Schedule.

"Vendor" means the manufacturer of the Equipment as well as the agents or dealers of the manufacturer.

ARTICLE III: COMMENCEMENT OF LEASE TERM.
The Original Term of this Agreement shall commence on the date the Equipment is accepted by Lessee as indicated on the Certificate of Acceptance ("Commencement Date") and shall terminate the last day of Lessee's then current fiscal year. For the duration of the Lease Term, this Agreement will be automatically renewed at the end of the Original Term and any Renewal Term unless the Lessee gives written notice to Lessor not less than ninety (90) days prior to the end of the Original Term or Renewal Term then in effect of Lessee's intention to terminate this Agreement pursuant to Article V as the case may be.

ARTICLE IV: INSPECTION. Lessor shall have the right at all reasonable times to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

ARTICLE V: RENT PAYMENTS.
Section 5.01 Rent Payments to Constitute a Current

Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rent Payments hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of Lessee.

Section 5.02 Payment of Rent Payments. Lessee shall pay Rent Payments, exclusively from legally available funds to Lessor in the amounts and on the dates set forth in the Payment Schedule attached to this Agreement. A portion of each Rent Payment is paid as, and represents payment of, interest and principal, respectively. Any amounts not paid when due shall be subject to past due interest at a rate of 18% per annum or the highest rate permitted by law, whichever is lower.

Notwithstanding any other provision of the agreement and under any and all circumstances, Lessee is obligated to pay interest to Lessor on the purchase price (remaining balance) at the per annum rate specified in this agreement for each day this agreement remains in effect.

Section 5.03 Rent Payments to be Unconditional. Subject to Section 5.05, the obligation of Lessee to make payment of Rent Payments and other payments required under this Agreement shall be absolute and unconditional. Lessee shall make all such payments when due and shall not withhold, set off, abate or counter claim any such payment as a result of any dispute, whether between Lessor and Lessee or otherwise (including, but not limited to, disputes concerning alleged or actual defects, malfunctions, breakdowns or infirmities of the Equipment).

Section 5.04 Continuation of Lease Term by Lessee. Lessee intends to continue the Lease Term through the Original Term and all of the Renewal Terms and to pay the Rent Payments hereunder. Lessee further intends to do all things lawfully within its power to obtain funds from which Rent Payments may be made, including making a provision for such payments to the extent necessary in each biannual or annual budget submitted and adopted in accordance with applicable provisions of state law, to have such portion of the budget approved, and to exhaust all available reviews and appeals in the event such portion of the budget is not approved.

Section 5.05 Nonappropriation. In the event sufficient funds shall not be appropriated for the payment of the Rent Payments required to be paid in the next occurring Renewal Term, and if Lessee has no funds legally available for Rent Payments from other sources, the Lessee may terminate this Agreement at the end of the Original Term or then current Renewal Term, and Lessee shall not be obligated to make payment of the Rent Payments provided for in the Agreement beyond the Original Term or the Renewal Term, whichever is the current term, provided the Lessee terminates the agreement on an anniversary date of its Commencement Date and Lessee delivers notice to Lessor of such termination at least ninety (90) days prior to the end of the Original Term or the then current Renewal Term. In the event of termination of this Agreement on other than an anniversary of the Commencement Date, a pro-rata rent payment will be due covering the period of time between the last scheduled payment date and the termination date. If this Agreement is terminated under this Section 5.05, Lessee agrees, at Lessee's cost and expense, peaceably to deliver the Equipment to Lessor at the location specified by Lessor; In such event, and to the extent lawful, Lessee shall not, until the date on which the next occurring Renewal Term would have ended, expend any funds for the purchase or use of equipment similar to the Equipment subject to the Agreement.

ARTICLE VI: TITLE TO EQUIPMENT; SECURITY INTEREST.

Section 6.01 Title to the Equipment. During the term of this Agreement, title to the Equipment and any and all additions, repairs, replacements or modifications shall vest in Lessee, subject to the rights of Lessor under this Agreement. In the event of default as set forth in Sections 11.01 or nonappropriation as set forth in Section 5.05, title to the

Equipment shall immediately vest in Lessor, and Lessee will, upon Lessor's request, reasonably surrender possession of the Equipment to Lessor. Lessee, irrevocably, hereby designates, makes, constitutes and appoints Lessor (and all persons designated by Lessor) as Lessee's true and lawful attorney (and agent-in-fact) with power, at such time of default or nonappropriation or times thereafter as Lessor in its sole and absolute discretion may determine, in Lessee's or Lessor's name, to endorse the name of Lessee upon any certificate of title, bill of sale, document, instrument, invoice, freight bill, bill of lading or similar document relating to the Equipment in order to vest title in Lessor and transfer possession to Lessor.

