December 10, 2019

Sergio Panunzio
Commissioner, Department of General Services
City of Albany
1 Richard J Conners Blvd
Albany, NY 12204

Re: DLL Financing Contract Review
   Capital Hills Golf Cart Lease

Dear Mr. Panunzio:

During the review of monthly invoices from the finance company for the golf cart lease at Capital Hills, the Office of Audit and Control (OAC) noted that an unauthorized individual (Scott Gallup, Golf Course Superintendent) signed the contract¹ between the City of Albany and the financing company, DLL Financing. As a result of inadequate review of this contract prior to signing, the City was bound to terms that did not correspond to the normal accounts payable process and timeline.

The City of Albany, NY, Charter, Section 301 (h) states "Except as otherwise provided by law and this Charter, the Mayor shall negotiate and execute on behalf of the City all contracts and agreements required to be executed as an act of the City."

The OAC reviews all accounts payable prior to payment. During the review, the OAC verifies approvals, dates, shipping and billing addresses and calculations. Additionally invoice terms are checked against existing contracts, price lists and all other criteria available. The life cycle for an accounts payable transaction within the City of Albany starting with an invoice arriving at the department location and ending with the Treasurer's office mailing a check can take an average of three to four weeks and in some instances significantly longer².

Per the terms of the executed contract, late charges were assessed after each invoice reaches its 11th day past the due date. Unpaid late charges have been accumulating the entire life of the contract, starting in the summer of 2016. The total accumulated late charges owed to DLL by the City as of November 7, 2019 were $3,185.76

As a result of ongoing communications between OAC staff and the vendor, the City has been released from the obligation to pay the $3,185.76 in accumulated late charges³. The vendor also placed the account in exempt status and therefore will not accumulate any late fees for the final year of the contract (Summer 2020).

¹ See appendix 1
² Based on historical performance; various invoices have arrived at the OAC months after issued.
³ See appendix 2
Allowing unauthorized individuals to sign agreements can result in contracts with inappropriate terms to go unnoticed. Failure to perform an adequate review of contract terms prior to execution creates the risk the City will be bound to terms that may improperly expend the City's financial resources.

The OAC makes the following recommendations to the management of Department of General Services (DGS):

1. Review the DGS procedure regarding contract execution and make adjustments as necessary to ensure that all new contracts are routed to Corporation Counsel for review and the Mayor is signing all contracts; and
2. Review terms of existing contracts and adjust internal processes to ensure invoices are submitted to audit in a timely manner to avoid late charges where applicable; and
3. Perform a review of all existing DGS contracts that were not signed by the Mayor to identify any other risks associated with contract terms.

Thank you for your attention to this review.

Sincerely,

Susan Rizzo
Chief City Auditor

Cc: Kathy Sheehan, Mayor, City of Albany
    Brian Shea, Chief of Staff
    William Kelly Esq., Corporation Counsel
    Corey Ellis, President, Common Council
    Frank Zeoli, Director of Operations, Department of General Services
    Ransom Moore, Deputy Chief City Auditor
    Stephanie Slominski CIA, Auditor
LEASE AGREEMENT (Golf Equipment – Municipal Entities)

Lease's Budget Year Ends in the Month of: DECEMBER
Lease Agreement Number: Q23300

TO OUR VALUED CUSTOMER: This Lease Agreement (this "Lease") has been written in Plain English. Words you use in this Lease shall mean as follows:

Lease shall have been effective upon the Commencement Date and shall remain effective for the term of the Lease as defined above. The leased equipment shall be returned to us at the end of the term of the Lease.

LEASEE

Full Legal Name: CITY OF ALBANY, NEW YORK

Lessor Address:
24 EAGLE ST. ROOM 102
City: ALBANY
State: NY
Zip: 12207

SUPPLIER

Name: SATCH SALES
Address: 63 BROADWAY MEHANES, NY 12204
Phone: 518-425-5002

TERM AND LEASE PAYMENT SCHEDULE

You agree to the following terms:

TERM

The Initial Term ("Term") shall be 55 months from the Commencement Date.

Commencing on: ( ) 04/01/2016 OR ( ) the 1st day of the month immediately following Borrower's signature on the Delivery and Acceptance Certificate and Lessor's receipt thereof (the "Commencement Date").

