

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal  
Dept: City Manager  
Subject: LEASE AGREEMENT WITH  
ENTERPRISE FLEET MANAGEMENT  
FOR TWO POLICE DEPARTMENT  
UNDERCOVER VEHICLES,  
INCLUDING ASSOCIATED  
INSURANCE

From: Kevin J. Raney  
Dept: Police Department  
Date: May 22, 2012

OBJECTIVE

To obtain City Council approval to execute vehicle lease agreements between the City of Garden Grove and Enterprise Fleet Management for two Police Department undercover vehicles, including associated insurance, pursuant to the terms of the existing standard Master Walkaway Lease Agreement, in lieu of the existing, more expensive, lease permitting City to switch vehicles during the term of the lease.

BACKGROUND

For many years now, the Police Department ("PD") has leased undercover vehicles from Enterprise Fleet Management ("Enterprise Leasing"). Many of these are standard leases subject to the terms of a Master Walkaway Lease Agreement entered into between the City and Enterprise Leasing in 2010. Two vehicles in the PD's undercover fleet have been leased from Enterprise Leasing under separate lease agreements. However, the payments on these two vehicles have been made through an open Purchase Order (#112847), which was authorized for a spending maximum of \$31,248.75. This contract for two vehicles has an average cost of \$2,500 per month.

DISCUSSION

This existing lease with Enterprise Leasing for these two vehicles was designed to allow undercover operatives to switch out a vehicle for another vehicle in Enterprise's stock at any point during the contract, as often as necessary. This allowed undercover operatives to use these vehicles in higher profile undercover operations, where the criminal element was likely to become familiar with the vehicle being used and later realize that it was a police vehicle. Criminals could then disseminate the information on that vehicle to other potential future defendants, compromising the PD's ability to conduct investigations and jeopardizing the safety of the undercover officer using that vehicle.

Due to the requirement that undercover operatives be able to switch out these two vehicles whenever necessary, these vehicles are leased to the PD at a premium rate.

In the interest of cutting budget costs, the PD has evaluated the need for the continuance of this particular type of contract for leased vehicles. It has been determined that standard lease contracts for these two vehicles will result in a substantial cost savings, without significantly impacting PD operations through the loss of the ability to switch out vehicles.

Due to the City's insurance and vehicle maintenance fund structures, leased vehicles are not covered for comprehensive insurance through the City's self-insurance policy, nor are they funded for replacement by the vehicle maintenance fund. As a result, any leased vehicles in the fleet need to have stand-alone comprehensive insurance policies issued for them to be repaired/replaced in the event of a collision.

Staff has researched this insurance availability extensively for the existing leased vehicles in the fleet. The only source located for such insurance coverage was Enterprise Leasing. Attached are two quotes from Enterprise Leasing for the two vehicles requested with the necessary comprehensive insurance coverage included on closed-end, 3-year leases. Enterprise Leasing is the only source staff could locate to provide this coverage, no other quotes are attached. Pursuant to Garden Grove Municipal Code Section 2.50.060(4), and based on the Police Department's recommendation, the Finance Director has determined that Enterprise Leasing is the only vendor capable of providing both the necessary vehicles and insurance coverage.

The anticipated lease costs are set forth below:

<b>Vehicle</b>	<b>Monthly Fee</b>	<b>Licensing</b>	<b>Annual Total</b>	<b>3-Year Total</b>
Caravan	\$ 728.24	\$ 450.31	\$ 9,189.19	\$ 27,567.57
Armada	\$ 598.57	\$ 532.71	\$ 7,715.55	\$ 23,146.65
<b>TOTALS:</b>	<b>\$1,326.81</b>	<b>\$ 983.02</b>	<b>\$ 16,904.74</b>	<b>\$ 50,714.22</b>

The City currently pays an average of \$2,500 per month for the two vehicles under the existing lease arrangement. The new closed-end leasing costs would be a total of \$1,326.81 per month, with no money due at signing, and \$983.02 in licensing fees per year (due with the first payment), with an additional charge of \$0.13 per mile at the end of the lease term for all miles driven in excess of 30,000. This would result in an average savings of \$1,100 per month (\$13,200 per year) over the existing lease arrangement for these two vehicles.

#### FINANCIAL IMPACTS

Conversion to standard leases for these two vehicles will result in a cost savings of approximately \$13,200 per year.

CONVERSION OF OPEN PURCHASE ORDER LEASED VEHICLES TO STANDARD  
LEASES

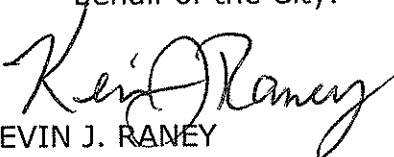
May 22, 2012


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RECOMMENDATION

It is recommended that City Council:

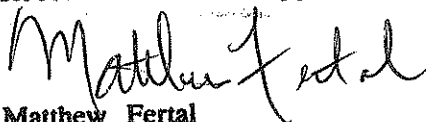
- Approve the attached agreements for the closed-end (walkaway) 3-year lease of two vehicles pursuant to the terms of the existing Master Walkaway Lease Agreement between the City and Enterprise Fleet Management.
- Authorize the Chief of Police or his designee to execute the agreements on behalf of the City.