Section 6.02 Security Interest. Lessee's obligations and liabilities to Lessor under this Agreement, and all other obligations of Lessee to Lessor or any of Lessor's affiliates howsoever evidenced, created or incurred shall be defined and referred to herein as the "Liabilities." To secure prompt payment to Lessor of the Liabilities, and the prompt performance of all Lessee's obligations under this Agreement, Lessee grants to Lessor a security interest constituting a first lien on the Equipment and on all additions, attachments, accessions and substitutions thereto, and on any proceeds therefrom including, without limitation, any insurance proceeds relating to the Equipment. Nothing herein shall permit Lessee to sell the Equipment in violation of this Agreement. Lessee hereby agrees to take all necessary steps to perfect Lessor's security interest in the Collateral. Lessee hereby agrees and does hereby appoint Lessor or its agents or assigns its true and lawful attorney-in-fact to prepare, execute and sign any instrument or financing statement necessary to protect Lessor's interest in the Equipment subject hereto, and to sign the name of Lessee with the same force and effect as if signed by Lessee, and to file same at the proper location or locations. Lessee further agrees, if Lessor so requests, to execute any instrument or financing statement necessary to protect Lessor's interest in the Equipment. After Lessee has made all payments required by the Agreement, Lessee will own the Equipment free and clear of any lien or encumbrance of Lessor.

ARTICLE VII: MAINTENANCE; MODIFICATION; TAXES; INSURANCE.

Section 7.01 Maintenance of Equipment by Lessee. Lessee agrees that at all times during the Lease Term Lessee will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment in good repair, working order and condition.

Section 7.02 Taxes, Other Governmental Charges and Utility Charges. In the event the use, possession, acquisition ownership, or transfer of the Equipment is subject to taxation in any form (except for income taxes of Lessor), Lessee shall pay as the same respectively come due, all such taxes and other governmental charges of any kind whatsoever that may, at any time, be assessed or levied against or with respect to the use, possession, acquisition, ownership, or transfer of the Equipment pursuant to this Agreement.

Section 7.03 Insurance. At its own expense and at all times during the Lease Term, Lessee shall maintain casualty, public liability and property damage insurance on the Equipment (or shall demonstrate to the satisfaction of Lessor that adequate self-insurance is provided with respect to the Equipment) sufficient to protect the Full Insurable Value (meaning the full replacement value of the Equipment if purchased new or the then applicable Purchase Price, whichever is greater), and to protect Lessor from any and all liability related to the Equipment.

Upon the request of Lessor, Lessee shall furnish to Lessor insurance certificates and such other material as necessary to fulfill Lessee's satisfaction of its insurance obligations as set forth in this Section 7.03. Alternatively, Lessee may insure the Equipment under a blanket insurance policy or policies which cover not only the Equipment but other properties; provided, however, that the aforementioned insurance requirements are satisfied. If Lessee shall insure similar properties by self-insurance, Lessee will insure the Equipment by means of an adequate insurance fund. All insurance policies shall name Lessee and Lessor as assureds and loss payees according to

their respective interests in the Equipment and shall provide for at least ten (10) days prior written notice by the underwriter or insurance company to the Lessor in the event of cancellation or expiration.

ARTICLE VIII: DISCLAIMER OF WARRANTIES.

The equipment is covered by the regular printed warranty, if any, of the Manufacturer, Lessee acknowledges and agrees that the Manufacturer's warranty provides Lessee with its sole and exclusive warranty rights and that Lessor has not made any warranty or representation with respect to the Equipment, including but not limited to the implied warranty of merchantability and the implied warranty of fitness for a particular purpose.

ARTICLE IX: OPTION TO PURCHASE

Provided Lessee has made all payments owed pursuant to Section 5.02 and is not in default hereunder, Lessee, may, upon giving Lessor not less than ninety (90) days prior written notice, elect to purchase all, but not less than all, of the Equipment on any annual anniversary of the Commencement Date for the applicable Purchase Price as set forth in the Payment Schedule attached hereto, which amount shall be due and payable on the day following the annual anniversary of the Commencement Date.

ARTICLE X: ASSIGNMENT; SUBLEASING; AND INDEMNIFICATION.

Section 10.01 No Sale, Assignment or Subleasing by Lessee. This Agreement and the interest of Lessee in the Equipment may not be sold, assigned, transferred or encumbered by Lessee.

