

**Ventura County Transportation Commission
Vehicle Lease Agreement**

THIS AGREEMENT BETWEEN the Ventura County Transportation Commission, (hereinafter “VCTC”) and Roadrunner Management Services, Inc., a California corporation, (hereinafter referred to as Contractor) is made an entered into as of November __, 2014. Within this Agreement, the term “Parties” shall mean VCTC and the Contractor.

WHEREAS VCTC and Contractor have previously entered into an Agreement for Provision of Transportation Equipment for the period between July 1, 2013 and June 30, 2014, as amended by Amendment No. 1 to Agreement for Provision of Transportation Equipment dated July 1, 2014 and an Agreement for Provision of Transportation Services for the period between July 1, 2013 and June 30, 2014 as amended by Amendment No. 1 to Agreement for Provision of Transportation Services dated July 1, 2014 (collectively the “Current Service and Equipment Agreements” herein and set forth as Exhibit B to this Agreement); and

WHEREAS, VCTC has purchased fourteen (14) over the road motor coaches for the provision of Intercity Fixed Route Transportation Services (hereinafter “Vehicle(s)”); and

WHEREAS, VCTC agrees to make the Vehicles available for use by Contractor in providing Intercity Fixed Route Transportation Services for VCTC’s Regional Intercity Fixed Route Transportation Services program (“VCTC Transportation Services Program(s)” herein) in accordance with and subject to the terms of the Current Service and Equipment Agreements; and

WHEREAS the intent of this Agreement is solely to provide for the lease of vehicles to be used by Contractor in the performance of its obligations under the Current Service and Equipment Agreements and is not intended to amend or modify the Current Service and Equipment Agreements.

NOW THEREFORE the Parties do agree as follows:

1. Vehicle(s) Acceptance

VCTC agrees to lease fourteen (14) Vehicle(s) listed on the Vehicle Schedule (Attachment A) to Contractor in accordance with the terms set forth in this Agreement. Upon delivery of the Vehicle(s), the parties will jointly execute a vehicle acceptance document specifying the condition of the Vehicle(s). Contractor shall assume all risk and responsibility for the Vehicle(s) thereafter until returned to VCTC. Vehicle(s) shall be returned to VCTC in the same condition as originally delivered, except for ordinary wear and tear. “Ordinary wear and tear” shall be as defined in Section 18 (below) as solely determined by VCTC.

2. Use of Vehicle(s)

Contractor will operate the Vehicle(s) in compliance with all applicable laws and regulations, including traffic regulations, and municipal ordinances in effect and applicable to the VCTC

Transportation Services Program within the VCTC Transportation Services Program service Area. Contractor shall use or cause the Vehicle(s) to be used in performance of its obligations set forth in the Current Service and Equipment Agreements between the parties.

VCTC MAKES NO WARRANTY OR REPRESENTATION CONCERNING THE VEHICLE(S) AND EXPRESSLY DISCLAIMS ANY EXPRESS WARRANTY, IMPLIED WARRANTY OR ANY RESPONSIBILITY RELATING TO THE FITNESS OR CONDITION OF ANY VEHICLE OR ANY VEHICLE'S FITNESS FOR ANY PURPOSE PROVIDED HEREUNDER. CONTRACTOR SHALL WORK WITH MANUFACTURER FOR ANY APPLICABLE WARRANTY.

3. Term

The term of this Agreement shall be from November ____, 2014 through the termination of the Current Service and Equipment Agreements, or for a longer period in the event such longer period is forth in any new agreement between the parties regarding VCTC Transportation Services Programs, unless terminated earlier in accordance with this Agreement or extended by amendment to this Agreement.

4. Assignment

Except as outlined in Section 3, this Agreement may not be assigned. Vehicle(s) may be operated only by employees of Contractor.