PAYMENT

The aggregate sum due under this Lease includes lease payments and other amounts required to be paid under this Lease (each payment shall be referred to as a "Payment") and shall be payable as follows:

The lease payment shall be as follows (this "Lease Payment")

The first scheduled payment will be due on: ( ) 05/01/2016 OR ( ) the Commencement Date.

Each payment thereafter shall be due:

( ) on the 1st day of the month or ( ) as indicated below.

Number of Payments

50

Payment Frequency: ( ) Monthly ( ) Quarterly

On the following day(s) Seasonal Payments are due on:

1st day of each month of the Term as follows: May, June, July, August, September, October

Use Tax per Payment (Estimated)

Total Payment Amount with Sales/Use Taxes (Estimated)

Security Deposit:

TAXES

Sales/use tax has been estimated above to provide an approximation of the taxes and total Payment amount. The actual sales and use tax may vary and may be, depending on state law, adjusted at the time this Lease is executed and/or to each Payment. If any change in the estimated sales/use tax is required, an additional payment will be due, to be added to the Payments.

PAYMENTS. You agree to make all Payments due under this Lease to Us at P.O. Box 14355, Des Moines, IA 50306 or at such other address as We may designate from time to time. Your Payments shall constitute a current expense and do not constitute a mandatory payment obligation of You in any fiscal year beyond Your current fiscal year. Your obligations hereunder shall not be construed to be a doctrine in any other court of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness to You. You shall be entitled to any and all rights or benefits that are accorded to You under this Lease.

Delinquent Payments and Returned Check Charge. Each Payment past due more than 10 days shall be subject to a late charge equal to 70% per month from the due date until paid or 51, whichever is greater, and in no event shall any late charge exceed the maximum amount allowed by law. If any check or payment is returned or rejected for insufficient funds or any other reason, You shall pay to Us a fee of $25.00 or such other amount established by Us from time to time not to exceed the maximum amount permitted under applicable law. In Our discretion, such amount shall be paid on demand or added to the next Payment and You agree to pay such increased Payment amount.

TERMS AND CONDITIONS

1. Lease. We agree to lease to You and you agree to lease from Us, the Equipment listed on the Equipment Schedule attached hereto and incorporated herein by reference. All equipment shall remain the Code of the Lease and all exhibits, schedules and amendments hereto.

2. Term. Provided that this Lease has been accepted and executed by both parties, this Lease shall become effective upon the Commencement Date and shall remain effective for the term of the Lease and shall be subject to the terms and conditions of this Lease and all exhibits, schedules and amendments hereto.

You agree to pay Us the amount of all search fees, filing fees, and administration fees associated with the Lease by Us in connection with the Lease. We agree to such payment by Us. EXCEPT AS PROVIDED IN SECTION

Page 1 of 6
Delivery and Acceptance Certificate

<table>
<thead>
<tr>
<th>New/Used</th>
<th>Make and Model of Equipment</th>
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<th>Minimum Equipment Insurance Amount Required</th>
<th>Hours of delivery</th>
<th>Hours during Lease Term</th>
<th>Rate per Hour</th>
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<td></td>
<td>N/A</td>
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<td>N/A</td>
</tr>
</tbody>
</table>

The undersigned hereby certifies that Lessee has leased all Items described in the “Equipment” pursuant to the Lease Agreement between DLL Finance LLC (“Lessee”) and the Lessee identified below and in the Lease Agreement No. 20230000 (the “Lease”) and further certifies that:

(i) the Equipment has been delivered to and has been received by Lessee;
(ii) all installation or other work necessary prior to the use thereof has been completed;
(iii) all Equipment has been examined by Lessee, is in good operating order and condition, and is in all respects satisfactory to Lessee;
(iv) the Equipment is accepted by Lessee for all purposes under the Lease Agreement and the Lease.

