

7/2/2018

## LEASE AGREEMENT (WITH ARBITRATION PROVISION)



Lease Date:

<b>Lessor Name and Business Address</b> Martens Chevrolet 1050 I Street REEDLEY, CA 93654	<b>Lessee Name and Address</b> MARTENS CHEVROLET INC., LSR 1050 I STREET REEDLEY CA 93654 County: FRESNO	<b>Co-Lessee Name and Address</b> CITY OF REEDLEY, LSE. 1050 I STREET REEDLEY CA 93654 County: FRESNO
<b>Lessee Billing Address (if different than above)</b>		<b>Vehicle Garaging Address (if different than above)</b>  Principal Driver: (if business use) County:

In this Lease, "you" and "your" mean the lessee and co-lessee. "We," "us" and "our" mean the lessor, and any assignee of this Lease. The terms, conditions, and disclosures in this Lease govern your Lease with us. Each of you who signs the Lease is jointly and severally liable to us for all Lease obligations. You are leasing the Vehicle described below (the "Vehicle") from us. You agree to pay all amounts due under the Lease and fulfill all your obligations under the Lease. In this Lease, "e" means an estimate. The Consumer Leasing Act Disclosures shown below are also terms of this Lease. You are leasing the Vehicle and have no ownership rights in the Vehicle unless you exercise your purchase option.

**Monthly Payment Lease:** If your payment schedule shows monthly scheduled payments in Item 3A, your lease is a monthly payment lease.

**Single Payment Lease:** If your payment schedule shows a single scheduled payment in Item 3B, your lease is a single payment lease.

1. The Vehicle							
New/Used	Year	Make	Model	Body Style	Vehicle ID #	Odometer	Primary Use
Used	2018	CHEVROLET	Trax	4 Door Wag	3GNCJLSB0JL284641	3,331	Personal, unless otherwise indicated below <input type="checkbox"/> business <input type="checkbox"/> agricultural

CONSUMER LEASING ACT DISCLOSURES			
<b>2. Amount Due at Lease Signing or Delivery</b>  (Itemized in Item 6)  \$ <b>5,500.00</b>	<b>3. Scheduled Payments</b> A. Your first monthly payment of \$ <b>246.15</b> is due on <b>7/2/2018</b> , followed by <b>23</b> monthly payments of \$ <b>246.15</b> , due on the <b>2nd</b> of each month. B. Your single payment of \$ <b>N/A</b> is due on <b>N/A</b> . C. The Total of your Scheduled Payments is \$ <b>5,907.60</b> .	<b>4. Other Charges</b> (not part of your scheduled payment)  A. Disposition fee (if you do not purchase the Vehicle and we do not waive the fee under Item 23(f)) \$ <b>0.00</b> B. _____ \$ <b>N/A</b> C. _____ \$ <b>N/A</b> D. Total \$ <b>0.00</b>	<b>5. Total of Payments</b> (The amount you will have paid by the end of the Lease)  \$ <b>11,161.45</b> (2 + 3C + 4D - 6A3 - 6A4 - 6A5)

6. Itemization of Amount Due at Lease Signing or Delivery	
<b>A. Amount Due at Lease Signing or Delivery:</b>	<b>B. How the Amount Due at Lease Signing or Delivery will be paid:</b>
1. Capitalized cost reduction \$ <b>4,787.10</b> 2. Taxes on capitalized cost reduction \$ <b>N/A</b> 3. First monthly payment \$ <b>246.15</b> 4. Single scheduled payment \$ <b>N/A</b> 5. Refundable security deposit \$ <b>N/A</b> 6. Lease acquisition fee \$ <b>N/A</b> 7. Vehicle license fees \$ <b>213.00</b> 8. Registration, transfer, and titling fees \$ <b>137.75</b> 9. Sales/use tax \$ <b>N/A</b> 10. Document processing charge (not a governmental fee) \$ <b>80.00</b> 11. Electronic vehicle registration or transfer charge (not a governmental fee) \$ <b>28.00</b> 12. California tire fee \$ <b>0.00</b> 13. <b>Smog Fee</b> \$ <b>8.00</b> 14. <b>N/A</b> \$ <b>N/A</b> 15. Total \$ <b>5,500.00</b>	1. Net trade-in allowance \$ <b>N/A</b> 2. Rebates and noncash credits \$ <b>5,500.00</b> 3. Amount to be paid in cash \$ <b>0.00</b> 4. Other <b>N/A</b> \$ <b>N/A</b> 5. Total \$ <b>5,500.00</b>