5. Possession of Vehicle(s)

Contractor shall not be entitled to use of the Vehicle(s) until Contractor has delivered to VCTC and VCTC has approved each of the following documents:

- a. Verification of Business Auto, General Liability and Workers' Compensation insurance covering all Vehicle(s) leased to Contractor, in accordance with the terms provided in the Current Service and Equipment Agreements;
- b. a fully executed copy of this Lease Agreement with VCTC;
- c. a separate acknowledgement of the required maintenance and repair schedule and program for the vehicle(s) which, at a minimum, meet the requirements of Section 8 and Attachment D;
- d. the lease payment amount; and
- e. a plan and timeline for equipping all Vehicle(s) with Contractor's required radio and other communication devices, decaling Vehicle(s) identifying the Contractor and displaying required PUC number and placing wheelchair access decal markings on the Vehicle(s) and any other legally required signage. Such timeline shall specify that the identification shall be completed no later than 30 days following the receipt of delivery of each Vehicle.

6. Records.

Contractor shall be required to prepare and keep Vehicle files by Vehicle number documenting all Vehicle(s) maintenance including, without limitation, preventative maintenance, scheduled maintenance, inspections, parts usage, unscheduled maintenance, and accident repairs. Said files shall be kept current throughout the duration of this Agreement and a copy thereof shall be provided to VCTC upon request and upon termination of this Agreement. VCTC shall have unrestricted access to all Vehicle maintenance records during planned or unannounced visits or inspections of the Contractor's facilities for the duration of this Agreement. Contractor shall maintain all records generated in the performance of this Lease and the VCTC Transportation Services Program for a period of at least three (3) years after the end of the lease term. Any violation of the provision of this Section will be considered a material breach of the lease and subject to Contractor to all remedies for breach available under law, including, but not limited to, termination of the Agreement.

7. Lease payments

In consideration of the terms of this Agreement and the rental of vehicle(s) hereunder, Contractor agrees to pay VCTC, an annual lease payment of \$1.00 per vehicle per year and such additional rent that may be assessed in accordance with Section 8 of this Agreement. Contractor's initial lease payment shall be made upon the effective date of this Agreement, and annually on the anniversary date of the effective date thereafter.

8. Maintenance program

Within seven (7) days of receipt of the first Vehicle, Contractor shall submit to VCTC acknowledgement of the Required Vehicle Maintenance & Repair Program requirements which will indicate Contractor's agreement to implement said comprehensive preventative maintenance (PM) program for the Vehicle(s). Failure to comply with this requirement shall be grounds for immediate termination of this Agreement and immediate repossession of the Vehicle(s). The maintenance program to be implemented by Contractor shall meet or exceed the manufacturer's recommended or specified guidelines and shall include the maintenance of all add-on equipment, if any, supplied with the Vehicle(s). When maintenance requirements are specified by the manufacturer for different service categories (such as "normal service" and "severe service"), the most stringent and severe service guidelines shall be used. Contractor and VCTC shall meet to review severe service guidelines on a component-by-component basis. Contractor shall maintain the vehicle(s) in accordance with the specified program.

All parts and materials, including lubricants and fuel, used in maintaining or operating the Vehicle(s) shall be in accordance with the Vehicle(s) manufacturer's specifications for said parts and materials.

Contractor shall provide at its sole cost:

- a. Fuel, lubricants, tires, tubes and all other operating supplies necessary for the Vehicle(s);
- b. Maintenance and repairs including all labor and parts required to keep the Vehicle(s) in good operating condition;

- c. Regular exterior and interior washing and cleaning;
- d. Road service for mechanical failures;
- e. Repair of all damages to vehicle including that caused by accidents, vandalism, etc.

All repairs and maintenance shall be performed by personnel who have demonstrated the experience and skill necessary to perform the work, which shall be performed in a workmanlike manner to the generally accepted industry standard of quality. Contractor will be solely responsible for the quality of all repairs and maintenance.

VCTC reserves the right to enter on the property of Contractor or any location where the Vehicle(s) may be parked during scheduled or unscheduled visits to inspect the Vehicle(s) and VCTC may require the immediate repair thereof if the condition of the Vehicle(s) is not satisfactory. In lieu of the above, VCTC may elect to perform, or have performed, the services and or repairs required and assess the costs thereof against Contractor as additional rent. Nothing herein shall relieve Contractor of its obligation to properly maintain the Vehicle(s).