  
KEVIN J. RANEY  
Chief of Police

  
By: Lt. Ben Stauffer

Attachment 1: Enterprise Leasing Quotation for a Dodge Caravan  
Attachment 2: Enterprise Leasing Quotation for a Nissan Armada  
Attachment 3: Master Walkaway Lease Agreement

**Recommended for Approval**

  
**Matthew Fertal**  
City Manager



# Closed - End (Wa

Supplemental to and part of Master Walkaway Lease Agreement dated: 01/19/2011

<b>1. Lessee Name</b>	City of Garden Grove PD	<b>Delivery Date</b>	04/05/2012
<b>Address</b>	11301 ACACIA PARKWAY	<b>Customer No</b>	416280
<b>City</b>	GARDEN GROVE	<b>State</b>	CA
<b>ATTN</b>	Stauffer, Ben	<b>Postal Code</b>	92842
<b>Driver</b>		<b>Alternate Driver</b>	Pool Driver
<b>Address</b>	11301 ACACIA PARKWAY		
<b>City</b>	GARDEN GROVE	<b>State</b>	CA
		<b>Postal Code</b>	92842

**2. Lease Term** Commencing on the delivery date of the vehicle and ending 36 months after the first full monthly rental payment date.

**3. Vehicle Description**

<b>Year</b>	2012	<b>Make</b>	Dodge	<b>Model</b>	Grand Caravan
<b>Series</b>	Crew Front-wheel Drive Passenger				
<b>License #</b>		<b>Unit #</b>	LACF39	<b>Replacement Unit #</b>	
		<b>VIN#</b>	2C4RDGDG0CR104719		

**4. Monthly Rental and Other Payments Due**

**4A. Calculation of Monthly Rental**

\$0.00	Gain From Prior Unit
\$0.00	Initial License Fee
\$0.00	Extended Mechanical Service Program
<u>\$85.00</u>	Pricing Plan Delivery Charge
<b>\$641.52</b>	<b>Total Monthly Rental Excluding Additional Services</b>

**Additional Services**

\$0.00	Full Maintenance <sup>1</sup>	<b>Contract Miles</b>	<u>0</u>	<b>Overmileage Charge</b>	<u>\$0.0000</u> Per Mile
	<b>Incl: # Brake Sets (1 Set = 1Axle)</b>	<u>0</u>	<b># Tires</b>	<u>0</u>	<b>Loaner Vehicle Not Included</b>
	Master Policy Enrollment Fees				
\$37.00	Physical Damage Management			<b>Comp/Collision Deductible</b>	<u>1000/1000</u>
\$0.00	Commercial Automobile Liability Enrollment				
	Liability Limit	\$0.00			
\$0.00	Personal Property Tax and License				
<u>\$678.52</u>	Monthly Rental Sub-Total				
<u>\$49.72</u>	Use Tax	<u>7.7500</u>		<b>State</b>	<u>CA</u>
<b>\$728.24</b>	<b>Total Monthly Rental Including Additional Services</b>				

**4B. Initial Charges**

\$631.14	Pro-Rated Rental
\$728.24	First Month's Rental
\$0.00	Security Deposit
\$0.00	Capitalized Price Reduction
\$0.00	Sales Tax on Capitalized Price Reduction
<u>\$297.00</u>	License and Certain Other Charges
\$0.00	Extended Mechanical Service Program
\$0.00	Aftermarket Equipment
<u>\$0.00</u>	Other
<b>\$1,656.38</b>	<b>Total Initial Charges</b>

**4C. Monthly Rental Includes** 29,988 Total Miles Or 833 Miles Per Month  
 Excess mileage will be charged at: \$0.1000 Per Mile

**4D. Service Charge** \$0.00 Service Charge Due at Lease Termination

**Special Provisions**

As set forth in the Master Closed - End (Walkaway) Lease Agreement, the terms and provisions contained in this schedule shall be conclusive and binding on Lessee unless Lessee objects in writing to the same within ten (10) days after the date of delivery of the vehicle.

Enterprise FM Trust, a Delaware statutory trust, is the owner of the vehicle covered by this Schedule. Enterprise FM Trust (not Enterprise Fleet Management) is and shall be deemed to be the Lessor of such vehicle under the Master Closed - End (Walkaway) Lease Agreement and shall have all rights and obligations of the Lessor under the Master Closed - End (Walkaway) Lease Agreement with respect to such vehicle. All rental and other payments owed by the Lessee with respect to such vehicle under the Master Closed - End (Walkaway) Lease Agreement shall be paid to Enterprise Fleet Management in its capacity as the servicer for Enterprise FM Trust. All references in Sections 11(a) and 12 of the Master Closed - End (Walkaway) Lease Agreement to the "Lessor" shall include any servicer(s) and/or other agent(s) for or of Enterprise FM Trust.

<sup>1</sup>The inclusion herein of references to maintenance fees/services are solely for the administrative convenience of Lessee. Notwithstanding the inclusion of such references in this [Invoice/Schedule/Quote], all such maintenance services are to be performed by Enterprise Fleet Management, Inc., and all such maintenance fees are payable by Lessee solely for the account of Enterprise Fleet Management, Inc., pursuant to that certain separate [Maintenance Agreement] entered into by and between Lessee and Enterprise Fleet Management, Inc.; provided that such maintenance fees are being billed by Enterprise FM Trust, and are payable at the direction of Enterprise FM Trust, solely as an authorized agent for collection on behalf of Enterprise Fleet Management, Inc.



# Closed - End (Walkaway) Lease Schedule

## Aftermarket Equipment Totals

Description	(B)illed or (C)apped	Price
Total Billed		\$0.00
Total Capitalized		\$0.00
Total		\$0.00

## Other Totals

Description	(B)illed or (C)apped	Price
Total Billed		\$0.00
Pricing Plan Delivery Charge	C	\$85.00
Total Capitalized		\$85.00
Total		\$85.00



# Closed - End (Wa)

Supplemental to and part of Master Walkaway Lease Agreement dated: 01/19/2011

<b>1. Lessee Name</b>	City of Garden Grove PD	<b>Delivery Date</b>	04/05/2012
<b>Address</b>	11301 ACACIA PARKWAY	<b>Customer No</b>	416280
<b>City</b>	GARDEN GROVE	<b>State</b>	CA
<b>ATTN</b>	Stauffer, Ben	<b>Postal Code</b>	92842
<b>Driver</b>		<b>Alternate Driver</b>	Pool Driver
<b>Address</b>	11301 ACACIA PARKWAY		
<b>City</b>	GARDEN GROVE	<b>State</b>	CA
		<b>Postal Code</b>	92842

**2. Lease Term** Commencing on the delivery date of the vehicle and ending 36 months after the first full monthly rental payment date.