Section 10.02 Assignment by Lessor. This Agreement, and the obligation of Lessee to make payments hereunder, are not assignable, salable, or transferable by Lessor, in whole or in part.

Section 10.03 Indemnification Covenants. To the extent permitted by the laws and Constitution of the State in which Lessee is located, Lessee shall protect, hold harmless and indemnify Lessor from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of cause thereof, and expenses in connection therewith, including, without limitation, attorney's fees and expenses, penalties and interest arising out of or as the result of Lessee or its employees' or agents negligence with regard to the Equipment. The indemnification arising under this paragraph shall continue in full force and effect until the full payment of all obligations under this Agreement or the termination of this Agreement.

ARTICLE XI: EVENTS OF DEFAULT AND REMEDIES.

Section 11.01 Events of Default Defined. The following shall constitute an "event of default" hereunder:

- A. Failure by Lessee to timely pay any payment required to be paid hereunder;
- B. Lessee's failure to perform any other covenant, condition or obligation on its part to be performed, other than for a period of thirty (30) days after written notice to Lessee specifying such failure and requesting that it be remedied.
- C. Breach of any material representation or warranty by Lessee under this Agreement; or
- D. Commencement by Lessee of a case or proceeding under the Federal bankruptcy laws or filing by Lessee of any petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any existing or future bankruptcy, insolvency or other similar law or an answer admitting or not contesting the material allegations of a petition filed against Lessee in any such proceeding; or
- E. A petition against Lessee in a proceeding under any existing or future bankruptcy, insolvency or other similar law shall be filed and not withdrawn or dismissed within thirty (30) days thereafter.

Section 11.02 Remedies on Default. Upon the occurrence of an event of default, Lessor shall have the right, at its sole option without any further demand or notice, to exercise any one or more of the following remedies:

A. With or without terminating this Agreement, retake possession of the Equipment and the Additional Collateral and sell, lease or sublease the Equipment and the Additional Collateral with the net proceeds thereof to be applied to Lessee's obligations hereunder.

B. Require Lessee at Lessee's risk and expense to promptly return the Equipment in the manner and in the condition set forth in Sections 5.05 and 7.01 hereof;

C. If Lessor is unable to repossess the Equipment or the Additional Collateral for any reason, the Equipment and the Additional Collateral shall be deemed a total loss and Lessee shall pay to Lessor the then applicable Purchase Price as set forth in the Payment Schedule attached hereto; and

D. Whenever a default is existing, Lessor may declare all payments immediately due and payable without presentment, demand, or notice of any kind. In addition, Lessee shall be obligated to pay all costs of collection, repossession and enforcement of rights hereunder including reasonable attorney's fees.

E. Take whatever other action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Equipment and the Additional Collateral.

Section 11.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE XII: MISCELLANEOUS.

Section 12.01 Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed given when delivered by facsimile with proof of successful transmission, by overnight courier, or when mailed by registered mail, postage prepaid, to the parties at their respective places of business.

Section 12.02 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and respective successors and assigns.

Section 12.03 Severability. In the event any provision of the Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.04 Execution in counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.05 Power of Attorney. Lessee hereby authorizes Lessor to file IRS Form 8038-G or 8038-GC on behalf of Lessee, which provides information to the IRS on tax exempt leases and installment sales. Lessee hereby appoints Lessor's representative as attorney in fact solely for the purpose of signing the above referenced informational form.

Section 12.06 Applicable Law. This agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

Section 12.07 Entire Agreement. This Agreement constitutes the entire agreement between Lessor and Lessee and may not be amended, altered or modified except by written instrument signed by Lessor and Lessee. Any terms and conditions of any purchase order or other document (with the exception of Supplements) submitted by Lessee in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on Lessor and will not apply to this Agreement. Lessee by the signature of

its authorized representative acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and conditions.

Section 12.09 Waiver of Jury Trial. The Lessor and the Lessee hereby knowingly, voluntarily and intentionally waive any rights they may have to a trial by jury in respect of any litigation based hereon, or arising out of, under, or in connection with, this Agreement or any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Lessor or the Lessee. The Lessee acknowledges and agrees that it has received full and sufficient consideration for this provision and that this provision is a material inducement for the Lessor entering into this Agreement.