7. Your scheduled payment is determined as shown below:	
<b>A. Gross capitalized cost.</b> The agreed upon value of the Vehicle (\$ <b>22,000.00</b> ) and any items you pay over the Lease term (such as service contracts, insurance, and any outstanding prior credit or lease balance).	\$ <b>22,405.71</b>
<b>B. Capitalized cost reduction.</b> The amount of any net trade-in allowance, rebate, noncash credit, or cash you pay that reduces the gross capitalized cost.	- \$ <b>4,787.10</b>
<b>C. Adjusted capitalized cost.</b> The amount used in calculating your base scheduled payment.	= \$ <b>17,618.61</b>
<b>D. Residual value.</b> The value of the Vehicle at the end of the Lease used in calculating your base scheduled payment.	- \$ <b>12,172.50</b>
<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.	= \$ <b>5,446.11</b>
<b>F. Rent charge.</b> The amount charged in addition to the depreciation and any amortized amounts.	+ \$ <b>-0.03</b>
<b>G. Total of base scheduled payments.</b> The depreciation and any amortized amounts plus the rent charge.	= \$ <b>5,446.08</b>

F. Rent charge. The amount charged in addition to the depreciation and any amortized amounts.	+ \$	-0.03
G. Total of base scheduled payments. The depreciation and any amortized amounts plus the rent charge.	= \$	5,446.08
H. Lease payments. The number of payments in your Lease.	÷	24
I. Base scheduled payment.	= \$	226.92
J. Sales/use tax (e).	+ \$	19.23
K. N/A	+ \$	N/A
L. N/A	+ \$	N/A
M. Total Scheduled Payment.	= \$	246.15

**Early Termination.** You may have to pay a substantial charge if you end this Lease early. The charge may be up to several thousand dollars. The actual charge will depend on when the Lease is terminated. The earlier you end the Lease, the greater this charge is likely to be.

**8. Excessive Wear and Use.** You may be charged for excessive wear based on our standards for normal use and for mileage in excess of 12,000 miles per year at the rate of \$ 0.25 per mile.

**9. Purchase Option at End of Lease Term.** You have an option to purchase the Vehicle at the end of the Lease term for \$ 12,172.50 plus a purchase option fee of \$ 0.00. The purchase option price does not include official fees such as those for taxes, tags, licenses and registration.

**10. Other Important Terms.** See your Lease documents for additional information on early termination, purchase options, maintenance responsibilities, warranties, late and default charges, insurance, and any security interest, if applicable.

**11. Itemization of Gross Capitalized Cost**

A. Agreed upon value of the Vehicle as equipped at Lease signing \$	<u>22,000.00</u>	G. Document processing charge (not a governmental fee) \$	<u>N/A</u>
B. Agreed upon value of each accessory and item of optional equipment we agree to add to the Vehicle after Lease signing (describe)		H. Electronic vehicle registration or transfer charge (not a governmental fee) \$	<u>N/A</u>
<u>N/A</u>	\$ <u>N/A</u>	I. California tire fee	\$ <u>N/A</u>
<u>N/A</u>	\$ <u>N/A</u>	J. Prior Credit or Lease Balance	\$ <u>0.00</u>
<u>N/A</u>	\$ <u>N/A</u>	Optional Products and Services:	
<u>N/A</u>	\$ <u>N/A</u>	K. <u>N/A</u>	\$ <u>N/A</u>
C. Vehicle license fees	\$ <u>N/A</u>	L. <u>N/A</u>	\$ <u>N/A</u>
D. Registration, transfer, and titling fees	\$ <u>N/A</u>	M. <u>N/A</u>	\$ <u>N/A</u>
E. Lease acquisition fee	\$ <u>0.00</u>	N. <u>N/A</u>	\$ <u>N/A</u>
F. Sales/use tax	\$ <u>405.71</u>	O. <u>N/A</u>	\$ <u>N/A</u>
		P. <u>N/A</u>	\$ <u>N/A</u>
		Q. Total Gross Capitalized Cost:	\$ <u>22,405.71</u>

**12. The Trade-In Vehicle**

Year <u>N/A</u>	A. Agreed Upon Value of Trade-In	\$ <u>N/A</u>
Make <u>N/A</u>	B. Prior Credit or Lease Balance	- \$ <u>N/A</u>
Model <u>N/A</u>	C. Net Trade-In Allowance (If less than 0 then enter 0)	= \$ <u>0.00</u>

**IF YOU DO NOT MEET YOUR OBLIGATIONS UNDER THIS LEASE, WE MAY RETAKE THE VEHICLE.**

**13. Official Fees and Taxes.** The total amount you will pay for official and license fees, registration, title, and taxes over the term of your Lease, whether included in your scheduled payments or assessed otherwise: \$ N/A (e). The total fees and taxes you pay may be different than this estimate based on changes in the tax or fee rates and the value of the Vehicle when the fee or tax is determined.

