

to authorize the execution, delivery and performance hereof; (c) this Lease constitutes a valid and legally binding and enforceable obligation of Lessee; (d) the interest payable by Lessee hereunder is excludable from income for Federal income taxation purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and (e) Lessee has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal year and reasonably believes that funds can be obtained sufficient to make all payments during the term of this Lease. Lessee represents that the use of the Units is essential to Lessee's proper, efficient and economic operation. Lessee acknowledges and agrees that the payments have been calculated by Lessor assuming that the interest portion of each payment is excludable from gross income for Federal income taxation purposes. Lessee represents, warrants and covenants that: (a) Lessee will comply with the information reporting requirements of Section 149(e) of the Code, as the same may be amended from time to time, and such compliance shall include but not be limited to the execution of information statements requested by Lessor; (b) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow, the Lease to be an arbitrage bond within the meaning of Section 148(a) of the Code; (c) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow this Lease to be a private activity bond within the meaning of Section 141(a) of the Code; (d) Lessee will timely pay to the extent of available funds, amounts required to be rebated to the United States pursuant to Section 148(f) of the Code; (e) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow, the interest portion of the payments to be or become includable in gross income for Federal income taxation purposes under the Code; and (f) Lessee will be the exclusive owner, user and operator of the Units, Lessee shall provide to Lessor an opinion of counsel substantially in the form attached hereto.

6. **TAXES:** Lessee agrees to promptly pay or reimburse Lessor for all fees and taxes of any nature, together with any penalties, fines or additions to tax, or interest thereon (all of the foregoing hereafter the "Impositions"), arising at any time prior to, during or subsequent to the Lease term and levied by any taxing authority with respect to or in connection with any Unit, excluding, however, taxes measured by Lessor's net income (of but not excluding any net income taxes which, by the term of the statute imposing such tax, expressly relieve Lessee or Lessor from the payment of any impositions which Lessee would otherwise be obligated to pay or reimburse). If Lessor is not entitled to a corresponding and equal deduction with respect to any Imposition which Lessee is required to pay or reimburse and such payment or reimbursement constitutes income to Lessor, then Lessee shall also pay to Lessor the amount of any Impositions which Lessor is obligated to pay in respect of (a) such payment or reimbursement by Lessee and (b) any payment by Lessee made pursuant to this sentence. Lessee shall prepare and file, in a manner satisfactory to Lessor, any reports or returns which may be required with respect to the Units. For purposes of this Section, "Lessor" shall include any affiliated group, within the meaning of Section 1504 of the Code, of which Lessor is a member for any year in which a consolidated or combined income tax return is filed for the affiliated group.

7. **LOSS OR DAMAGE; INSURANCE:** Lessee assumes all risks and liabilities of loss, damage or Casualty Occurrence (as hereinafter defined) for any cause whatsoever, for condemnation of any Unit prior to, during or subsequent to (until the Unit is returned to Lessor pursuant to Section 10) the Lease term, and for injury to or death of any person or damage to any property in any manner arising out of or incident to the possession, use, operation, condition or storage of the Unit. If any Unit becomes damaged, from any cause whatsoever, Lessee shall give Lessor prompt notice thereof. If Lessor reasonably determines that such damage is not irreparable, then Lessee shall, at its expense, promptly restore the Unit to the condition required by Section 4 above. If any Unit becomes worn out, lost, stolen, destroyed or irreparably damaged (as reasonably determined by Lessor) from any cause whatsoever, or taken by condemnation or otherwise (any such occurrence hereafter a "Casualty Occurrence") prior to, during or subsequent to (until the Unit is returned to Lessor pursuant to Section 10) the Lease term, Lessee shall give Lessor prompt notice thereof. In the event of a Casualty Occurrence, Lessee shall pay to Lessor, on the earlier of (a) the first payment date following such Casualty Occurrence or (b) thirty (30) days following such Casualty Occurrence, a sum (the "Termination Value") equal to (a) the "Beginning Balance" (as specified in the attached Payment Schedule) as of the next payment due following such Casualty Occurrence, plus (b) the amount of the interest portion (as specified in the Payment Schedule) of the next payment due following such Casualty Occurrence multiplied times a fraction the numerator of which is the number of days from the later of (a) the Delivery Date of the Unit or (b) the due date of the payment immediately preceding such Casualty Occurrence until the due date of the payment due hereunder in respect of such Casualty Occurrence and the denominator of which is 360. Lessee, at its expense, shall keep each Unit insured against all risks for not less than the applicable Beginning Balance with respect to such Unit and shall maintain comprehensive public liability insurance covering each Unit for not less than \$1,000,000 for combined coverage for bodily injury and property damage. All insurance shall (a) be in a form and with such companies as Lessor shall approve, (b) specify Lessor (or its designee) and Lessee as named insureds, (c) be primary, without right of contribution from any other insurance carried by Lessor, (d) provide that such insurance may not be cancelled or altered so as to affect the interest of Lessor without at least thirty (30) days' prior written notice to Lessor, and (e) name Lessor (or its designee) as loss payee and be payable solely to Lessor. Lessee agrees to notify Lessor of any occurrence which may become the basis of an insurance claim hereunder and not to make any adjustments with insurers without Lessor's prior written consent. Lessee hereby irrevocably appoints Lessor its attorney-in-fact to receive payment of and endorse all checks and other documents and to take any other actions necessary to pursue insurance claims. Prior to the first Delivery Date of any Unit, Lessee shall delivery to Lessor satisfactory evidence of such insurance coverage.