THIS AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE
MADE A PART HEREOF.

| | |
|---|---|
| Date: <small>LESSEE ACKNOWLEDGES READING AND RECEIVING A COPY OF THIS AGREEMENT</small> | |
| Elgin Sweeper Company <small>(Lessor)</small> | City of Lincoln <small>(Lessee Name as Above)</small> |
| By: <i>Kevin N. Latham</i> | By: |
| Title: <i>VP</i> | Title: |
| <small>This undersigned affirms that he has been duly authorized to execute this Agreement on behalf of the above-named Lessee.</small> | |

Payment Schedule

Lessee: City of Lincoln, NE
 Equip: Elgin Eagle "F" Street Sweeper

Lease No: 5155-003

Number and frequency of payments:

3 annual payments in advance
 Interest computed at 4.1 % per annum

| | | <u>Payment Amount</u> | <u>Payment applied to Interest</u> | <u>Principal</u> | <u>Purchase price (remaining balance)</u> |
|-------------------|--------------------------------|---------------------------|--|-------------------|---|
| Total sales price | | | | | \$161,279.00 |
| Trade-in allowed | | | | 25,000.00 | 136,279.00 |
| Down payment | | | | 0.00 | 136,279.00 |
| Payment | 1 Due upon Delivery/Acceptance | 22,107.01 | 0.00 | 22,107.01 | 114,171.99 |
| Payment | 2 Due 1 year from Acceptance | 22,107.01 | 4,681.05 | 17,425.96 | 96,746.03 |
| Payment | 3 Due 2 years from Acceptance | 22,107.01 | 3,966.59 | 18,140.42 | 78,605.52 |
| | See Note below. | 6,828.30 | 3,222.83 | 3,605.43 | 75,000.00 |
| Balloon Payment | Due 3 years from Acceptance | 75,000.00 | 0.00 | 75,000.00 | 0.00 |
| Totals | | <u>148,149.33</u> | <u>11,870.47</u> | <u>136,278.82</u> | |

The first scheduled payment is due upon delivery of the vehicle.

Note: Dealer to pay at lease inception via a reduction in equipment cost to Lessor..

Balances not paid when due shall be subject to past due interest at the rate of 18% per year or the highest rate permitted by law, whichever is less.

Interest accrues daily, at the rate indicated above, on the outstanding principal balance (listed in "Purchase price" column).

Elgin Sweeper Company
 Lessor

City of Lincoln, NE
 Lessee

By: Steven N. Ladman

By: _____

Title: VP

Title: _____

Opinion of Lessee's Counsel

(Please furnish in this form on attorney's letterhead.)

Date (on/before date of lease agreement)

Elgin Sweeper Company
c/o Federal Signal Leasing
1415 W. 22nd St., Suite 1100
Oak Brook, IL 60523

Re: Municipal Lease and Option Agreement No. 5155-002 (the "Agreement")

Gentlemen:

As counsel for the **City of Lincoln** (Lessee), I have examined the above-referenced original Agreement between Lessee and **Elgin Sweeper Company** (Lessor), and the proceedings taken by Lessee to authorize and execute the Agreement. Based upon such examination of law and fact as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a public body, corporate and politic, duly organized, legally existing under the laws of the State of **Nebraska**.
2. The Agreement has been duly authorized, executed and delivered by Lessee pursuant to constitutional, statutory and/or home rule provision which authorized this transaction in accordance with its terms and conditions.
3. The Agreement is a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms. In the event the Lessor obtains judgement against Lessee in money damages, as a result of an event of default under the Agreement, Lessee will be obligated to pay such judgement.
4. No litigation is pending or, to the best of my knowledge, threatened in any court or other tribunal, state or federal, in any way questioning or affecting the validity of the resolution or the Agreement.
5. The signature of the official of Lessee which appears on the Agreement is true and genuine; I know said official and know him/her to hold the office set forth below his/her name.
6. The Lessee is a political subdivision within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended, and Treasury Regulations and Rulings related thereto. That portion of rental payments made by Lessee during the Lease Term identified as interest, upon receipt, will not be includable as federal gross income under applicable statutes, regulations, court decisions and rulings existing on the date of this opinion and consequently will be exempt from present federal income taxes.

Firm name and signature



Leasing Division

FEDERAL SIGNAL LEASING

1415 W. 22nd Street, Oak Brook, Illinois 60523-2004
Phone 800-934-6569 Fax 630-954-2041

February 17, 2004

Purchasing Department
City of Lincoln
555 South Tenth Street
Lincoln, NE 68508

Re: Lease/Purchase Financing of an Elgin Eagle "F" Street Sweeper

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4. IRS Form 8038-G (attachment). Please complete with required information and sign where indicated.