**14. Late Payments.** For any payment not received within 10 days of the date it is due, you will pay a late charge of: the lesser of \$25 or 5% of the unpaid portion of the late payment.

You will not have to pay a late charge if the only amount that is late is a late charge you owed for an earlier late payment.

**15. Returned Payments and Unpaid Fines and Fees.** You will also pay a returned payment charge of \$ N/A for any check, instrument or electronic funds debit that is returned unpaid for any reason, if the law allows it. If you don't pay a fine, penalty, toll, or parking ticket and we elect to pay it, you will reimburse us for the amount paid plus a \$ N/A Administrative Fee per incident, if the law allows it.

**16. Warranties.** The Vehicle is subject to the manufacturer's standard warranty, unless this box is checked:

If this box is checked, the Vehicle is subject to the following express warranties:  
N/A  
N/A  
N/A

Warranty papers that are separate from this Lease state any coverage limits. The law gives you a warranty that the Vehicle conforms to the description in this Lease. THERE ARE NO OTHER EXPRESS WARRANTIES ON THE VEHICLE. Except as provided above or prohibited by law, the following two sentences apply. THE VEHICLE IS BEING LEASED 'AS IS' AND 'WITH ALL FAULTS', AND THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE VEHICLE IS WITH YOU. SHOULD THE VEHICLE PROVE DEFECTIVE FOLLOWING DELIVERY PURSUANT TO THIS LEASE, YOU, NOT THE LESSOR, ASSUME THE ENTIRE COST OF ALL NECESSARY SERVICING OR REPAIR.

If the Vehicle is subject to the manufacturer's standard warranty, if we make a written warranty covering the Vehicle or, within 90 days of the Lease Date we enter into a service contract covering the Vehicle, this disclaimer will not affect any implied warranties during the term of the warranty or service contract.

**17. OPTIONAL PRODUCTS AND SERVICES**

You are not required to buy any of the following optional products and services to enter into the Lease. The term of any product or service will be the Lease term, unless a different term is shown below. If you decide you want to purchase an optional product or service, review the terms of the contract that describe the product or service before you initial below. A completed copy of the contract will be given to you as soon as practicable. By initialing below, you indicate that you want to buy the optional products and services indicated. If the cost shown below is not shown as part of the Itemization of Amount Due at Lease Signing or Delivery (Item 6), it has been added to the Gross Capitalized Cost (Item 7A).

Optional Product or Service	Coverage	Price	Name of Provider	Approval
N/A	N/A N/A	N/A	N/A	Lessee Initials <u>[Signature]</u>
N/A	N/A N/A	N/A	N/A	Lessee Initials _____
N/A	N/A	N/A	N/A	Lessee Initials _____
N/A	N/A	N/A	N/A	Lessee Initials _____

**18. TYPES AND AMOUNTS OF REQUIRED INSURANCE COVERAGE**

You must maintain: Bodily Injury Coverage with \$ 100,000 / \$ 300,000 limits; Property Damage Coverage with \$ 50,000 / \$ 500,000

You must maintain: Bodily Injury Coverage with \$ 100,000 / \$ 300,000 limits; Property Damage Coverage with \$ 50,000 / \$ 500,000 limits or combined single limit; Collision, Fire, Theft and Comprehensive Coverage with a maximum deductible of \$ 1,000. See Item 23(a) for additional insurance provisions. You confirm that insurance policies that meet the requirements described in this Lease are in force on the date of this Lease as follows:

Insurance Company Name \_\_\_\_\_ Insurance Agency Name \_\_\_\_\_  
 Agency Address \_\_\_\_\_ Agency Phone Number \_\_\_\_\_  
 Agent's Name \_\_\_\_\_ Policy Number \_\_\_\_\_  
 Deductibles: Collision \$ 0.00 Comprehensive \$ 0.00

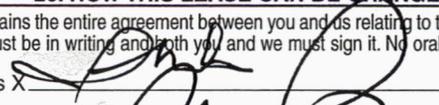
**19. SCHEDULED LEASE END AND LEASE TERM**

A. This Lease is scheduled to end on a date determined as follows: (1) If the date of this Lease is the 29th, 30th, or 31st of the month, start with the 1st day of the month immediately following the date of this Lease and move forward by the number of months in the lease term (Item 19B); or (2) If the date of this Lease is not the 29th, 30th, or 31st of the month, start with the date of this Lease and move forward by the number of months in the lease term (Item 19B).