Contractor agrees that each VCTC-owned vehicle shall be surrendered to VCTC's authorized representative for complete mechanical/appearance inspection when requested. These inspections shall be conducted at least twice per year per Vehicle. These inspections may be in addition to any other state or federally required inspections.

In most cases VCTC shall notify Contractor by Monday, the week prior to inspection, of the date and the Vehicle(s) to be surrendered for inspection. Contractor shall arrange to deliver requested Vehicle(s) to VCTC's designated representative within the County of Ventura at the appointed date/time (or within 40 mile radius of the Contractor's facility located at 240 South Glenn Drive, Camarillo, California, 93010). Contractor shall be called upon completion of inspection so that within 24 hours of notification, Contractor may call for vehicle. Arrangements for delivering vehicle for inspection shall be handled by Contractor and costs associated with such shall be borne by Contractor. VCTC at its sole discretion and with the cooperation of Contractor may conduct some or all inspections at Contractor's facility. In such case, Contractor agrees to cooperate fully with VCTC and its representative and agrees to furnish necessary equipment to perform such inspection. Such equipment shall be limited to that equipment as used by Contractor to safely and effectively maintain said Vehicle(s).

Contractor agrees that failure to deliver designated Vehicle on the appointed date/time may result in the imposition of liquidated damages of \$300 per day until Vehicle is delivered for inspection. Any damages assessed against Contractor through said method will be deducted from monies owed to Contractor from services provided under its Service Agreement with VCTC.

Upon completion of inspection, VCTC shall forward to Contractor a list of deficiencies, which may have been identified to VCTC by its inspector. Contractor agrees to correct all deficiencies immediately-usually within seven (7) days of notification. Contractor may request an extended timeframe to effect repairs prior to next re-inspection. Any decision to extend re-inspection(s) will be at the sole discretion of VCTC. If, upon re-inspection deficiencies have not been

corrected, Contractor agrees to pay \$300 per day per deficiency to VCTC until said deficiencies have been corrected. Any damages assessed against Contractor through this method will be deducted from monies owed to Contractor for services provided under its Agreement for Provision of Transportation Services with VCTC.

The assessment by VCTC of any liquidated damages under the lease agreement or Agreement for Provision of Transportation Services shall not release Contractor from its responsibilities or absolve it from any further remedy enacted by VCTC, including termination of the Agreement.

9. Transfer of Vehicle

Contractor shall not transfer, lease, or otherwise dispose of the Vehicle(s) during the term of this Lease Agreement without the written approval of VCTC or its designee. If Contractor violates any provision of this Agreement, VCTC may terminate this Agreement as to said vehicle(s) and transfer use of the Vehicle(s) to another Contractor.

Contractor agrees to be bound to the terms and conditions of the Vehicle Transfer Agreement, included as an attachment herein. The Vehicle Transfer Agreement shall, upon termination of this agreement, govern the transfer of the Vehicle(s) from Contractor to another Contractor.

10. Vehicle(s) Safety Inspection

Contractor shall be responsible for compliance with any state or federal vehicle inspection programs. The costs of said inspections and any maintenance or repairs required to comply with said inspections shall be the responsibility of Contractor.

11. Obligations of Contractor

Contractor, in relation to the lease of the vehicle(s), shall:

- a. For the term of the lease, maintain and repair or cause the vehicle(s) to be maintained and repaired as specified herein and in a manner that will assure safe and reliable transportation to VCTC passengers.
- b. Operate or cause the vehicle(s) to be operated in a safe manner consistent with all applicable provisions of Federal, State and local laws.
- c. In writing, report to VCTC within seven (7) days any occurrence that will prevent compliance with this section (e.g., accident rendering the vehicle inoperative, mechanical deterioration to the extent that repair is not feasible).
- d. Ensure proper maintenance and repair are performed on the vehicle(s) and that the costs of such maintenance and repairs are borne by the Contractor.
- e. [not used]
- f. Unless otherwise authorized by VCTC in writing, within five (5) days after termination of this Lease Agreement or at the end of the lease term, return the vehicle(s) in the same condition as received, ordinary wear and tear excepted, to VCTC or VCTC's authorized representative at a location to be designated by VCTC (not to exceed a 40 mile radius of the Contractor's facility of 240 South

Glenn Drive, Camarillo, California, 93010). Contractor is responsible for all cost incurred in the relocation of the vehicle(s) to a location identified by VCTC.