The Acceptance Certificate can be retained by your department until the vehicle is delivered. Upon delivery, the department should sign, date and surrender this agreement to Elgin Sweeper Company or its authorized dealer. **Please note that the vehicle will not be released without this signed Certificate and your first payment in the amount of \$22,107.01.** The date on the Acceptance Certificate is the commencement date of the lease.

Enclosed for your convenience is an Insurance Coverage Requirement Letter which should be given to your insurance agent/broker to ensure proper coverage and documentation. Also included is an Auto Payment form. Should you choose to make your payments electronically, please provide the required signatures and banking information where indicated and forward to us for processing.

Finally, please have your attorney provide an opinion letter of substantially the same form as the attached sample "Opinion of Lessee's Counsel." This opinion must be on your attorney's letterhead.

Please return the completed documents to me as soon as possible. After we receive the documents, properly completed, we can authorize delivery of the truck. You will then be furnished a fully executed copy of the lease and attachments for your records.

Should you have any questions or comments, please do not hesitate to call us at (800) 934-6569.

Sincerely,
Teri Herzog
Leasing Dept.

Municipal

Lease No. 5155-002

Lessor: Elgin Sweeper Company
 1415 W. 22nd Street, Suite 1100
 Oak Brook, IL 60523
 Phone: 800-934-6569

Lessee: City of Lincoln
 555 South Tenth Street
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Contact: Purchasing Department
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| QUANTITY | EQUIPMENT DESCRIPTION | | |
|------------|--------------------------------|----------------------|--|
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Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rent Payments hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of Lessee.

Section 5.02 Payment of Rent Payments. Lessee shall pay Rent Payments, exclusively from legally available funds to Lessor in the amounts and on the dates set forth in the Payment Schedule attached to this Agreement. A portion of each Rent Payment is paid as, and represents payment of, interest and principal, respectively. Any amounts not paid when due shall be subject to past due interest at a rate of 18% per annum or the highest rate permitted by law, whichever is lower.

Notwithstanding any other provision of the agreement and under any and all circumstances, Lessee is obligated to pay interest to Lessor on the purchase price (remaining balance) at the per annum rate specified in this agreement for each day this agreement remains in effect.

Section 5.03 Rent Payments to be Unconditional. Subject to Section 5.05, the obligation of Lessee to make payment of Rent Payments and other payments required under this Agreement shall be absolute and unconditional. Lessee shall make all such payments when due and shall not withhold, set off, abate or counter claim any such payment as a result of any dispute, whether between Lessor and Lessee or otherwise (including, but not limited to, disputes concerning alleged or actual defects, malfunctions, breakdowns or infirmities of the Equipment).

Section 5.04 Continuation of Lease Term by Lessee. Lessee intends to continue the Lease Term through the Original Term and all of the Renewal Terms and to pay the Rent Payments hereunder. Lessee further intends to do all things lawfully within its power to obtain funds from which Rent Payments may be made, including making a provision for such payments to the extent necessary in each biannual or annual budget submitted and adopted in accordance with applicable provisions of state law, to have such portion of the budget approved, and to exhaust all available reviews and appeals in the event such portion of the budget is not approved.

Section 5.05 Nonappropriation. In the event sufficient funds shall not be appropriated for the payment of the Rent Payments required to be paid in the next occurring Renewal Term, and if Lessee has no funds legally available for Rent Payments from other sources, the Lessee may terminate this Agreement at the end of the Original Term or then current Renewal Term, and Lessee shall not be obligated to make payment of the Rent Payments provided for in the Agreement beyond the Original Term or the Renewal Term, whichever is the current term, provided the Lessee terminates the agreement on an anniversary date of its Commencement Date and Lessee delivers notice to Lessor of such termination at least ninety (90) days prior to the end of the Original Term or the then current Renewal Term. In the event of termination of this Agreement on other than an anniversary of the Commencement Date, a pro-rata rent payment will be due covering the period of time between the last scheduled payment date and the termination date. If this Agreement is terminated under this Section 5.05, Lessee agrees, at Lessee's cost and expense, peaceably to deliver the Equipment to Lessor at the location specified by Lessor; In such event, and to the extent lawful, Lessee shall not, until the date on which the next occurring Renewal Term would have ended, expend any funds for the purchase or use of equipment similar to the Equipment subject to the Agreement.

ARTICLE VI: TITLE TO EQUIPMENT; SECURITY INTEREST.