B. The scheduled lease term is 24 months.

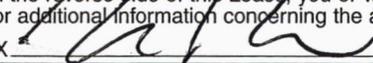
**20. HOW THIS LEASE CAN BE CHANGED**

This Lease contains the entire agreement between you and us relating to this Lease. Any change to the Lease must be in writing and both you and we must sign it. No oral changes are binding.

Lessee Signs X   
 Co-Lessee Signs X \_\_\_\_\_

**NOTICE: THE OTHER SIDE OF THIS LEASE CONTAINS IMPORTANT TERMS AND CONDITIONS, INCLUDING AN ARBITRATION PROVISION.**

**Agreement to Arbitrate:** By signing below, you agree that, pursuant to the Arbitration Provision on the reverse side of this Lease, you or we may elect to resolve any dispute by neutral, binding arbitration and not by a court action. See the Arbitration Provision for additional information concerning the agreement to arbitrate.

Lessee Signs X   
 Co-Lessee Signs X 

**Lessor's Right to Cancel.** If Lessor is unable to assign this Lease to a financial institution, the provisions of the Lessor's Right to Cancel section on the back giving the Lessor the right to cancel will apply.

**THERE IS NO COOLING OFF PERIOD**

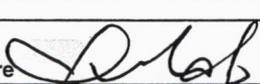
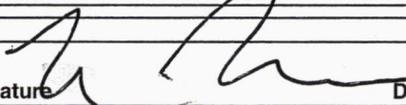
California law does not provide for a "cooling off" or other cancellation period for vehicle leases. Therefore, you cannot later cancel this lease simply because you change your mind, decided the vehicle costs too much, or wish you had acquired a different vehicle. You may cancel this lease only with the agreement of the lessor or for legal cause, such as fraud.

Notice is hereby given that the rights, but not the obligations, of N/A to purchase and/or sell the asset described in this Lease have been assigned to N/A pursuant to an agreement between N/A and N/A.

(1) Do not sign this lease before you read it or if it contains any blank spaces to be filled in; (2) You are entitled to a completely filled in copy of this lease; (3) Warning - Unless a charge is included in this lease for public liability or property damage insurance, payment for that coverage is not provided by this lease.

YOU AGREE TO THE TERMS OF THIS LEASE. YOU ACKNOWLEDGE YOU HAVE EXAMINED THE VEHICLE, THAT THE VEHICLE IS EQUIPPED AS YOU WANT, AND THAT IT IS IN GOOD CONDITION. YOU ACCEPT THE VEHICLE FOR ALL PURPOSES OF THE LEASE. YOU UNDERSTAND THAT YOU HAVE NO OWNERSHIP RIGHTS IN THE VEHICLE UNLESS YOU EXERCISE YOUR OPTION TO PURCHASE THE VEHICLE. YOU CONFIRM THAT BEFORE YOU SIGNED THIS LEASE, WE GAVE IT TO YOU, AND YOU WERE FREE TO TAKE IT AND REVIEW IT. YOU ACKNOWLEDGE THAT YOU READ BOTH SIDES OF THIS LEASE, INCLUDING THE ARBITRATION PROVISION ON THE REVERSE SIDE (ITEM 24), BEFORE SIGNING BELOW. YOU CONFIRM THAT YOU RECEIVED A COMPLETELY FILLED-IN COPY WHEN YOU SIGNED THIS LEASE.

**LESSEE SIGNATURES**

Lessee Signature 	Date <u>7/2/2018</u>	Co-Lessee Signature 	Date <u>7/2/2018</u>
Type/Print Lessee Name <u>MARTENS CHEVROLET IN</u>		Type/Print Co-Lessee Name <u>CITY OF REEDLEY, LSE.</u>	

**COMMERCIAL LESSEE SIGNATURE**

Commercial Lessee \_\_\_\_\_ Date \_\_\_\_\_ By \_\_\_\_\_  
 Type/Print Name \_\_\_\_\_ Type/Print Title \_\_\_\_\_

**LESSOR'S ACCEPTANCE**

The Lessor's authorized signature indicates the Lessor has accepted the terms, conditions and obligations of this Lease.

Lessor Name: Martens Chevrolet  
 Lienholder Name: WELLSFRGO AS CTL AGT  
 Assignee Name: ACAR Leasing Ltd.