CITY OF ALBANY, NEW YORK

LEASER

[Signature]

Authorized Signature

Print Name

Title

Date

DILL 4833-2 (05/15) Form municipal golf leases in all states except AR
3. This lease is non-cancellable and your obligation to pay in full the payments and any other amount due hereunder is absolute,principal, and fully earnest, from the date due, until paid, irrespective of the length of time in which and the rate Per Excess Hour will apply to all units of use in excess of this promised units total. We may at any reasonable time, upon the written request of the Equipment owner, appraise, inspect, test, install, condition, or maintain a new or Repair of the Equipment. Any such inspection may be at such times and for such purposes and fees as we shall determine. (b) the Equipment will be in good working order and will be delivered to you in a good repair, and will be delivered to you in a good working condition and in the same condition, and at the same place, where the Equipment is located or used not more than twenty (20) days following each change in location. You further agree as follows: (a) to operate the Equipment in a manner which does not, in any way, (i) create or impose any tax or duty on any person and your Equipment, or (ii) cause any fine, or (c) require the use thereof to be serviced or maintained at a fee which would be in excess of the Equipment and any other amount due hereunder. You also agree that the Equipment is not to be used for any purpose not related to the use of the Equipment for which it was intended. (d) if any alteration, addition, or deletion of the Equipment has been made by any other person or party, the Equipment shall be returned to us in good working order. (e) the Equipment is not to be used for any purpose not related to the use of the Equipment for which it was intended. (f) if any alteration, addition, or deletion of the Equipment has been made by any other person or party, the Equipment shall be returned to us in good working order. (g) the Equipment is not to be used for any purpose not related to the use of the Equipment for which it was intended. (h) if any alteration, addition, or deletion of the Equipment has been made by any other person or party, the Equipment shall be returned to us in good working order. (i) the Equipment is not to be used for any purpose not related to the use of the Equipment for which it was intended. (j) if any alteration, addition, or deletion of the Equipment has been made by any other person or party, the Equipment shall be returned to us in good working order. (k) the Equipment is not to be used for any purpose not related to the use of the Equipment for which it was intended. (l) if any alteration, addition, or deletion of the Equipment has been made by any other person or party, the Equipment shall be returned to us in good working order. (m) the Equipment is not to be used for any purpose not related to the use of the Equipment for which it was intended. 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EXTENT PERMITTED BY APPLICABLE LAW, YOU WAIVE ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY UCC ARTICLE 2A, INCLUDING WITHOUT LIMITATION, ANY RIGHT TO: (a) RESCIND THE LEASE; (b) SEEK INJUNCTIVE RELIEF AGAINST VIOLATIONS OF ANY GOVERNMENTAL REQUIREMENT THAT BY LAW IS PROPERLY ENFORCED BY PROPER ACTION AND APPROVAL OF YOUR GOVING BODY AT A MEETING DAILY CALLED, REGULARLY CONVOKED AND ATTENDED THROUGHOUT BY REQUESTS OF THE MAINTAIN THE RIGHTS OF THE RENTAL AGREEMENT COVENANTS AND WARRANTIES OF TITLE AND THAT THE LEASEE WILL COMPLY WITH ALL LAWS, ORDINANCES AND REGULATIONS THAT APPLY TO THE LEASED PROPERTY.

9. Assignment / Sub-Lease. You may assign this Lease or any of your Rights hereunder, in whole or in part, only with the prior written consent of the Landlord. The assignment or sublease must be evidenced by an instrument in writing, signed by you and acceptable to the Landlord. Any assignment or sublease without such consent, or any attempted transfer without such consent, will be null and void. The assignment or sublease shall be subject to the terms of this Lease and the Landlord shall have all of your rights, remedies, powers and privileges under this Lease, but shall have none of your obligations. The assignee or sublessee shall indemnify and hold you harmless from and against all damages, costs and expenses incurred by you in connection with the assignment or sublease.

10. Default. If, during the term of this Lease, you shall fail to pay any Rent or any payment due under this Lease, or you shall default in the performance of any other obligation required by this Lease or by law, or you shall commit any breach of this Lease, or you shall do anything that will constitute a default under this Lease, or you shall make any representation or warranty false, or you shall fail to comply with any of the provisions hereof, then the Landlord may, but shall not be required to, give you written notice and demand such default be cured. A default shall be deemed to have occurred if you shall fail to pay any Rent or any payment due under this Lease, or you shall default in the performance of any other obligation required by this Lease or by law, or you shall commit any breach of this Lease, or you shall do anything that will constitute a default under this Lease, or you shall make any representation or warranty false, or you shall fail to comply with any of the provisions hereof, then the Landlord may, but shall not be required to, give you written notice and demand such default be cured.