Section 6.01 Title to the Equipment. During the term of this Agreement, title to the Equipment and any and all additions, repairs, replacements or modifications shall vest in Lessee, subject to the rights of Lessor under this Agreement. In the event of default as set forth in Sections 11.01 or nonappropriation as set forth in Section 5.05, title to the

Equipment shall immediately vest in Lessor, and Lessee will, upon Lessor's request, reasonably surrender possession of the Equipment to Lessor. Lessee, irrevocably, hereby designates, makes, constitutes and appoints Lessor (and all persons designated by Lessor) as Lessee's true and lawful attorney (and agent-in-fact) with power, at such time of default or nonappropriation or times thereafter as Lessor in its sole and absolute discretion may determine, in Lessee's or Lessor's name, to endorse the name of Lessee upon any certificate of title, bill of sale, document, instrument, invoice, freight bill, bill of lading or similar document relating to the Equipment in order to vest title in Lessor and transfer possession to Lessor.

Section 6.02 Security Interest. Lessee's obligations and liabilities to Lessor under this Agreement, and all other obligations of Lessee to Lessor or any of Lessor's affiliates howsoever evidenced, created or incurred shall be defined and referred to herein as the "Liabilities." To secure prompt payment to Lessor of the Liabilities, and the prompt performance of all Lessee's obligations under this Agreement, Lessee grants to Lessor a security interest constituting a first lien on the Equipment and on all additions, attachments, accessions and substitutions thereto, and on any proceeds therefrom including, without limitation, any insurance proceeds relating to the Equipment. Nothing herein shall permit Lessee to sell the Equipment in violation of this Agreement. Lessee hereby agrees to take all necessary steps to perfect Lessor's security interest in the Collateral. Lessee hereby agrees and does hereby appoint Lessor or its agents or assigns its true and lawful attorney-in-fact to prepare, execute and sign any instrument or financing statement necessary to protect Lessor's interest in the Equipment subject hereto, and to sign the name of Lessee with the same force and effect as if signed by Lessee, and to file same at the proper location or locations. Lessee further agrees, if Lessor so requests, to execute any instrument or financing statement necessary to protect Lessor's interest in the Equipment. After Lessee has made all payments required by the Agreement, Lessee will own the Equipment free and clear of any lien or encumbrance of Lessor.

ARTICLE VII: MAINTENANCE; MODIFICATION; TAXES; INSURANCE.

Section 7.01 Maintenance of Equipment by Lessee. Lessee agrees that at all times during the Lease Term Lessee will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment in good repair, working order and condition.

Section 7.02 Taxes, Other Governmental Charges and Utility Charges. In the event the use, possession, acquisition ownership, or transfer of the Equipment is subject to taxation in any form (except for income taxes of Lessor), Lessee shall pay as the same respectively come due, all such taxes and other governmental charges of any kind whatsoever that may, at any time, be assessed or levied against or with respect to the use, possession, acquisition, ownership, or transfer of the Equipment pursuant to this Agreement.

Section 7.03 Insurance. At its own expense and at all times during the Lease Term, Lessee shall maintain casualty, public liability and property damage insurance on the Equipment (or shall demonstrate to the satisfaction of Lessor that adequate self-insurance is provided with respect to the Equipment) sufficient to protect the Full Insurable Value (meaning the full replacement value of the Equipment if purchased new or the then applicable Purchase Price, whichever is greater), and to protect Lessor from any and all liability related to the Equipment.

Upon the request of Lessor, Lessee shall furnish to Lessor insurance certificates and such other material as necessary to fulfill Lessee's satisfaction of its insurance obligations as set forth in this Section 7.03. Alternatively, Lessee may insure the Equipment under a blanket insurance policy or policies which cover not only the Equipment but other properties; provided, however, that the aforementioned insurance requirements are satisfied. If Lessee shall insure similar properties by self-insurance, Lessee will insure the Equipment by means of an adequate insurance fund. All insurance policies shall name Lessee and Lessor as assureds and loss payees according to

their respective interests in the Equipment and shall provide for at least ten (10) days prior written notice by the underwriter or insurance company to the Lessor in the event of cancellation or expiration.

ARTICLE VIII: DISCLAIMER OF WARRANTIES.

The equipment is covered by the regular printed warranty, if any, of the Manufacturer, Lessee acknowledges and agrees that the Manufacturer's warranty provides Lessee with its sole and exclusive warranty rights and that Lessor has not made any warranty or representation with respect to the Equipment, including but not limited to the implied warranty of merchantability and the implied warranty of fitness for a particular purpose.