- g. Contractor agrees to fully cooperate with VCTC and any successor Contractor in the transfer of vehicles to a successor Contractor in a manner that will allow for the smooth and uninterrupted operation of VCTC's Transportation Services Program.

12. Default

A. Contractor shall be in immediate default of this agreement if any of the following events occur:

1. Contractor or Contractor's property are the subject of a proceeding in bankruptcy, receivership or insolvency or Contractor makes an assignment for the benefit of creditors.
2. Contractor fails to comply with the insurance provisions of this agreement and/or the Current Service and Equipment Agreements.

B. Contractor shall be in default of this agreement if any of the following events occur and remain uncured following ten (10) day written notice to Contractor:

1. Contractor fails to comply with any material term or condition of this agreement, including and without limitation, the maintenance and repair requirements.
2. Contractor fails to answer traffic summons or pay fines when due.
3. Contractor fails to keep the Vehicle(s) free of liens and encumbrances.
4. The Vehicle(s) is used for illegal purposes or driven by a person not in possession of the proper credentials or state drivers' license.

13. Remedies

In the event that Contractor is in breach or default of this agreement, VCTC may at its election, enter into Contractor's premises and without further notice or demand take possession of some or all the Vehicle(s), and remove them from Contractor's premises without prejudice to any other remedies both parties may have under any agreement or at law or equity. Upon such repossession VCTC shall have the right to inspect said Vehicle(s) and make any necessary repairs to said Vehicle(s) and assess the costs thereof against Contractor as additional rent.

14. Indemnification

In addition to the indemnification requirements of the Current Service and Equipment Agreements, Contractor shall indemnify, defend and hold harmless VCTC and its officers, agents and employees from and against any and all suits, claims, actions, losses, penalties, and damages of whatsoever kind or nature, (including fines for traffic and parking violations) arising out of or in any way incident to or in connection with, the use, condition or operation of the Vehicle(s) hereunder, including without limitation, damage of any kind to the Vehicle(s), to third parties, and to property during the term of this agreement. Contractor shall defend VCTC in all

legal or claim proceedings arising out of or in connection with or in any way incident to the use or operation of the Vehicle(s), pay all costs of defense including attorney's fees, witness fees, and costs incurred directly or indirectly on account of said litigation or claim and satisfy any judgment rendered in connection therewith and/or to pay the costs of settling said litigation or claim.

15. Insurance

Contractor shall, at all times maintain insurance, in such amounts and as required in the Current Service and Equipment Agreements covering the Vehicle(s) and its operation and provide proof of said insurance to VCTC including Certificates of Insurance as required therein.

16. Theft or Destruction of Vehicle(s)

Contractor shall be solely responsible for and indemnify VCTC against any and all loss associated with the theft or destruction of the Vehicle(s) or the rendering of the Vehicle(s) unsuitable for use (as determined by VCTC) due to fire, riot, insurrection, act of God, accident, or theft.

17. No Property Interest in Vehicle(s)

Vehicle(s) shall be titled by VCTC in VCTC's name. Contractor shall acquire no property interest in the Vehicle(s) by virtue of, or operation of, this Agreement and they shall remain the property of VCTC throughout the term of this Agreement. Contractor shall not disturb, remove or obstruct property tags or labels affixed to or on the Vehicle(s) by VCTC. After taking delivery of the vehicle(s), Contractor shall be responsible to register the vehicle(s) as Lessee thereof and pay all costs of registration and to comply with all official markings and decals as required by VCTC. Contractor shall be responsible for annual vehicle registration fees and costs of keeping current with Department with Motor Vehicles.