11. Right of Entry. If, during the term of this Lease or during the period when the Landlord is not in possession of the Property, the Landlord may enter the Property at any time of the day or night for the purpose of inspecting the Property or for any other reason, without your consent, and you shall not be entitled to any notice of such entry.

12. Waiver. The consent of the Landlord to your failure to pay Rent or other obligations under this Lease shall not operate as a waiver of the provisions hereof, or as a waiver of any right or remedy of the Landlord or any right or remedy of any other person or entity entitled to payment of Rent or other obligations under this Lease.

13. Covenants and Conditions. You agree to keep and maintain the Property in good condition and repair and to comply with all laws, ordinances, rules, regulations and restrictions now or hereafter in effect governing the Property and the use of the Property.

14. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of law principles.

15. Dispute Resolution. Any dispute, controversy or claim arising out of or relating to this Lease or the breach hereof shall be referred to and be resolved by arbitration under the rules of the American Arbitration Association.

16. Entire Agreement. This Lease contains the entire agreement and understanding between the parties, and supersedes any and all prior agreements and understandings.

17. Amendments. No amendment of this Lease shall be valid unless in writing and signed by both the Landlord and you.

18. Severability. If any provision of this Lease is held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision hereof.

19.Waivers. You acknowledge receipt of an executed copy of this Lease. Where permitted by law, you waive your right to receive a copy of any bankruptcy statement, financing change statement verification statement or other similar instrument filed or issued at any time in respect of this Lease or any amendment hereof. To the extent permitted by law, you, being fully aware of the rights and benefits afforded to you by statute, hereby waive the benefits of all provisions of any applicable statute. Including, without limitation, any statutes relating to lessees' conditional sales and other similar rights and remedies. You may not assign or transfer your rights and interests hereunder, in whole or in part, without the written consent of the Landlord.

20. Right of Setoff. The Landlord may set off against any of your obligations under this Lease any amounts that are owed to you under any other agreement with the Landlord.

21. Governing Law. This Lease is entered into in the State of New York and is governed by the laws of the State of New York, without regard to its conflict of law principles.

22. Entire Agreement. This Lease contains the entire agreement and understanding between the parties, and supersedes any and all prior agreements and understandings.

23. Severability. If any provision of this Lease is held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision hereof.

24. Amendments. No amendment of this Lease shall be valid unless in writing and signed by both the Landlord and you.

25. Waivers. You acknowledge receipt of an executed copy of this Lease. Where permitted by law, you waive your right to receive a copy of any bankruptcy statement, financing change statement verification statement or other similar instrument filed or issued at any time in respect of this Lease or any amendment hereof. To the extent permitted by law, you, being fully aware of the rights and benefits afforded to you by statute, hereby waive the benefits of all provisions of any applicable statute. Including, without limitation, any statutes relating to lessees' conditional sales and other similar rights and remedies. You may not assign or transfer your rights and interests hereunder, in whole or in part, without the written consent of the Landlord.
use of other Tax returns as required by law under this Lease. In such cases, You will pay to Us on demand, as an additional Payment, the amount of the personal property Tax We pay plus a fee to Us for collecting and administering any Taxes and remitting them to the appropriate authorities on which We may make a profit and interest thereon at the highest legal rate allowed from the due date until paid in full. We make no recommendation, representation or warranty as to the treatment of this Lease for tax or accounting purposes. You acknowledge that You have consulted with Your tax and accounting advisors concerning the appropriate tax and accounting treatment of this Lease and have not relied on advice from Us and You hold Us harmless for any adverse consequences resulting from Your tax and accounting treatment of this Lease.

18. Golf Car. The Lease is for a Golf Car and all optional equipment included in the Golf Car. You are responsible for all operating costs and expenses on this Golf Car, including, but not limited to, gas, oil, maintenance, insurance, taxes, and any other fees or charges. The Golf Car is not to be used for any purpose other than the use specified in this Lease. You agree to indemnify Us and against any claims arising from the use of the Golf Car.