ARTICLE IX: OPTION TO PURCHASE

Provided Lessee has made all payments owed pursuant to Section 5.02 and is not in default hereunder, Lessee, may, upon giving Lessor not less than ninety (90) days prior written notice, elect to purchase all, but not less than all, of the Equipment on any annual anniversary of the Commencement Date for the applicable Purchase Price as set forth in the Payment Schedule attached hereto, which amount shall be due and payable on the day following the annual anniversary of the Commencement Date.

ARTICLE X: ASSIGNMENT; SUBLEASING; AND INDEMNIFICATION.

Section 10.01 No Sale, Assignment or Subleasing by Lessee. This Agreement and the interest of Lessee in the Equipment may not be sold, assigned, transferred or encumbered by Lessee.

Section 10.02 Assignment by Lessor. This Agreement, and the obligation of Lessee to make payments hereunder, are not assignable, salable, or transferable by Lessor, in whole or in part.

Section 10.03 Indemnification Covenants. To the extent permitted by the laws and Constitution of the State in which Lessee is located, Lessee shall protect, hold harmless and indemnify Lessor from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of cause thereof, and expenses in connection therewith, including, without limitation, attorney's fees and expenses, penalties and interest arising out of or as the result of Lessee or its employees' or agents negligence with regard to the Equipment. The indemnification arising under this paragraph shall continue in full force and effect until the full payment of all obligations under this Agreement or the termination of this Agreement.

ARTICLE XI: EVENTS OF DEFAULT AND REMEDIES.

Section 11.01 Events of Default Defined. The following shall constitute an "event of default" hereunder:

- A. Failure by Lessee to timely pay any payment required to be paid hereunder;
- B. Lessee's failure to perform any other covenant, condition or obligation on its part to be performed, other than for a period of thirty (30) days after written notice to Lessee specifying such failure and requesting that it be remedied.
- C. Breach of any material representation or warranty by Lessee under this Agreement; or
- D. Commencement by Lessee of a case or proceeding under the Federal bankruptcy laws or filing by Lessee of any petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any existing or future bankruptcy, insolvency or other similar law or an answer admitting or not contesting the material allegations of a petition filed against Lessee in any such proceeding; or
- E. A petition against Lessee in a proceeding under any existing or future bankruptcy, insolvency or other similar law shall be filed and not withdrawn or dismissed within thirty (30) days thereafter.

Section 11.02 Remedies on Default. Upon the occurrence of an event of default, Lessor shall have the right, at its sole option without any further demand or notice, to exercise any one or more of the following remedies:

A. With or without terminating this Agreement, retake possession of the Equipment and the Additional Collateral and sell, lease or sublease the Equipment and the Additional Collateral with the net proceeds thereof to be applied to Lessee's obligations hereunder.

B. Require Lessee at Lessee's risk and expense to promptly return the Equipment in the manner and in the condition set forth in Sections 5.05 and 7.01 hereof;

C. If Lessor is unable to repossess the Equipment or the Additional Collateral for any reason, the Equipment and the Additional Collateral shall be deemed a total loss and Lessee shall pay to Lessor the then applicable Purchase Price as set forth in the Payment Schedule attached hereto; and

D. Whenever a default is existing, Lessor may declare all payments immediately due and payable without presentment, demand, or notice of any kind. In addition, Lessee shall be obligated to pay all costs of collection, repossession and enforcement of rights hereunder including reasonable attorney's fees.

E. Take whatever other action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Equipment and the Additional Collateral.

Section 11.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE XII: MISCELLANEOUS.

Section 12.01 Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed given when delivered by facsimile with proof of successful transmission, by overnight courier, or when mailed by registered mail, postage prepaid, to the parties at their respective places of business.

Section 12.02 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and respective successors and assigns.

Section 12.03 Severability. In the event any provision of the Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.04 Execution in counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.05 Power of Attorney. Lessee hereby authorizes Lessor to file IRS Form 8038-G or 8038-GC on behalf of Lessee, which provides information to the IRS on tax exempt leases and installment sales. Lessee hereby appoints Lessor's representative as attorney in fact solely for the purpose of signing the above referenced informational form.

Section 12.06 Applicable Law. This agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

Section 12.07 Entire Agreement. This Agreement constitutes the entire agreement between Lessor and Lessee and may not be amended, altered or modified except by written instrument signed by Lessor and Lessee. Any terms and conditions of any purchase order or other document (with the exception of Supplements) submitted by Lessee in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on Lessor and will not apply to this Agreement. Lessee by the signature of

its authorized representative acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and conditions.