8. **WAIVER AND INDEMNITY:** LESSEE HEREBY AGREES TO RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS LESSOR, ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS FROM AND AGAINST ANY CLAIMS OF LESSEE OR THIRD PARTIES, INCLUDING CLAIMS BASED UPON BREACH OF CONTRACT, BREACH OF WARRANTY, PERSONAL INJURY, PROPERTY DAMAGE, STRICT LIABILITY OR NEGLIGENCE, FOR ANY LOSS, DAMAGE OR INJURY CAUSED BY OR RELATING TO THE DESIGN, MANUFACTURE, SELECTION, DELIVERY, CONDITION, OPERATION, USE, OWNERSHIP, MAINTENANCE OR REPAIR OF ANY UNIT. FURTHER, LESSEE AGREES TO BE RESPONSIBLE FOR ALL COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED BY LESSOR OR ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS IN DEFENDING SUCH CLAIMS OR IN ENFORCING THIS PROVISION. UNDER NO CONDITION OR CAUSE OF ACTION SHALL LESSOR BE LIABLE FOR ANY LOSS OF ACTUAL OR ANTICIPATED BUSINESS OR PROFITS OR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES.

9. **EVENTS OF DEFAULT; REMEDIES:** Each of the following shall constitute an "Event of Default" hereunder: (a) Lessee shall fail to make any payment to Lessor when due; (b) any representation or warranty of Lessee contained herein or in any document furnished to Lessor in connection herewith shall be incorrect or misleading when made; (c) Lessee shall fail to observe or perform any other covenant, agreement or warranty made by Lessee hereunder and such failure shall continue for ten (10) days after written notice thereof to Lessee; (d) Lessee shall fail to make any payment on its bonded indebtedness when due; or (e) there shall be a default by Lessee under any other agreement between Lessor and Lessee. If any Event of Default shall occur, Lessor, at its option, may (a) proceed by appropriate court action(s) to enforce this Lease or to recover damages for the breach thereof; (b) by notice in writing to Lessee, terminate this Lease, but Lessee shall remain liable as hereinafter provided, and there upon Lessor may, at its option do any one or more of the following: (b-1) recover forthwith from Lessee (i) any and all amounts then due under this Lease or which may have accrued to the date of such termination, (ii) as damages for loss of the bargain and not as a penalty, a sum equal to the payments due with respect to the Units and additional security during the balance of the fiscal year, and (iii) any additional damages and expenses sustained by Lessor by reason of the breach of any covenant, representation or warranty contained in this Lease other than for the payment of amounts due hereunder; (b-2) enforce the security interest given hereunder, (b-3) without notice, liability or legal process, enter upon the premises where any of the Units or additional security may be and take possession thereof, and (b-4) require Lessee to return the Units and additional security as provided in Section 10. Lessor shall have all rights given to a secured party by law. Provided Lessor receives possession of the Units and additional security following an Event of Default, Lessor may, at its option, undertake commercially reasonable effort to sell or re-lease the Units and additional security, and the proceeds of any such sale or re-lease shall be applied: first, to reimburse Lessor for all reasonable expenses of retaking, holding, preparing for sale or re-lease and selling or re-leasing the Units and additional security, including all taxes and reasonable attorney's fees and expenses; second, to the extent not previously paid by Lessee, to pay Lessor all amounts, except those specified below, which under the terms of this Lease are due or have accrued as of the date of Lessor's receipt of said proceeds; third, to pay all late payment charges pursuant to Section 2 hereof; and fourth, to pay Lessor the applicable Termination Value with respect to the Units. Any surplus shall be paid to the person entitled thereto. Lessee shall promptly pay any deficiency to Lessor. Lessee acknowledges that sales for cash or on credit to a wholesaler, retailer or user of the Units are all commercially reasonable. Lessee agrees to pay all reasonable attorney's fees and all costs and expenses incurred by Lessor in enforcing this Lease. The remedies herein provided shall be cumulative and in addition to all other remedies at law or in equity; provided, however, Lessor shall not be entitled to recover a greater amount in damages than Lessor could have gained through Lessee's full, timely and complete performance under this Lease, plus all fees, costs and expenses incurred by Lessor in enforcing this Lease and all late payment charges pursuant to Section 2. If Lessee fails to perform any of its obligations under this Lease, Lessor may (but need not) at any time thereafter perform such obligation, and the expenses incurred in connection therewith shall be payable by Lessee upon demand.

