



November 8, 2002

Mayor Don Wesely
 City Council Members
 County-City Building
 Lincoln, NE 68508

Dear Mayor & Council Members:

I apologize for the short time frame for this ordinance in seeking your approval for leasing motor graders in our snow removal efforts. I also accept full responsibility for not getting this ordinance to you in a more timely manner.

It is a real challenge to identify early in the year the exact numbers needed for leased equipment without knowing the number of contracted units that will be available for snow removal. These contracted units are bid in a September/October time frame, as the contractors and farmers are reluctant to commit as to the availability of their equipment/operator earlier in the year. Combining these contracted units and City units, we can then identify the number of leased equipment needed. This is very important in trying to privatize this work as the suppliers will not keep large graders setting on their lots all winter. They will move them south or to areas where they can be leased or sold during our winter season. They also assured us that the lease needed to be spread over a four (4) month period of time and not anything less, as they needed to cover their costs in keeping the machines locally for that time frame.

In short, I have a real challenge in identifying leased unit numbers, getting lease agreements that meet the needs of suppliers under contract and then have the necessary time for an ordinance approval through the City Council, prior to the lease agreement going into effect. I also apologize for not checking or realizing that even though the City Council approved the budgeted amount for these units, it takes an ordinance approval for us to spend this money on lease agreements in this amount. I certainly regret the inconvenience this has caused.

Sincerely,

Bill Nass
 Maintenance Coordinator

NEBRASKA MACHINERY COMPANY
401 NORTH 12TH STREET
OMAHA NE 68102
EQUIPMENT LEASE

ATTACHMENT "A"

M20289

THIS AGREEMENT made this 1ST day of NOVEMBER, 2002, by and between
CITY OF LINCOLN, its agents, successors and assigns, of
PUBLIC WORKS/UTILITIES 901 NORTH 6TH STREET LINCOLN NE, Zip, 68508
(hereinafter referred to as "Lessee"), and Nebraska Machinery Company, a Nebraska corporation, with offices at
LINCOLN, NE (hereinafter referred to as "Nebraska Machinery").

Nebraska Machinery agrees to lease to Lessee the machinery, attachments, accessories, equipment and other personal property ("the Equipment") as set forth below for use at the location, and at such rental terms and for such period as herein provided.

DESCRIPTION OF EQUIPMENT

CATERPILLAR 140H S/N 2ZK3681 ID U01-325

INTEREST WILL BE CHARGED AT 2% OVER THE NATIONAL PRIME FOR RENTAL PURCHASE TRANSACTIONS.
CUSTOMER IS RESPONSIBLE FOR ANY DAMAGES BEYOND NORMAL WEAR AND TEAR & INSURANCE COVERAGE
WHILE ON RENTAL CONTRACT.

1. **Minimum Guaranteed Term.** Lessee shall lease the Equipment for a Minimum Guaranteed Term of MONTHLY commencing 11/01, 2002, at the Rental Rate provided herein, and Lessee's obligation for rental during such Minimum Guaranteed Term shall not be terminated or suspended by any return or tender of the Equipment to Nebraska Machinery prior to the expiration of such term, nor shall Lessee's obligation for payment of such rental be suspended for any non-working time caused by weather conditions or any other causes during such Minimum Guaranteed Term. Extensions of this lease beyond the Minimum Guaranteed Term shall be only by written agreement by and between Nebraska Machinery and Lessee, and all of the terms and conditions of this lease shall apply to any such extension, unless otherwise specifically provided in such written agreement.