Section 12.09 Waiver of Jury Trial. The Lessor and the Lessee hereby knowingly, voluntarily and intentionally waive any rights they may have to a trial by jury in respect of any litigation based hereon, or arising out of, under, or in connection with, this Agreement or any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Lessor or the Lessee. The Lessee acknowledges and agrees that it has received full and sufficient consideration for this provision and that this provision is a material inducement for the Lessor entering into this Agreement.

THIS AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ABOVE WHICH ARE
MADE A PART HEREOF.

| | |
|---|--|
| Date: <small>LESSEE ACKNOWLEDGES READING AND RECEIVING A COPY OF THIS AGREEMENT</small> | |
| Elgin Sweeper Company <small>(Lessor)</small> | City of Lincoln <small>(Lessee Name as Above)</small> <small>This undersigned affirms that he has been duly authorized to execute this Agreement on behalf of the above-named Lessee.</small> |
| By: <i>Kenneth N. Lehman</i> | By: |
| Title: <i>VP</i> | Title: |

Payment Schedule

Lessee: City of Lincoln, NE
 Equip: Elgin Eagle "F" Street Sweeper

Lease No: 5155-002

Number and frequency of payments:

3 annual payments in advance
 Interest computed at 4.1 % per annum

| | | <u>Payment Amount</u> | <u>Payment applied to Interest</u> | <u>Principal</u> | <u>Purchase price (remaining balance)</u> |
|-------------------|--------------------------------|---------------------------|--|-------------------|---|
| Total sales price | | | | | \$161,279.00 |
| Trade-in allowed | | | | 25,000.00 | 136,279.00 |
| Down payment | | | | 0.00 | 136,279.00 |
| Payment | 1 Due upon Delivery/Acceptance | 22,107.01 | 0.00 | 22,107.01 | 114,171.99 |
| Payment | 2 Due 1 year from Acceptance | 22,107.01 | 4,681.05 | 17,425.96 | 96,746.03 |
| Payment | 3 Due 2 years from Acceptance | 22,107.01 | 3,966.59 | 18,140.42 | 78,605.52 |
| | See Note below. | 6,828.30 | 3,222.83 | 3,605.43 | 75,000.00 |
| Balloon Payment | Due 3 years from Acceptance | 75,000.00 | 0.00 | 75,000.00 | 0.00 |
| Totals | | <u>148,149.33</u> | <u>11,870.47</u> | <u>136,278.82</u> | |

The first scheduled payment is due upon delivery of the vehicle.

Note: Dealer to pay at lease inception via a reduction in equipment cost to Lessor..

Balances not paid when due shall be subject to past due interest at the rate of 18% per year or the highest rate permitted by law, whichever is less.

Interest accrues daily, at the rate indicated above, on the outstanding principal balance (listed in "Purchase price" column).

Elgin Sweeper Company
 Lessor

City of Lincoln, NE
 Lessee

By: *Younis N. Leana*

By: _____

Title: VP

Title: _____

Opinion of Lessee's Counsel

(Please furnish in this form on attorney's letterhead.)

Date (on/before date of lease agreement)

Elgin Sweeper Company
c/o Federal Signal Leasing
1415 W. 22nd St., Suite 1100
Oak Brook, IL 60523

Re: Municipal Lease and Option Agreement No. 5155-003 (the "Agreement")

Gentlemen:

As counsel for the **City of Lincoln** (Lessee), I have examined the above-referenced original Agreement between Lessee and **Elgin Sweeper Company** (Lessor), and the proceedings taken by Lessee to authorize and execute the Agreement. Based upon such examination of law and fact as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a public body, corporate and politic, duly organized, legally existing under the laws of the State of **Nebraska**.
2. The Agreement has been duly authorized, executed and delivered by Lessee pursuant to constitutional, statutory and/or home rule provision which authorized this transaction in accordance with its terms and conditions.
3. The Agreement is a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms. In the event the Lessor obtains judgement against Lessee in money damages, as a result of an event of default under the Agreement, Lessee will be obligated to pay such judgement.
4. No litigation is pending or, to the best of my knowledge, threatened in any court or other tribunal, state or federal, in any way questioning or affecting the validity of the resolution or the Agreement.
5. The signature of the official of Lessee which appears on the Agreement is true and genuine; I know said official and know him/her to hold the office set forth below his/her name.
6. The Lessee is a political subdivision within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended, and Treasury Regulations and Rulings related thereto. That portion of rental payments made by Lessee during the Lease Term identified as interest, upon receipt, will not be includable as federal gross income under applicable statutes, regulations, court decisions and rulings existing on the date of this opinion and consequently will be exempt from present federal income taxes.

Firm name and signature