18. Ordinary Wear and Tear

Vehicle(s) shall be returned to VCTC in the same condition as originally delivered, except for ordinary wear and tear. Ordinary wear and tear is the result of normal operating conditions with routine preventative maintenance. Normal operating conditions excludes collisions with other vehicles or objects. Proper preventative maintenance must comply with vehicle manufacturer recommended guidelines and standards for the most severe or stringent level specified.

The following shall not be considered ordinary wear and tear:

- Scratch(s) in excess of 4.0 inches in length that break the paint or surface of any body panel, lens, body molding, or window trim
- Four (4) or more consecutive scratches within 1.0 inch of each occurrence of 1.0 inch length that break the paint or surface of any body panel, lens, body molding, or window trim
- Dent(s) in excess of 4.0 inches in diameter to any body panel or body molding

- Four (4) or more consecutive dents within 1.0 inch of each occurrence of 1.0 inch diameter or greater per body panel or bumper
- Hole(s) in frame, any sheet metal, or body panel, including holes caused by rust or unauthorized modification
- Less than 6/32 of an inch tire tread depth in any groove except the outer grooves
- Any tire with internal belts or casing showing
- Any tire with size or rating that differs from original equipment
- Mismatched, bent, cracked or broken wheels, wheel covers, or trim rings
- Tire side wall damage or repair plugs
- Any tire damage affecting the ability to recap the casing
- Elongation of any wheel lug hole
- Any missing wheel lug nut
- Stains, cuts, or tears to upholstery in excess of 0.5 inch
- Burn holes in upholstery or gouges in any interior surface in excess of 0.125 inch
- Brake wear of greater than 70% of original disk or pad depth
- Unrepaired glass chip or crack in excess of 1.0 inch in diameter or length
- Paint damage due to organic fallout (insect decomposition, bird droppings)
- Paint damage due to Contractor applied decals NOT authorized by VCTC
- Holes drilled in the vehicle body (except as authorized by VCTC)
- Stone chips of greater than 1.0 inch in diameter
- Dent(s) in excess of 4.0 inches in diameter to any bumper
- Any hole, crack, tear or damage through any bumper
- Any modification that voids the original equipment manufacturer's warranty
- Any repair or existing condition not meeting the manufacturer's specifications, for instance excessive play in the steering column
- Poor repairs or alterations that detract from the overall appearance of the vehicle
- All broken or missing parts
- Any repair or alteration that detracts from the safety of the vehicle
- Any damage or condition affecting the safe operation of the vehicle

19. Notices under this Agreement should be delivered to:

For VCTC:

Darren M. Kettle, Executive Director
 Ventura County Transportation
 Commission
 950 County Square Drive, Suite 207
 Ventura, California 93003

For Roadrunner Management Services, Inc.:

Sumaia Sandlin, President
 Roadrunner Management Services, Inc.
 240 South Glenn Drive
 Camarillo, California 93010

20. Attachments

This Agreement includes the following attachments which are incorporated as if set forth herein.

- A. Schedule of Vehicles
- B. Current Service and Equipment Agreements
- C. Agreement On The Standards and Procedures For Lessee Transfer of VCTC-Owned Vehicles
- D. Required Maintenance and Repair Program: including Manufacturer's Maintenance Manual and Contractor's proposed maintenance program.

IN WITNESS HEREOF, the parties hereto have caused this this Agreement to be executed by their duly authorized representatives this 1st day of November 2014. Each party represents to the other party that this Agreement has been executed by a duly authorized agent of the party so representing.

COMMISSION: VENTURA COUNTY TRANSPORTATION COMMISSION

By: _____ Date: _____
 Ralph Fernandez, Chairperson

CONTRACTOR: ROADRUNNER MANAGEMENT SERVICES, INC.

By: _____ Date: _____
 Sumaia Sandlin, President

ATTEST:

_____ Date: _____
 Clerk of the Commission

APPROVED AS TO FORM:

_____ Date: _____
 Steven Mattas, General Counsel
 Commission

APPROVED AS TO CONTENT:

_____ Date: _____
 Darren Kettle, Executive Director
 Commission