2. **Rental Rate.** Lessee shall pay rent for the Equipment at the rate of \$3,750 per MONTH (the Rental Period) commencing at the time the Equipment is made available at Nebraska Machinery's premises for delivery to Lessee and continuing until it is returned to such premises at the expiration of the Minimum Guaranteed Term or any extension thereof. The Rental Rate is for a Maximum Usage of the Equipment of 100 hours per MONTH. Lessee shall pay additional rent at the rate of \$35 for each hour of use in excess of such Maximum Usage: Hours of use shall be determined by the Service Meter Reading. Service Meter Reading at date of Lease is 2,370. Lessee for any holdover of the Equipment beyond the Minimum Guaranteed Term, or any extension thereof, shall pay the Rental Rate, or a prorated portion thereof based upon the number of calendar days in such holdover period, and additional rent for use, if any, in excess of the Maximum Usage during such period. Acceptance by Nebraska Machinery of rent for any such holdover period shall not constitute a waiver by Nebraska Machinery of its rights to immediate possession of the Equipment. Lessee, prior to delivery of the Equipment, shall pay the Rental Rate for one Rental Period and shall make each subsequent rental payment on or before the first day of each Rental Period thereafter during the Minimum Guaranteed Term, and any extension thereof. Failure to make any such payment when due shall constitute a default by Lessee. Failure by Nebraska Machinery to exercise its rights upon such default shall not be construed as a waiver by Nebraska Machinery of any of its rights upon any subsequent default.

3. **Risk of Loss and Insurance.** The risk of loss or damage to the Equipment shall be upon Lessee. Lessee's obligation for the Rental Rate shall not be suspended for any period during which the Equipment is inoperable due to loss or damage. If the Equipment is lost or damaged to the extent that it can no longer be used, Lessee may, in lieu of replacing such Equipment, immediately pay to Nebraska Machinery all of the rent due for the remaining term of this lease, and all other amounts due and owing Nebraska Machinery, and assign to Nebraska Machinery all of its rights and interest in and to any insurance proceeds payable on account of such loss or damage. Lessee shall indemnify Nebraska Machinery for any loss or damage to the Equipment to the extent that such loss or damage is not compensated by insurance. Said property shall be valued at \$140,000 for insurance purposes. Lessee, at its expense, shall insure the Equipment against loss by fire, theft and other casualties of the type covered by extended coverage insurance and for liability in such amounts and with such carriers as shall be acceptable to Nebraska Machinery with loss payable to Nebraska Machinery. All such insurance policies shall be delivered to and retained by Nebraska Machinery. Failure of Lessee to obtain such insurance coverage shall constitute a default by Lessee in which event Nebraska Machinery may exercise its rights on default or at its option obtain such coverages in which case the cost thereof shall be additional rent payable immediately by Lessee.

I have read, understand, and agree to comply with the conditions of this lease agreement as outlined above and on the reverse side hereof.

Lessor:

Lessee:

NEBRASKA MACHINERY COMPANY

By:

By:

NEBRASKA MACHINERY COMPANY

401 NORTH 12TH STREET

OMAHA NE 68102

EQUIPMENT LEASE

ATTACHMENT 'B'

THIS AGREEMENT made this 1ST day of NOVEMBER, 2002, by and between CITY OF LINCOLN, its agents, successors and assigns, of PUBLIC WORKS/UTILITIES, 901 NORTH 6TH STREET LINCOLN NE, Zip, 68508 (hereinafter referred to as "Lessee"), and Nebraska Machinery Company, a Nebraska corporation, with offices at LINCOLN, NE (hereinafter referred to as "Nebraska Machinery").

Nebraska Machinery agrees to lease to Lessee the machinery, attachments, accessories, equipment and other personal property ("the Equipment") as set forth below for use at the location, and at such rental terms and for such period as herein provided.

DESCRIPTION OF EQUIPMENT

CATERPILLAR 140H S/N 9TN1353 ID N02-024

INTEREST WILL BE CHARGED AT 2% OVER THE NATIONAL PRIME FOR RENTAL PURCHASE TRANSACTIONS. CUSTOMER IS RESPONSIBLE FOR ANY DAMAGES BEYOND NORMAL WEAR AND TEAR & INSURANCE COVERAGE WHILE ON RENTAL CONTRACT.