10. **RETURN OF UNIT:** Upon any termination of the term of this Lease with respect to each Unit or if Lessor shall rightfully demand possession of any Unit, Lessee, at its expense, shall forthwith deliver the Unit to Lessor, appropriately protected and in the condition required by Section 4, at the option of Lessor, to the premises of the nearest Caterpillar dealer selling equipment of the same type as the Unit, or on board such carrier as Lessor shall specify and shipping the same, freight collect, to the destination designated by Lessor. If the Unit is not in the condition required by Section 4, Lessee shall pay to Lessor, on demand, all costs and expenses incurred by Lessor to bring the Unit into said condition.

11. **REPORT TO IRS:** Lessee will report this Lease to the Internal Revenue Service by filing Form 8038-G, 8038-GC or 8038 whichever is applicable. Failure to do so will cause the Lease to lose its tax exempt status. Lessee agrees that if the appropriate form is not filed, the interest rate will be adjusted to an equivalent taxable interest rate.

12. **TITLE, SECURITY INTEREST AND FURTHER ASSURANCES:** Provided (a) Lessee has accepted each Unit on its delivery date; (b) the Delivery Date of the Unit is on or prior to the Credit Utilization Date noted on the face hereof; and (c) no Event of Default exists as of the Delivery Date of the Unit, title to each Unit shall vest in Lessee on the Delivery Date of the Unit, provided, however, that in the event (i) this Lease is terminated pursuant to Section 1 hereof, or (ii) an Event of Default has occurred and is continuing, title to the Unit shall immediately revert in Lessor, free of any right, title and interest of Lessee, unless Lessor elects otherwise in writing. Lessee hereby grants to Lessor a continuing security interest in the Units, including all attachments, accessories and optional features (whether or not installed thereon) and all substitutions, replacements, additions and accessions thereto, and all proceeds of all of the foregoing, including, but not limited to, proceeds in the form of chattel paper to secure the payment of all sums due. Lessee will, at its expense, do any further act and execute, acknowledge, deliver, file, register and record any further documents which Lessor may reasonably request in order to protect Lessor's security interest in the Units and Lessor's rights and benefits under this Lease. Lessee hereby appoints Lessor as Lessee's Attorney-in-Fact for the signing and filing of such documents and authorizes Lessor to delegate these limited powers. Lessee further represents and warrants to Lessor that Lessee is and shall remain a Governmental registered in the state of NE ("Business Location"); and Lessee will not change its form of business organization or Business Location without prior written notice to Lessor.

13. **ASSIGNMENT; COUNTERPARTS:** Without the prior written consent of Lessor, no assignment of this Lease or any right or obligation hereunder may be made by Lessee or any assignee of Lessee. Lessor may not assign its right, title and interest in and to this Lease and the Units and/or grant or assign a security interest in this Lease and the Units, in whole or in part. Although multiple counterparts of this document may be signed, only the counterpart accepted, acknowledged and certified by Caterpillar Financial Services Corporation on the signature page thereof as the original will constitute original chattel paper.

14. **EFFECT OF WAIVER:** No delay or omission to exercise any right or remedy accruing to Lessor hereunder shall impair any such right or remedy nor shall it be construed to be a waiver of any breach or default of Lessee. Any waiver or consent by Lessor under this Lease must be in writing specifically set forth. This Lease completely states the rights of Lessor and Lessee with respect to the Units and supersedes all prior agreements with respect thereto. Time is of the essence of this Lease. No variation or modification of this Lease shall be valid unless in writing and signed by the authorized representatives of Lessor and Lessee. All notices hereunder shall be in writing, addressed to each party at the address set forth on the front of this Lease or at such other address as may be furnished in writing. If any provision of this Lease shall be invalid under any applicable law, such provision shall be deemed omitted but the remaining provisions shall be given effect. All obligation of Lessee under this Lease shall survive the expiration or termination of this Lease to the extent required for their full observance and performance.