**3. Vehicle Description**

<b>Year</b>	2012	<b>Make</b>	Nissan	<b>Model</b>	Armada
<b>Series</b>	SV 4dr 4x2				
<b>License #</b>		<b>Unit #</b>	LACF38	<b>Replacement Unit #</b>	
				<b>VIN#</b>	5N1AA0NDXCN600850

**4. Monthly Rental and Other Payments Due**

**4A. Calculation of Monthly Rental**

\$0.00	Gain From Prior Unit
\$0.00	Initial License Fee
\$0.00	Extended Mechanical Service Program
<u>\$190.00</u>	Other: (See Page 2)
<b>\$521.18</b>	<b>Total Monthly Rental Excluding Additional Services</b>

**Additional Services**

\$0.00	Full Maintenance <sup>1</sup>	<b>Contract Miles</b>	<u>0</u>	<b>Overmileage Charge</b>	<u>\$0.0000</u> Per Mile
	<b>Incl: # Brake Sets (1 Set = 1Axle)</b>	<u>0</u>	<b># Tires</b>	<u>0</u>	<b>Loaner Vehicle Not Included</b>
	Master Policy Enrollment Fees				
\$37.00	Physical Damage Management			<b>Comp/Collision Deductible</b>	<u>1000/1000</u>
\$0.00	Commercial Automobile Liability Enrollment				
	Liability Limit	\$0.00			
\$0.00	Personal Property Tax and License				
\$558.18	Monthly Rental Sub-Total				
\$40.39	Use Tax	<u>7.7500</u>	<b>State</b>	<u>CA</u>	
<b>\$598.57</b>	<b>Total Monthly Rental Including Additional Services</b>				

**4B. Initial Charges**

\$299.29	Pro-Rated Rental
\$598.57	First Month's Rental
\$0.00	Security Deposit
\$0.00	Capitalized Price Reduction
\$0.00	Sales Tax on Capitalized Price Reduction
\$345.75	License and Certain Other Charges
\$0.00	Extended Mechanical Service Program
\$0.00	Aftermarket Equipment
\$0.00	Other
<b>\$1,243.61</b>	<b>Total Initial Charges</b>

**4C. Monthly Rental Includes** 29,988 Total Miles Or 833 Miles Per Month  
 Excess mileage will be charged at: \$0.1300 Per Mile

**4D. Service Charge** \$0.00 Service Charge Due at Lease Termination

**Special Provisions**

As set forth in the Master Closed - End (Walkaway) Lease Agreement, the terms and provisions contained in this schedule shall be conclusive and binding on Lessee unless Lessee objects in writing to the same within ten (10) days after the date of delivery of the vehicle.

Enterprise FM Trust, a Delaware statutory trust, is the owner of the vehicle covered by this Schedule. Enterprise FM Trust (not Enterprise Fleet Management) is and shall be deemed to be the Lessor of such vehicle under the Master Closed - End (Walkaway) Lease Agreement and shall have all rights and obligations of the Lessor under the Master Closed - End (Walkaway) Lease Agreement with respect to such vehicle. All rental and other payments owed by the Lessee with respect to such vehicle under the Master Closed - End (Walkaway) Lease Agreement shall be paid to Enterprise Fleet Management in its capacity as the servicer for Enterprise FM Trust. All references in Sections 11(a) and 12 of the Master Closed - End (Walkaway) Lease Agreement to the "Lessor" shall include any servicer(s) and/or other agent(s) for or of Enterprise FM Trust.

<sup>1</sup>The inclusion herein of references to maintenance fees/services are solely for the administrative convenience of Lessee. Notwithstanding the inclusion of such references in this [Invoice/Schedule/Quote], all such maintenance services are to be performed by Enterprise Fleet Management, Inc., and all such maintenance fees are payable by Lessee solely for the account of Enterprise Fleet Management, Inc., pursuant to that certain separate [Maintenance Agreement] entered into by and between Lessee and Enterprise Fleet Management, Inc.; provided that such maintenance fees are being billed by Enterprise FM Trust, and are payable at the direction of Enterprise FM Trust, solely as an authorized agent for collection on behalf of Enterprise Fleet Management, Inc.



# Closed - End (Walkaway) Lease Schedule

## Aftermarket Equipment Totals

Description	(B)illed or (C)apped	Price
Total Billed		\$0.00
Total Capitalized		\$0.00
Total		\$0.00

## Other Totals

Description	(B)illed or (C)apped	Price
Total Billed		\$0.00
Pricing Plan Delivery Charge	C	\$85.00
Cross Bars	C	\$105.00
Total Capitalized		\$190.00
Total		\$190.00

MASTER WALKAWAY LEASE AGREEMENT

This Master Walkaway Lease Agreement is entered into this fourteenth day of January, 2010, by and between Enterprise Rent-A-Car Company of Los Angeles, L.L.C., a Delaware Limited Liability Company doing business as "Enterprise Fleet Management" ("Lessor"), and the lessee whose name and address is set forth on the signature page below ("Lessee").