1. Minimum Guaranteed Term. Lessee shall lease the Equipment for a Minimum Guaranteed Term of MONTHLY commencing 11/01, 2002, at the Rental Rate provided herein, and Lessee's obligation for rental during such Minimum Guaranteed Term shall not be terminated or suspended by any return or tender of the Equipment to Nebraska Machinery prior to the expiration of such term, nor shall Lessee's obligation for payment of such rental be suspended for any non-working time caused by weather conditions or any other causes during such Minimum Guaranteed Term. Extensions of this lease beyond the Minimum Guaranteed Term shall be only by written agreement by and between Nebraska Machinery and Lessee, and all of the terms and conditions of this lease shall apply to any such extension, unless otherwise specifically provided in such written agreement.

2. Rental Rate. Lessee shall pay rent for the Equipment at the rate of \$3,750 per MONTH (the Rental Period) commencing at the time the Equipment is made available at Nebraska Machinery's premises for delivery to Lessee and continuing until it is returned to such premises at the expiration of the Minimum Guaranteed Term or any extension thereof. The Rental Rate is for a Maximum Usage of the Equipment of 100 hours per HOURS. Lessee shall pay additional rent at the rate of \$35 for each hour of use in excess of such Maximum Usage. Hours of use shall be determined by the Service Meter Reading. Service Meter Reading at date of Lease is 82. Lessee for any holdover of the Equipment beyond the Minimum Guaranteed Term, or any extension thereof, shall pay the Rental Rate, or a prorated portion thereof based upon the number of calendar days in such holdover period, and additional rent for use, if any, in excess of the Maximum Usage during such period. Acceptance by Nebraska Machinery of rent for any such holdover period shall not constitute a waiver by Nebraska Machinery of its rights to immediate possession of the Equipment. Lessee, prior to delivery of the Equipment, shall pay the Rental Rate for one Rental Period and shall make each subsequent rental payment on or before the first day of each Rental Period thereafter during the Minimum Guaranteed Term, and any extension thereof. Failure to make any such payment when due shall constitute a default by Lessee. Failure by Nebraska Machinery to exercise its rights upon such default shall not be construed as a waiver by Nebraska Machinery of any of its rights upon any subsequent default.

3. Risk of Loss and Insurance. The risk of loss or damage to the Equipment shall be upon Lessee. Lessee's obligation for the Rental Rate shall not be suspended for any period during which the Equipment is inoperable due to loss or damage. If the Equipment is lost or damaged to the extent that it can no longer be used, Lessee may, in lieu of replacing such Equipment, immediately pay to Nebraska Machinery all of the rent due for the remaining term of this lease, and all other amounts due and owing Nebraska Machinery, and assign to Nebraska Machinery all of its rights and interest in and to any insurance proceeds payable on account of such loss or damage. Lessee shall indemnify Nebraska Machinery for any loss or damage to the Equipment to the extent that such loss or damage is not compensated by insurance. Said property shall be valued at \$250,550 for insurance purposes. Lessee, at its expense, shall insure the Equipment against loss by fire, theft and other casualties of the type covered by extended coverage insurance and for liability in such amounts and with such carriers as shall be acceptable to Nebraska Machinery with loss payable to Nebraska Machinery. All such insurance policies shall be delivered to and retained by Nebraska Machinery. Failure of Lessee to obtain such insurance coverage shall constitute a default by Lessee in which event Nebraska Machinery may exercise its rights on default or at its option obtain such coverages in which case the cost thereof shall be additional rent payable immediately by Lessee.

I have read, understand, and agree to comply with the conditions of this lease agreement as outlined above and on the reverse side hereof.

Lessor:

Lessee:

NEBRASKA MACHINERY COMPANY

By: [Signature]

By: _____

NEBRASKA MACHINERY COMPANY

401 NORTH 12TH STREET

OMAHA NE 68102

EQUIPMENT LEASE

ATTACHMENT "C"

M20284

THIS AGREEMENT made this 1ST day of NOVEMBER, 2002, by and between CITY OF LINCOLN, its agents, successors and assigns, of PUBLIC WORKS/UTILITIES, 901 NORTH 6TH STREET LINCOLN NE, Zip, 68508 (hereinafter referred to as "Lessee"), and Nebraska Machinery Company, a Nebraska corporation, with offices at LINCOLN, NE (hereinafter referred to as "Nebraska Machinery").