19. Financial and Credit Information (Communication Methodology). You authorize Us to obtain credit reports and any other credit information that We deem necessary and agree that without further notice We may use or request additional credit bureau reports or other similar information that We deem necessary and agree that You will provide Us with such information as We may require from time to time.

20. Communications. All communications between Us and You shall be in writing. Any notice or demand given by Us to You shall be deemed to have been given if it is delivered to You or left at Your last known address with a written receipt or if it is sent by registered or certified mail with return receipt requested. Any notice or demand given by You to Us shall be deemed to have been given if it is delivered to Us or left at Our last known address with a written receipt or if it is sent by registered or certified mail with return receipt requested.

21. Miscellaneous. This agreement contains the entire agreement between You and Us and is the exclusive agreement of the parties as to the leasing of the Equipment. The Equipment shall be at all times the property of Us, and You shall have no right to sell, assign, transfer, or encumber the Equipment without Our prior written consent. Any modifications or additions to the terms of this Lease must be in writing and signed by Us and You. Any amendment or modification of this Lease shall be effective only if signed by Us and You.

IN WITNESS WHEREOF the parties have executed this Lease effective as of the date set forth on the first page of this Lease.
## Equipment Schedule

<table>
<thead>
<tr>
<th>New/Used</th>
<th>Make and Model of Equipment</th>
<th>Serial Number</th>
<th>Minimum Equipment Insurance Amount Required</th>
<th>Hours at delivery</th>
<th>Hours during Lease Term</th>
<th>Rate per Excess Hour</th>
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</tbody>
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Note: Although the Equipment listed above may be described as "New", that description does not mean it was necessarily manufactured in the current year.

I have reviewed and acknowledge and agree that the Equipment description above is accurate and complete.

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**LEASER SIGNATURE**

CITY OF ALBANY, NEW YORK

Lease:

Authorized Signature:

Signature:

Print Name:

Title:

Date: 8-22-16

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NEW YORK ADDENDUM TO LEASE AGREEMENT  
(GOLF EQUIPMENT – MUNICIPAL ENTITIES)

This Addendum to that certain Lease Agreement (together with all Exhibits and this Addendum, the "Agreement") dated as of April 01, 2016, between DLL Finance LLC (together with its successors and assigns, "Lessor"), and City of Albany, New York (together with its successors and assigns, "Lessee"), is incorporated in and is hereby made a part of the Agreement.

Lessee hereby agree that capitalized terms used herein and not otherwise defined herein shall have the terms assigned to such terms in the Agreement and that the following changes and additions shall be made to the Agreement:

1. Section 9 of the Agreement titled "Assignment / Sub-Lease" is hereby deleted and the following Section 9 is hereby inserted in lieu thereof:

   9. Assignment / Sub-Lease. Our interest in, to and under this Agreement and the Equipment may, with the prior written consent of You, which will not be unreasonably withheld, be assigned or reassigned in whole or in part to one or more assignees by Us, and the assignee shall succeed to all of Our rights, remedies, powers and privileges under this Lease, but shall have none of Our obligations. You agree to execute all documents, including chattel mortgages or financing statements that may be reasonably requested by Us or any assignee to protect our or its interest in the Equipment and in this Agreement. You may not assign this Lease or any of Your rights hereunder, nor may You sell, transfer, sublease, rent or lend any Equipment or permit it to be used by anyone other than Your employees without Our prior written consent except as described in section 18.

Except as specifically set forth in this Addendum, all terms and conditions contained in the Agreement remain in full force and effect and are hereby ratified and confirmed.

City of Albany, New York  
Legal Name of Lessee

Signature  
Date 3-22-16

By:  
Print Name:  
Title:  

Name of Lessor  
DLL Finance LLC

Signature  
Date 4-20-16

By:  
Print Name:
Title:  

Lease Number  

Rev 2 2016
Master Maintenance Agreement (Golf Cars - Municipal)

Lease Agreement Number: Q023290
Lessor: DLL Finance LLC
Lessee: CITY OF ALBANY, NEW YORK
Date: 02/25/2016

This Master Maintenance Agreement (the "Agreement") relates to all Equipment, as defined in the Lease Agreement identified above between the Lessee and Lessor identified above (the "Lease"). All capitalized terms shall have the meanings ascribed to them in the Lease. Lessor agrees as follows with respect to each Item of Equipment which is required to be returned:

1. RETURN OF EQUIPMENT. Notwithstanding anything to the contrary contained in the Lease and in addition to the terms and conditions contained therein and herein, Lessee shall, at Lessor's sole cost and expense, return all, but not less than all, of the Equipment described in the Lease to Lessee, or its designee, immediately upon the expiration of the Term of the Lease pursuant to the terms and conditions contained in the Lease and with respect to each Item of Equipment, as applicable, the following must be true:

   (A) all safety equipment must be in place and meet all applicable federal, state and other governmental standards.
   (B) All windshield, covers and guards must be in place with no sheet metal, plastic, or cowling damage.
   (C) All parts, pieces, components and optional equipment must be present, installed and operational. All accessories that accompanied the units and were subject to the Lease, including but not limited to battery chargers, GPS equipment, diagnostic and tuning equipment shall be returned in proper order. Upon request of Lessee, all maintenance records and manuals related to the Equipment.
   (D) All motors shall operate smoothly without overheating and shall have good bearings and bushings.
   (E) All electronic controls shall operate per manufacturer's specifications. Controls which bypass normal operations shall be repaired at Lessee's expense.
   (F) All electrical systems shall be able to provide electrical output as specified by the manufacturer.
   (G) All batteries shall be in good, safe operating condition with no dead cells or cracked cases. Batteries should hold a charge and provide adequate power to operate the equipment.
   (H) All Equipment shall have serviceable brakes and tires (meeting proper air pressure, and without repair patches) and the wheels shall not be dented and/or bent.
   (I) All oil and grease seals must contain lubrication in the manufacturer designated reservoir.
   (J) All Equipment must have a relatively clean appearance.
   (K) All Equipment shall be free from excessive or corrosive major component repair or replacement caused by lack of recommended maintenance as detailed in customer operating/maintenance manual furnished with each item of equipment.
   (L) All Equipment shall be free from structural damage and/or bent frames.
   (M) All Equipment attachments, if any, must be in good condition.

2. RETURN PERFORMANCE. Each Item of Equipment must be able to complete the following tests:

   (A) Operate normally in forward and reverse directions through all the speed ranges or gears.
   (B) Steer normally both right and left in both forward and reverse.
   (C) Have all functions and controls work in normal manner.
   (D) Be able to stop with its service brakes in a safe distance in both forward and reverse.
   (E) Operates without leaking any fluids.
   (F) Perform its designated function in a satisfactory manner.

   Notwithstanding the above, if the total cost of the repairs for all Items of Equipment subject to a Lease is less than $100, Lessor will not bill Lessee.

3. REPAIRS / REQUIRED PURCHASE. If, in Lessor's sole judgment, any Item of Equipment is damaged or does not meet the standards set forth above, or if Lessee fails to discharge its obligations set forth above with regard to any Item of Equipment, Lessee shall pay to Lessor, immediately upon demand, at Lessor's election, (a) the amount which Lessor determines will be necessary to return the Equipment to its required condition and/or to replace missing, damaged or non-performing items or equipment, or (b) Payments due and to become due under the terms of the Lease, Taxes, fees and charges due and to become due under the terms of the Lease, plus the residual value as indicated in Lessor's books and records associated with such Item of Equipment.

4. MISCELLANEOUS. Lessee agrees that a copy of this Agreement bearing a signature of Lessee which was transmitted by facsimile or printed from an electronic file shall be admissible in any legal proceeding as evidence of its contents and its execution by the parties in the same manner as an original document.

Lessee Signature: [Signature]
Print Name: [Print Name]
Title: [Title]
Date: [Date]

Lessor Signature: [Signature]
Print Name: [Print Name]
Title: [Title]
Date: [Date]
ATTENTION: This email came from an external source. Please do not open attachments or click on links from unknown senders or unexpected emails.

Hi Stephanie,

We have waived late charges of $3,185.76 from your account and put it on late charge exempt going forward.

Kind regards,

Tara Moro
Senior Remarketing Specialist
T+1 515 251 3080
F+1 515 334 5834
E+ Tara.Moro@dllgroup.com

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