**1. LEASE OF VEHICLES:** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the vehicles ("Vehicle(s)") described in the schedules from time to time delivered by Lessor to Lessee as set forth below ("Schedule(s)") for the rentals and on the terms set forth in this Agreement and in the applicable Schedule. References to this "Agreement" shall include this Master Walkaway Lease Agreement and the various Schedules and addenda to this Master Walkaway Lease Agreement. Lessor will, on or about the date of delivery of each Vehicle to Lessee, send Lessee a Schedule covering the Vehicle, which will include, among other things, a description of the Vehicle, the lease term and the monthly rental and other payments due with respect to the Vehicle. The terms contained in each such Schedule will be binding on Lessee unless Lessee objects in writing to such Schedule within ten (10) days after the date of delivery of the Vehicle covered by such Schedule. This Agreement is a lease only and Lessor will at all times remain the owner of the Vehicles and Lessee will have no right, title or interest in or to the Vehicles except for the use of the Vehicles as described in this Agreement. This Agreement shall be treated as a true lease for federal and applicable state income tax purposes with Lessor having all benefits of ownership.

**2. TERM:** The term of this Agreement ("Term") for each Vehicle begins on the date such Vehicle is delivered to Lessee (the "Delivery Date") and, unless terminated earlier in accordance with the terms of this Agreement, continues for the "Lease Term" as described in the applicable Schedule.

**3. RENT AND OTHER CHARGES:**

(a) Lessee agrees to pay Lessor monthly rental according to the Schedules and this Agreement. The monthly rental payments will be in the amount listed as the "Total Monthly Rental Including Additional Services" on the applicable Schedule and will be due and payable in advance on the first day of each month. If a Vehicle is delivered to Lessee on any day other than the first day of a month, monthly rental payments will begin on the first day of the next month. In addition to the monthly rental payments, Lessee agrees to pay Lessor a pro-rated rental charge for the number of days that the Delivery Date precedes the first monthly rental payment date. Lessee agrees to pay Lessor the "Total Initial Charges" set forth in each Schedule on the due date of the first monthly rental payment under such Schedule. Lessee agrees to pay Lessor the "Service Charge Due at Lease Termination" set forth in each Schedule at the end of the applicable Term (whether by reason of expiration, early termination or otherwise).

(b) The monthly rental rate allows the number of miles per month as set forth in the applicable Schedule. Lessee agrees to pay Lessor at the end of the applicable Term (whether by reason of expiration, early termination or otherwise) an excess mileage charge for any miles in excess of this average amount per month at the rate set forth in the applicable Schedule.

(c) Any security deposit of Lessee will be returned to Lessee at the end of the applicable Term, except that the deposit will first be applied to any losses and/or damages suffered by Lessor as a result of Lessee's breach of or default under this Agreement and/or to any other amounts then owed by Lessee to Lessor.

(d) Any rental payment or other amount owed by Lessee to Lessor which is not paid within twenty (20) days after its due date will accrue interest, payable on demand of Lessor, from the date due until paid in full at a rate per annum equal to the lesser of (i) Eighteen Percent (18%) per annum or (ii) the highest rate permitted by applicable law (the "Default Rate").

(e) If Lessee fails to pay any amount due under this Agreement (including maintenance management or VIP Rental billings) or to comply with any of the covenants contained in this Agreement, Lessor may, at its option, pay such amounts or perform such covenants and all sums paid or incurred by Lessor in connection therewith will be repayable by Lessee to Lessor upon demand together with interest thereon at the Default Rate.

**4. USE AND SURRENDER OF VEHICLES:** Lessee agrees to allow only duly authorized, licensed and insured drivers to use and operate the Vehicles. Lessee agrees to comply with, and cause its drivers to comply with, all laws, statutes, rules, regulations and ordinances and the provisions of all insurance policies affecting or covering the Vehicles or their use or operation. Lessee agrees to keep the Vehicles free of all liens, charges and encumbrances. Lessee agrees that in no event will any Vehicle be used or operated for transporting hazardous substances or persons for hire, for any illegal purpose or to pull trailers that exceed the manufacturer's trailer towing recommendations. Lessee agrees that no vehicle is intended to be or will be utilized as a "school bus" as defined in the Code of Federal Regulations or any applicable state or municipal statute or regulation. Lessee agrees not to remove any Vehicle from the continental United States without first obtaining Lessor's written consent. At the expiration or earlier termination of this Agreement with respect to each Vehicle, or upon demand by Lessor made pursuant to Section 14, Lessee at its risk and expense agrees to return such Vehicle to Lessor at such place and by such reasonable means as may be designated by Lessor, in the same repair, condition and working order as at the commencement of the applicable Term, reasonable wear and tear resulting from proper use excepted. If a Vehicle is not returned in the required condition, Lessee agrees to pay Lessor, at Lessor's option, the estimated cost to restore such Vehicle to such condition, or the actual cost of restoration, if the Vehicle is restored. If for any reason Lessee fails to return any Vehicle to Lessor as and when required in accordance with this Section, Lessee agrees to pay Lessor additional rent for such Vehicle at twice the normal pro-rated daily rent. Acceptances of such additional rent by Lessor will in no way limit Lessor's remedies with respect to Lessee's failure to return any Vehicle as required hereunder.

**5. COSTS, EXPENSES, FEES AND CHARGES:** Lessee agrees to pay all costs, expenses, fees, charges, fines, tickets, penalties and taxes (other than federal and state income taxes on the income of Lessor) incurred in connection with the titling, registration, delivery, purchase, sale, rental, use or operation of the Vehicles during the Term. If Lessor incurs any of such costs or expenses, Lessee agrees to promptly reimburse Lessor for the same.

**6. LICENSE AND CHARGES:** Each Vehicle will be licensed in Lessor's name at Lessee's expense. Certain other charges relating to the acquisition of each Vehicle and paid or satisfied by Lessor have been capitalized in determining the monthly rental, treated as an initial charge or otherwise charged to Lessee. Such charges have been determined without reduction for trade-in, exchange allowance or other credit attributable to any Lessor-owned vehicle.