Nebraska Machinery agrees to lease to Lessee the machinery, attachments, accessories, equipment and other personal property ("the Equipment") as set forth below for use at the location, and at such rental terms and for such period as herein provided.

DESCRIPTION OF EQUIPMENT

CATERPILLAR 140H S/N ZZK4862 ID U02-168

INTEREST WILL BE CHARGED AT 2% OVER THE NATIONAL PRIME FOR RENTAL PURCHASE TRANSACTIONS. CUSTOMER IS RESPONSIBLE FOR ANY DAMAGES BEYOND NORMAL WEAR AND TEAR & INSURANCE COVERAGE WHILE ON RENTAL CONTRACT.

1. Minimum Guaranteed Term. Lessee shall lease the Equipment for a Minimum Guaranteed Term of MONTHLY commencing 11/01, 2002, at the Rental Rate provided herein, and Lessee's obligation for rental during such Minimum Guaranteed Term shall not be terminated or suspended by any return or tender of the Equipment to Nebraska Machinery prior to the expiration of such term, nor shall Lessee's obligation for payment of such rental be suspended for any non-working time caused by weather conditions or any other causes during such Minimum Guaranteed Term. Extensions of this lease beyond the Minimum Guaranteed Term shall be only by written agreement by and between Nebraska Machinery and Lessee, and all of the terms and conditions of this lease shall apply to any such extension, unless otherwise specifically provided in such written agreement.

2. Rental Rate. Lessee shall pay rent for the Equipment at the rate of \$3,750 per MONTH (the Rental Period) commencing at the time the Equipment is made available at Nebraska Machinery's premises for delivery to Lessee and continuing until it is returned to such premises at the expiration of the Minimum Guaranteed Term or any extension thereof. The Rental Rate is for a Maximum Usage of the Equipment of 100 hours per MONTH. Lessee shall pay additional rent at the rate of \$35 for each hour of use in excess of such Maximum Usage: Hours of use shall be determined by the Service Meter Reading. Service Meter Reading at date of Lease is 1,861. Lessee for any holdover of the Equipment beyond the Minimum Guaranteed Term, or any extension thereof, shall pay the Rental Rate, or a prorated portion thereof based upon the number of calendar days in such holdover period, and additional rent for use, if any, in excess of the Maximum Usage during such period. Acceptance by Nebraska Machinery of rent for any such holdover period shall not constitute a waiver by Nebraska Machinery of its rights to immediate possession of the Equipment. Lessee, prior to delivery of the Equipment, shall pay the Rental Rate for one Rental Period and shall make each subsequent rental payment on or before the first day of each Rental Period thereafter during the Minimum Guaranteed Term, and any extension thereof. Failure to make any such payment when due shall constitute a default by Lessee. Failure by Nebraska Machinery to exercise its rights upon such default shall not be construed as a waiver by Nebraska Machinery of any of its rights upon any subsequent default.

3. Risk of Loss and Insurance. The risk of loss or damage to the Equipment shall be upon Lessee. Lessee's obligation for the Rental Rate shall not be suspended for any period during which the Equipment is inoperable due to loss or damage. If the Equipment is lost or damaged to the extent that it can no longer be used, Lessee may, in lieu of replacing such Equipment, immediately pay to Nebraska Machinery all of the rent due for the remaining term of this lease, and all other amounts due and owing Nebraska Machinery, and assign to Nebraska Machinery all of its rights and interest in and to any insurance proceeds payable on account of such loss or damage. Lessee shall indemnify Nebraska Machinery for any loss or damage to the Equipment to the extent that such loss or damage is not compensated by insurance. Said property shall be valued at \$156,000 for insurance purposes. Lessee, at its expense, shall insure the Equipment against loss by fire, theft and other casualties of the type covered by extended coverage insurance and for liability in such amounts and with such carriers as shall be acceptable to Nebraska Machinery with loss payable to Nebraska Machinery. All such insurance policies shall be delivered to and retained by Nebraska Machinery. Failure of Lessee to obtain such insurance coverage shall constitute a default by Lessee in which event Nebraska Machinery may exercise its rights on default or at its option obtain such coverages in which case the cost thereof shall be additional rent payable immediately by Lessee.