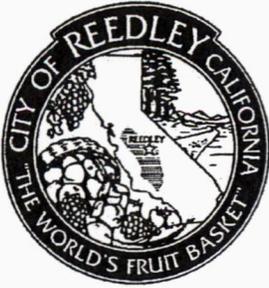
By: \_\_\_\_\_  
 Type/Print Name: \_\_\_\_\_  
 Type/Print Title: \_\_\_\_\_



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**LESSOR COPY**

*(This section contains mirrored text from the reverse side of the document, including detailed terms and conditions of the lease agreement.)*



## REEDLEY CITY COUNCIL

- Consent
- Regular Item
- Workshop
- Closed Session
- Public Hearing

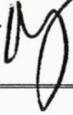
ITEM NO: 6

DATE: August 14, 2018

TITLE: APPROVE AND AUTHORIZE THE CITY MANAGER TO EXECUTE AN AGREEMENT BETWEEN THE CITY OF REEDLEY AND MARTENS CHEVROLET FOR A ZERO DOLLAR LEASE PURCHASE AGREEMENT FOR A 2018 CHEVROLET TRAX UTILITY VEHICLE TO BE UTILIZED BY THE POLICE DEPARTMENT.

PREPARED: Marc A. Ediger, Police Lieutenant 

SUBMITTED: Jose L. Garza, Chief of Police 

APPROVED: Nicole R. Zieba, City Manager 

### RECOMMENDATION

That the City Council authorize and approve the City Manager, on behalf the City of Reedley, to enter into a Zero Dollar Lease Purchase Agreement with the Marten's Chevrolet for a two year lease of a 2016 Chevrolet Trax utility vehicle to be utilized by the Police Department.

### EXECUTIVE SUMMARY

The City of Reedley Police Department will enter into a Zero Dollar Lease Purchase Agreement with Marten's Chevrolet for the lease of a 2018 Chevrolet Trax utility vehicle to be utilized by the Police Department as a Community Alliance vehicle. The terms of the lease will be for a 2 year period during which Marten's Chevrolet will be the legal owner of said vehicle and the City of Reedley will be the registered owner of said vehicle. Marten's Chevrolet will make all financial payments required during the terms of the lease and the City of Reedley will be responsible for possessing valid insurance coverage through CSJVRMA during the terms of the lease. The documented purchase price of the vehicle will be \$22,000 with Martens Chevrolet listed as the Lessee.

### BACKGROUND

The Police Department has focused on replacing the aging fleet of marked patrol vehicles over the past six years. Through vehicle lease purchase agreements the department has been successful in securing marked patrol vehicles and unmarked police vehicles to be utilized by Detectives. The lease purchase of these vehicles have been crucial in keeping police fleet up to date and in safe working condition for our Officers.

However, we have realized a void in replacing aging fleet vehicles in other areas of the Police Department that are not considered front line police vehicles. The community projects, programs and engagements where the Police Department interacts and participates with the

community remain a priority and are a valuable interaction opportunity that continues to build trust and partnership with the community.

Martens Chevrolet graciously agreed in 2016 to enter into a zero dollar lease with the City of Reedley for a 2016 Chevrolet Trax to be utilized by the Police Department. The prior lease agreement was for a period of two years and expired July 1, 2018. Due to the funding constraints for expanding our current fleet, the Police Department again met with Marten's Chevrolet to discuss the possibility of partnering with them for leased vehicle. Jason Marten's was very understanding in our conversation and offered a zero dollar lease option in which the Police Department would cover the yearly cost of insurance and maintenance related costs and Marten's Chevrolet would cover the cost of all lease payments.

The plan in place to utilize this Chevrolet Trax utility vehicle will assign it to the Community Liaison CSO for the Police Department. The all silver Trax will possibly be vinyl wrapped again with logos of the important partnerships we are engaged in with the community. These could include Neighborhood Watch, Crime Stoppers, Red Ribbon Week, our K-9 program and partnership representing Marten's Chevrolet.

#### **FISCAL IMPACT**

The City of Reedley will add the 2018 Chevrolet Trax to the current CSJVRMA liability plan, which would not increase due to the addition. The City of Reedley will perform and cover periodic maintenance costs on the vehicle during the life of the two year lease agreement. The mileage on the vehicle is currently at 3,381 and has a remainder warranty until 36,000 miles or 3 years from the date of manufacture.

#### **PRIOR COUNCIL ACTIONS**

Approval of a two year, zero dollar lease agreement between Martens Chevrolet and City of Reedley for the 2016-2018 fiscal years for a similar Chevrolet Trax vehicle.

#### **ATTACHMENTS**

None

Motion: \_\_\_\_\_

Second: \_\_\_\_\_