**7. REGISTRATION PLATES, ETC.:** Lessee agrees, at its expense, to obtain in the name of Lessor all registration plates and other plates, permits, inspections and/or licenses required in connection with the Vehicles, except for the initial registration plates which Lessor will obtain at Lessee's expense. The parties agree to cooperate and to furnish any and all information or documentation, which may be reasonably necessary for compliance with the provisions of this Section or any federal, state or local law, rule, regulation or ordinance. Lessee agrees that it will not permit any Vehicle to be located in a state other than the state in which such Vehicle is then titled for any continuous period of time that would require such Vehicle to become subject to the titling and/or registration laws of such other state.

**8. IMPROVEMENTS AND MAINTENANCE OF VEHICLES:**

(a) Lessee agrees, at its expense, to (i) maintain the Vehicles in good condition, repair, maintenance and running order and in accordance with all manufacturer's instructions and warranty requirements and all legal requirements and (ii) furnish all labor, materials, parts and other essentials required for the proper operation and maintenance of the Vehicles. Any alterations, additions, replacement parts or improvements to the Vehicles will become



and remain the property of Lessor and will be returned with the Vehicles pursuant to Section 4. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Lessee shall have the right to remove any additional equipment installed by Lessee on a Vehicle prior to returning such Vehicle to Lessor under Section 4 so long as Lessee repairs any damage to such Vehicle caused by such removal. The value of such alterations, additions, replacement parts and improvements will in no instance be regarded as rent. Without the prior written consent of Lessor, Lessee will not make any alterations, additions, replacement parts or improvements to any Vehicle which detract from its economic value or functional utility. Lessor will not be required to make any repairs or replacements of any nature or description with respect to any Vehicle, to maintain or repair any Vehicle or, except as set forth in Section 8(b) below, to make any expenditure whatsoever in connection with any Vehicle or this Agreement.

(b) Notwithstanding the provisions of Section 8(a) above, if Section 4 of a Schedule includes a charge for maintenance, Lessor agrees that, subject to the terms and conditions of this Section 8(b), it will pay for, or reimburse Lessee for its payment of, all costs and expenses incurred in connection with the maintenance or repair of the Vehicle(s) covered by such Schedule (each, a "Covered Vehicle"). This Section 8(b) does not cover, and Lessee will remain responsible for and pay for, (i) fuel, (ii) oil and other fluids between changes, (iii) tire repair and replacement, (iv) washing, (v) repair of damage due to lack of maintenance by Lessee between scheduled services (including, without limitation, failure to maintain fluid levels), (vi) maintenance or repair of any alterations to a Covered Vehicle or of any after-market components (this Section 8(b) covers maintenance and repair only of the Covered Vehicles themselves and any factory-installed components and does not cover maintenance or repair of chassis alterations, add-on bodies (including, without limitation, step vans) or other equipment (including, without limitation, lift gates and PTO controls) which is installed or modified by a dealer, body shop, upfitter or anyone else other than the manufacturer of the Covered Vehicle, (vii) any service and/or damage resulting from, related to or arising out of an accident, a collision, theft, fire, freezing, vandalism, riot, explosion, other Acts of God, an object striking the Covered Vehicle, improper use of the Covered Vehicle (including, without limitation, driving over curbs, overloading, racing or other competition) or Lessee's failure to maintain the Covered Vehicle as required by this Agreement, (viii) roadside assistance or towing for vehicle maintenance purposes, (ix) mobile services, (x) the cost of loaner or rental vehicles or (xi) if the Covered Vehicle is a truck, (A) manual transmission clutch adjustment or replacement, (B) brake adjustment or replacement or (C) front axle alignment. Whenever it is necessary to have a Covered Vehicle serviced, Lessee agrees to have the necessary work performed by an authorized dealer of such Covered Vehicle or by a service facility acceptable to Lessor. In every case, if the cost of such service will exceed \$50.00, Lessee must notify Lessor and obtain Lessor's authorization for such service and Lessor's instructions as to where such service shall be made and the extent of service to be obtained. Lessee agrees to furnish an invoice for all service to a Covered Vehicle, accompanied by a copy of the shop or service order (odometer mileage must be shown on each shop or service order). Lessor will not be obligated to pay for any unauthorized charges or those exceeding \$50.00 for one service on any Covered Vehicle unless Lessee has complied with the above terms and conditions. Lessor will not have any responsibility to pay for any services in excess of the services recommended by the manufacturer, unless otherwise agreed to by Lessor. Notwithstanding any other provision of this Section 8(b), (i) all service performed within one hundred twenty (120) days prior to the last day of the scheduled Term must be authorized by and have the prior consent and approval of Lessor and any service not so authorized will be the responsibility of and be paid for by Lessee and (ii) Lessor is not required to provide or pay for any service to any covered Vehicle after 100,000 miles. Lessor may, at its option, provide Lessee with an authorization card (the "Enterprise Card") for use in authorizing the payment of charges incurred in connection with the maintenance of the Covered Vehicles. Lessee agrees to be liable to Lessor for, and upon receipt of a monthly or other statement from Lessor, Lessee agrees to pay to Lessor, all charges made by or for the account of Lessee with the Enterprise Card (other than any charges which are the responsibility of Lessor under the terms of this Section 8(b)). Lessor reserves the right to change the terms and conditions for the use of the Enterprise Card at any time. The Enterprise Card remains the property of Lessor and Lessor may revoke Lessee's right to possess or use the Enterprise Card at any time. Upon termination or expiration of the Agreement or upon the demand of Lessor, Lessee must return the Enterprise Card to Lessor. The Enterprise Card is non-transferable. The monthly maintenance charge set forth on each applicable Schedule allows the number of miles per month as set forth in such Schedule. Lessee agrees to pay Lessor at the end of the applicable Term (whether by reason of expiration, early termination or otherwise) an overmileage maintenance charge for any miles in excess of this average amount per month at the rate set forth in the applicable Schedule.