I have read, understand, and agree to comply with the conditions of this lease agreement as outlined above and on the reverse side hereof.

Lessor:

Lessee:

NEBRASKA MACHINERY COMPANY

By: [Signature]

By: _____

NEBRASKA MACHINERY COMPANY
401 NORTH 12TH STREET
OMAHA NE 68102
EQUIPMENT LEASE

ATTACHMENT 'D'

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DESCRIPTION OF EQUIPMENT

CATERPILLAR 140H S/N 9TW1564 ID N02-042

INTEREST WILL BE CHARGED AT 2% OVER THE NATIONAL PRIME FOR RENTAL PURCHASE TRANSACTIONS.
CUSTOMER IS RESPONSIBLE FOR ANY DAMAGES BEYOND NORMAL WEAR AND TEAR & INSURANCE COVERAGE
WHILE ON RENTAL CONTRACT.

1. Minimum Guaranteed Term. Lessee shall lease the Equipment for a Minimum Guaranteed Term of MONTHLY commencing 11/01, 2002, at the Rental Rate provided herein, and Lessee's obligation for rental during such Minimum Guaranteed Term shall not be terminated or suspended by any return or tender of the Equipment to Nebraska Machinery prior to the expiration of such term, nor shall Lessee's obligation for payment of such rental be suspended for any non-working time caused by weather conditions or any other causes during such Minimum Guaranteed Term. Extensions of this lease beyond the Minimum Guaranteed Term shall be only by written agreement by and between Nebraska Machinery and Lessee, and all of the terms and conditions of this lease shall apply to any such extension, unless otherwise specifically provided in such written agreement.

2. Rental Rate. Lessee shall pay rent for the Equipment at the rate of \$3,750 per MONTH (the Rental Period) commencing at the time the Equipment is made available at Nebraska Machinery's premises for delivery to Lessee and continuing until it is returned to such premises at the expiration of the Minimum Guaranteed Term or any extension thereof. The Rental Rate is for a Maximum Usage of the Equipment of 100 hours per MONTH. Lessee shall pay additional rent at the rate of \$35 for each hour of use in excess of such Maximum Usage: Hours of use shall be determined by the Service Meter Reading. Service Meter Reading at date of Lease is 8. Lessee for any holdover of the Equipment beyond the Minimum Guaranteed Term, or any extension thereof, shall pay the Rental Rate, or a prorated portion thereof based upon the number of calendar days in such holdover period, and additional rent for use, if any, in excess of the Maximum Usage during such period. Acceptance by Nebraska Machinery of rent for any such holdover period shall not constitute a waiver by Nebraska Machinery of its rights to immediate possession of the Equipment. Lessee, prior to delivery of the Equipment, shall pay the Rental Rate for one Rental Period and shall make each subsequent rental payment on or before the first day of each Rental Period thereafter during the Minimum Guaranteed Term, and any extension thereof. Failure to make any such payment when due shall constitute a default by Lessee. Failure by Nebraska Machinery to exercise its rights upon such default shall not be construed as a waiver by Nebraska Machinery of any of its rights upon any subsequent default.

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I have read, understand, and agree to comply with the conditions of this lease agreement as outlined above and on the reverse side hereof.