#### 9. SELECTION OF VEHICLES AND DISCLAIMER OF WARRANTIES:

(a) LESSEE ACCEPTANCE OF DELIVERY AND USE OF EACH VEHICLE WILL CONCLUSIVELY ESTABLISH THAT SUCH VEHICLE IS OF A SIZE, DESIGN, CAPACITY, TYPE AND MANUFACTURE SELECTED BY LESSEE AND THAT SUCH VEHICLE IS IN GOOD CONDITION AND REPAIR AND IS SATISFACTORY IN ALL RESPECTS AND IS SUITABLE FOR LESSEE'S PURPOSE. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OF OR A DEALER IN ANY VEHICLE OR AN AGENT OF A MANUFACTURER OF OR A DEALER IN ANY VEHICLE.

(b) LESSOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY VEHICLE, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. THE VEHICLES ARE LEASED "AS IS," "WITH ALL FAULTS." All warranties made by any supplier, vendor and/or manufacturer of a Vehicle are hereby assigned by Lessor to Lessee for the applicable Term and Lessee's only remedy, if any, is against the supplier, vendor or manufacturer of the Vehicle. No defect, unfitness or lack of governmental approval in, of or with respect to a Vehicle regardless of the cause or consequence will relieve Lessee from the performance of its obligations under this Agreement, including the payment of rent.


(c) Lessor will not be liable to Lessee for any liability, claim, loss, damage (direct, incidental or consequential) or expense of any kind or nature, caused directly or indirectly, by any Vehicle or any inadequacy of any Vehicle for any purpose or any defect (latent or patent) in any Vehicle or the use or maintenance of any Vehicle or any repair, servicing or adjustment of or to any Vehicle, or any delay in providing or failure to provide any Vehicle, or any interruption or loss of service or use of any Vehicle, or any loss of business or any damage whatsoever and however caused. In addition, Lessor will have no liability to Lessee under this Agreement or under any order authorization form executed by Lessee if Lessor is unable to locate or purchase a Vehicle ordered by Lessee or for any delay in delivery of any Vehicle ordered by Lessee.

**10. RISK OF LOSS:** Lessee assumes and agrees to bear the entire risk of loss of, theft of, damage to or destruction of any Vehicle from any cause whatsoever ("Casualty Occurrence"). No Casualty Occurrence to any Vehicle will relieve Lessee from its obligation to pay rent or to perform any of its other obligations under this Agreement. In the event of a Casualty Occurrence, Lessee shall give Lessor prompt notice of the Casualty Occurrence and thereafter will place the applicable Vehicle in good repair, condition and working order; provided, however, that if the applicable Vehicle is determined by Lessor to be lost, stolen, destroyed or damaged beyond repair (a "Totaled Vehicle"), Lessee agrees to pay Lessor no later than the due date of the next following monthly rent payment with respect to such Totaled Vehicle the total of (i) all rent and other amounts, if any, due at the time of such payment and allocable to the Totaled Vehicle plus (ii) the replacement value, as determined by Lessor in good faith, of the Totaled Vehicle immediately prior to the Casualty Occurrence. Upon such payment, this Agreement will terminate with respect to such Totaled Vehicle.

#### 11. INSURANCE:

(a) Lessee agrees to purchase and maintain in force during the Term, insurance policies in at least the amounts listed below covering each Vehicle, to be written by an insurance company or companies satisfactory to Lessor, insuring Lessee and Lessor against any damage, claim, suit, action or liability:

(i) Commercial Automobile Liability, (including Uninsured/Underinsured Motorist Coverage and No-Fault Protection where required by law), for the limits listed below. (\$5,000,000 limits are required for Vehicles capable of transporting more than 8 passengers):

Initials: EFS Cust: 

State of Vehicle Registration

Coverage

Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont

\$1,000,000 Combined Single Limit Bodily Injury and Property Damage - No Deductible

Florida

\$500,000 Combined Single Limit Bodily Injury and Property Damage or \$100,000 Bodily Injury Per Person, \$300,000 Per Occurrence and \$50,000 Property Damage (100/300/50) - No Deductible

All Other States

\$300,000 Combined Single Limit Bodily Injury and Property Damage or \$100,000 Bodily Injury Per Person, \$300,000 Per Occurrence and \$50,000 Property Damage (100/300/50) - No Deductible

(ii) Physical Damage Insurance (Collision & Comprehensive; Actual cash value of the applicable Vehicle. Maximum deductible of \$500 per occurrence - Collision and \$250 per occurrence - Comprehensive).

If the requirements of any governmental or regulatory agency exceed the minimums stated in this Agreement, Lessee must obtain and maintain the higher limits. Lessee agrees that each required policy of insurance will by appropriate endorsement or otherwise name Lessor as an additional insured and as a loss payee, as its interests may appear. Further, each such insurance policy must provide the following: (i) that the same may not be cancelled, changed or modified until after the insurer has given to Lessor or its assigns at least a thirty (30) day prior written notice of such proposed cancellation, change or modification, (ii) that no act or default of Lessee or any other person shall affect the right of Lessor to recover under such policy or policies of insurance in the event of any loss of or damage to any Vehicle and (iii) that the coverage is "primary coverage" for the protection of Lessee and Lessor notwithstanding any other coverage carried by Lessee or Lessor protecting against similar risks. Original certificates evidencing such coverage and naming Lessor as an additional insured and loss payee, shall be furnished to Lessor prior to the Delivery Date, and annually thereafter and/or as reasonably requested by Lessor from time to time. In the event of default, Lessee hereby appoints Lessor as Lessee's attorney-in-fact to receive payment of, to endorse all checks and other documents and to take any other actions necessary to pursue insurance claims and recover payments if Lessee fails to do so. Any expense of Lessor in adjusting or collecting insurance shall be borne by Lessee.

Lessee, its drivers, servants and agents agree to cooperate fully with Lessor and any insurance carriers in the investigation, defense and prosecution of all claims or suits arising from the use or operation of any Vehicle. If any claim is made or action commenced for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any Vehicle, Lessee will promptly notify Lessor of such action or claim and forward to Lessor a copy of every demand, notice, summons or other process received in connection with such claim or action.

(b) Notwithstanding the provisions of Section 11(a) above: (i) if Section 4 of a Schedule includes a charge for physical damage management, Lessor agrees that (A) Lessee will not be required to obtain or maintain the minimum physical damage insurance (collision and comprehensive) required under Section 11(a) for the Vehicle(s) covered by such Schedule and (B) Lessor will assume the risk of physical damage (collision and comprehensive) to the Vehicle(s) covered by such Schedule; provided, however, that such physical damage management shall not apply to, and Lessee shall be and remain liable and responsible for, damage to a covered Vehicle caused by wear and tear or mechanical breakdown or failure, damage to or loss of any parts, accessories or components added to a covered Vehicle by Lessee without the prior written consent of Lessor and/or damage to or loss of any property and/or personal effects contained in a covered Vehicle. In the event of a Casualty Occurrence to a covered Vehicle, Lessor may, at its option, replace, rather than repair, the damaged Vehicle with an equivalent vehicle, which replacement vehicle will then constitute the "Vehicle" for purposes of this Agreement; and (ii) if Section 4 of a Schedule includes a charge for commercial automobile liability enrollment, Lessor agrees that it will, at its expense, obtain for and on behalf of Lessee (either by adding Lessee as an additional insured under a commercial automobile liability insurance policy insuring Lessor, obtaining insurance on behalf of Lessee or otherwise) the minimum commercial automobile liability insurance required under Section 11(a) for the Vehicle(s) covered by such Schedule. Lessor may at any time during the applicable Term terminate said obligation to provide physical damage management and/or commercial automobile liability enrollment and cancel such physical damage management and/or commercial automobile liability enrollment upon giving Lessee ten (10) days written notice. Upon such cancellation, insurance in the minimum amounts as set forth in 11(a) shall be obtained and maintained by Lessee at Lessee's expense. An adjustment will be made in monthly rental charges payable by Lessee to reflect such insurance change and Lessee agrees to furnish Lessor with satisfactory proof of insurance coverage within ten (10) days after mailing of the notice. In addition, Lessor may change the rates charged by Lessor under this Section 11(b) for physical damage management and/or commercial automobile liability enrollment upon giving Lessee thirty (30) days prior written notice.

12. INDEMNITY: Lessee agrees to defend and indemnify Lessor from and against any and all losses, damages, liabilities, suits, claims, demands, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) which Lessor may incur by reason of Lessee's breach or violation of, or failure to observe or perform, any term, provision or covenant of this Agreement, or as a result of any loss, damage, theft or destruction of any Vehicle or related to or arising out of or in connection with the use, operation or condition of any of the Vehicles. The provisions of this Section 12 shall survive any expiration or termination of this Agreement.

13. INSPECTION OF VEHICLES; ODOMETER DISCLOSURE; FINANCIAL STATEMENTS: Lessee agrees to accomplish, at its expense, all inspections of the Vehicles required by any governmental authority during the Term. Lessor will have the right to inspect any Vehicle at any reasonable time(s) during the Term and for this purpose to enter into or upon any building or place where any Vehicle is located. Lessee agrees to comply with all odometer disclosure laws, rules and regulations and to provide such written and signed disclosure information on such forms and in such manner as directed by Lessor. Providing false information or failure to complete the odometer disclosure form as required by law may result in fines and/or imprisonment. Lessee hereby agrees to promptly deliver to Lessor such financial statements and other financial information regarding Lessee as Lessor may from time to time reasonably request.

14. DEFAULT; REMEDIES: The following shall constitute events of default ("Events of Default") by Lessee under this Agreement: (a) if Lessee fails to pay when due any rent or other amount due under this Agreement; (b) if Lessee fails to perform, keep or observe any other term, provision or covenant contained in this Agreement; (c) any seizure or confiscation of any Vehicle or any other act (other than a Casualty Occurrence) otherwise rendering any Vehicle unsuitable for use (as determined by Lessor); (d) if any present or future guaranty in favor of Lessor of all or any portion of the obligations of Lessee under this Agreement shall at any time for any reason cease to be in full force and effect or shall be declared to be null and void by a court of competent jurisdiction, or if the validity or enforceability of any such guaranty shall be contested or denied by any guarantor, or if any guarantor shall deny that it, he or she has any further liability or obligation under any such guaranty or if any guarantor shall fail to comply with or observe any of the terms, provisions or conditions contained in any such guaranty; (e) the occurrence of a material adverse change in the financial condition or business of Lessee or any guarantor; or (f) if Lessee or any guarantor is in default under or fails to comply with any other present or future agreement with or in favor of Lessor,

Initials: BRS [Signature] Cust. [Signature]

Enterprise Rent-A-Car Company or any direct or indirect subsidiary of Enterprise Rent-A-Car Company. For purposes of this Section 14, the term "guarantor" shall mean any present or future guarantor of all or any portion of the obligations of Lessee under this Agreement.