Lessor:

Lessee:

NEBRASKA MACHINERY COMPANY

By: [Signature]

By: _____

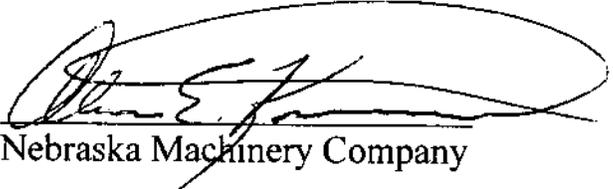


ADDENDUM TO LEASE AGREEMENT DATED NOVEMBER 1, 2002 Caterpillar 140H s/n 9TN1564

The customer will be required to service all rental equipment in accordance with the machine Operators and Maintenance manual. In addition, the customer agrees to the following:

1. All cutting edges will be supplied and maintained by the customer.
2. Moldboard damage caused by hitting road obstructions or by excess wear of the cutting edge will be the customer's responsibility.
3. Tire damage such as cuts or gouges in excess of normal wear will be the customer's responsibility.
4. Insurance coverage will be maintained during the rental period in accordance with the lease agreement.

City of Lincoln


Nebraska Machinery Company

GENERAL OFFICE:
OMAHA
401 N. 12TH ST
OMAHA, NE 68102
402-346-6500
800-628-6025
FAX: 402-346-3964

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FAX: 308-632-3260

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800-898-6239
FAX: 402-474-0118

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DONIPHAN, NE 68832
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800-898-6230
FAX: 402-845-6833

NORFOLK
2514 SOUTH 13TH ST
NORFOLK, NE 68701
402-379-1699
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FAX: 402-379-3573

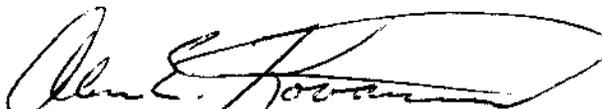


ADDENDUM TO LEASE AGREEMENT DATED NOVEMBER 1, 2002 Caterpillar 140H s/n 9TN1353

The customer will be required to service all rental equipment in accordance with the machine Operators and Maintenance manual. In addition, the customer agrees to the following:

1. All cutting edges will be supplied and maintained by the customer.
2. Moldboard damage caused by hitting road obstructions or by excess wear of the cutting edge will be the customer's responsibility.
3. Tire damage such as cuts or gouges in excess of normal wear will be the customer's responsibility.
4. Insurance coverage will be maintained during the rental period in accordance with the lease agreement.

City of Lincoln



Alan E. Johnson
Nebraska Machinery Company

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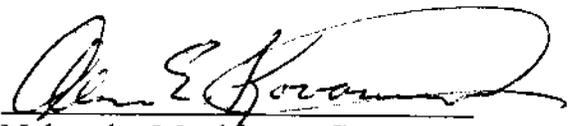


ADDENDUM TO LEASE AGREEMENT DATED NOVEMBER 1, 2002 Caterpillar 140H s/n 2ZK4862

The customer will be required to service all rental equipment in accordance with the machine Operators and Maintenance manual. In addition, the customer agrees to the following:

1. All cutting edges will be supplied and maintained by the customer.
2. Moldboard damage caused by hitting road obstructions or by excess wear of the cutting edge will be the customer's responsibility.
3. Tire damage such as cuts or gouges in excess of normal wear will be the customer's responsibility.
4. Insurance coverage will be maintained during the rental period in accordance with the lease agreement.

City of Lincoln



Nebraska Machinery Company

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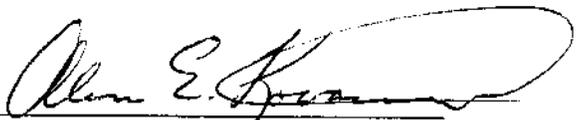


ADDENDUM TO LEASE AGREEMENT DATED NOVEMBER 1, 2002 Caterpillar 140H s/n 2ZK3681

The customer will be required to service all rental equipment in accordance with the machine Operators and Maintenance manual. In addition, the customer agrees to the following:

1. All cutting edges will be supplied and maintained by the customer.
2. Moldboard damage caused by hitting road obstructions or by excess wear of the cutting edge will be the customer's responsibility.
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City of Lincoln



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