Upon the occurrence of any Event of Default, Lessor, without notice to Lessee, will have the right to exercise concurrently or separately (and without any election of remedies being deemed made), the following remedies: (a) Lessor may demand and receive immediate possession of any or all of the Vehicles from Lessee, without releasing Lessee from its obligations under this Agreement; if Lessee fails to surrender possession of the Vehicles to Lessor on default (or termination or expiration of the Term), Lessor and its agents and independent contractors shall have the right to enter upon any premises where the Vehicles may be located and to remove and repossess the Vehicles; (b) Lessor may enforce performance by Lessee of its obligations under this Agreement; (c) Lessor may recover damages and expenses sustained by Lessor by reason of Lessee's default including, to the extent permitted by applicable law, all costs and expenses, including court costs and reasonable attorneys' fees and expenses, incurred by Lessor in attempting or effecting enforcement of its rights under this Agreement (whether or not litigation is commenced) and/or in connection with bankruptcy or insolvency proceedings; (d) upon written notice to Lessee, Lessor may terminate Lessee's rights under this Agreement; (e) with respect to each Vehicle, Lessor may recover from Lessee (i) either the Vehicle (in the condition required by Section 4) or the estimated undamaged wholesale value of the Vehicle (as determined by Lessor in good faith) plus (ii) all accrued and unpaid rent for such Vehicle for the period ending on, and all other amounts owed by Lessee with respect to such Vehicle as of, the date all of the amounts owed by Lessee to Lessor under this clause (e) (including the amounts owed under this subclause (i)) are paid in full (the "Payment Date") plus (iii) an amount equal to three (3) months rent plus (iv) Thirty Percent (30%) of the total future rent due under the applicable Schedule for the period commencing on the Payment Date and ending on the last day of the scheduled Term; and/or (f) Lessor may exercise any other right or remedy which may be available to Lessor under the Uniform Commercial Code, any other applicable law or in equity. A termination of this Agreement shall occur only upon written notice by Lessor to Lessee. Any termination shall not affect Lessee's obligation to pay all amounts due for periods prior to the effective date of such termination or Lessee's obligation to pay any indemnities under this Agreement. All remedies of Lessor under this Agreement or at law or in equity are cumulative.

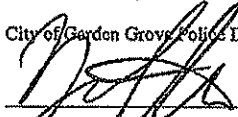
**15. ASSIGNMENTS:** Lessor may from time to time assign, pledge or transfer this Agreement and any or all of its rights and obligations hereunder to an affiliate of Lessor. Lessee agrees, upon notice of any such assignment, pledge or transfer, to pay all amounts due or to become due under this Agreement to such assignee, pledgee or transferee. Each such assignee, pledgee or transferee will have all of the rights and obligations of Lessor that have been assigned to it under this Agreement. Lessee's rights and interest in and to the Vehicles are and will continue at all times to be subject and subordinate in all respects to any assignment, pledge or transfer now or hereafter executed by Lessor with or in favor of any such assignee, pledgee or transferee, provided that Lessee shall have the right of quiet enjoyment of the Vehicles so long as no Event of Default under this Agreement has occurred and is continuing.

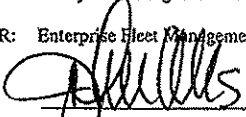
Without the prior written consent of Lessor, Lessee may not assign, sublease, transfer or pledge this Agreement, any Vehicle, or any interest in this Agreement or in and to any Vehicle, or permit its rights under this Agreement or any Vehicle to be subject to any lien, charge or encumbrance. Lessee's interest in this Agreement is not assignable and cannot be assigned or transferred by operation of law. Lessee will not transfer or relinquish possession of any Vehicle (except for the sole purpose of repair or service of such Vehicle) without the prior written consent of Lessor.

**16. MISCELLANEOUS:** This Agreement contains the entire understanding of the parties. Any modification or amendment of this Agreement may be made only by an instrument in writing executed by both parties. Lessor shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies under this Agreement and no waiver whatsoever shall be valid unless in writing and signed by Lessor and then only to the extent therein set forth. A waiver by Lessor of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to any right or remedy, which Lessor would otherwise have on any future occasion. If any term or provision of this Agreement or any application of any such term or provision is invalid or unenforceable, the remainder of this Agreement and any other application of such term or provision will not be affected thereby. Giving of all notices under this Agreement will be sufficient if mailed by certified mail to a party at its address set forth below or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address will be effective one (1) day after deposit in the United States mail, duly addressed, with certified mail, postage prepaid. Lessee will promptly notify Lessor of any change in Lessee's address. This Agreement may be executed in multiple counterparts (including telecopy counterparts), but the counterpart marked "ORIGINAL" by Lessor will be the original lease for purposes of applicable law. All of the representations, warranties, covenants, agreements and obligations of each Lessee under this Agreement (if more than one) are joint and several.


**17. SUCCESSORS AND ASSIGNS; GOVERNING LAW:** Subject to the provisions of Section 15, this Agreement will be binding upon Lessee and its heirs, executors, personal representatives, successors and assigns, and will inure to the benefit of Lessor and its successors and assigns. This Agreement will be governed by and construed in accordance with the substantive laws of the state where Lessor's office is located (as set forth below), which law will apply in the event of any conflict of law.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Walkaway Lease Agreement as of the day and year first above written.


LESSEE: City of Garden Grove Police Department  
  
By: LESSEE'S AGENT  
Title: \_\_\_\_\_  
Address: City of Garden Grove Police Department  
11301 Acacia Parkway  
Garden Grove, CA 92842  
Date Signed: 2-26-10

LESSOR: Enterprise Fleet Management  
  
By: John Mills  
Title: Regional Sales Manager  
Address: Enterprise Fleet Management  
1430 S. Village Way Suite V  
Santa Ana, CA 92705  
Date Signed: 2/26/10

APPROVED AS TO FORM

By:   
City Attorney

Date: 2/20/10

Initials: EFS  C 