15. **GENERAL:** This Lease shall be governed by and construed under the laws of the State where the Units are located.

**CATERPILLAR FINANCIAL SERVICES CORPORATION ("CFSC")
CONSTRUCTION EQUIPMENT APPLICATION SURVEY**

Customer Name: CITY OF LINCOLN FLEET SERVICES Location: 901 N 6TH, LINCOLN, NE 68508
 Make: Caterpillar Model: 928G Quantity: 1 Serial Number: MSO JVTT2
 Monthly Usage: 25 Current Hours: 0 Dealer: NEBRASKA MACHINERY COMPANY Dealer Location: OMAHA, Nebraska

******* IMPORTANT INFORMATION *******

RESIDUAL EXCEPTION REQUESTS must be submitted to the CFSC for the following applications: landfill, transfer and recycling stations; demolition, scrap yards and steel mills; salt, chemical, and corrosive environments such as feed lots, dairy farms, rendering plants, mushroom farms, fertilizer and lime handling, salt water areas and all hazardous waste handling; dusty or poor underfoot conditions; all underground mining applications. Any applications requiring unusual attachments, equipment modifications or have non-traditional use of the equipment. Any transaction with five or more of one model.

Please **COMPLETE THE ENTIRE SURVEY** for all transactions including any of the above applications.

MAJOR ATTACHMENTS (Check all that apply):

<input type="checkbox"/> 4 Wheel Drive	<input type="checkbox"/> Slope Board	<input type="checkbox"/> Pallet Forks	<input type="checkbox"/> Landscape Rake	<input type="checkbox"/> Concrete Crusher
<input type="checkbox"/> Auger	<input type="checkbox"/> Tiller	<input type="checkbox"/> Rotator	<input type="checkbox"/> Metal Shear	<input type="checkbox"/> Forks
<input type="checkbox"/> Cab Riser	<input type="checkbox"/> Access Platform	<input type="checkbox"/> Snow Plow	<input type="checkbox"/> Ride Control	<input type="checkbox"/> Long Reach Stick
<input type="checkbox"/> Delimber	<input type="checkbox"/> Block Forks	<input type="checkbox"/> Top Clamp	<input type="checkbox"/> Saw Head	<input type="checkbox"/> Mower
<input type="checkbox"/> Generator	<input type="checkbox"/> Cold Planer	<input type="checkbox"/> Air Conditioner	<input type="checkbox"/> Solid Tires	<input type="checkbox"/> Ripper
<input type="checkbox"/> Lumber Forks	<input type="checkbox"/> E-Stick	<input type="checkbox"/> Broom	<input type="checkbox"/> Trencher	<input type="checkbox"/> Shear Head
<input type="checkbox"/> OHT Body Liner	<input type="checkbox"/> Grapple	<input type="checkbox"/> Compactor	<input type="checkbox"/> All Wheel Steer	<input type="checkbox"/> Special Rims
<input type="checkbox"/> Rotasaw	<input type="checkbox"/> Magnet	<input type="checkbox"/> Feller Buncher	<input type="checkbox"/> Cab	<input type="checkbox"/> Winch

Other: _____

BLADES AND BUCKETS (Check all that apply):

<input type="checkbox"/> "PAT" Blade	<input type="checkbox"/> Side Dump Bucket	<input type="checkbox"/> Landfill Bucket	<input type="checkbox"/> Chip Blade	<input type="checkbox"/> Angle Blade
<input type="checkbox"/> Bottom Dump Bkt	<input type="checkbox"/> "SU" Blade		<input type="checkbox"/> GP Bucket	<input type="checkbox"/> Coal Blade
<input type="checkbox"/> Ejector Bucket	<input type="checkbox"/> Carry Dozer Blade	<input type="checkbox"/> Slag Bucket	<input type="checkbox"/> Multi-Purpose Bkt	<input type="checkbox"/> High Volume Bkt
<input type="checkbox"/> Landfill Blade	<input type="checkbox"/> Front Dump Bucket	<input type="checkbox"/> "U" Blade	<input type="checkbox"/> Straight Blade	<input type="checkbox"/> Rock Bucket

Other: _____

MARKET CATAGORIES (Check All That Apply)

<input type="checkbox"/> Heavy Construction - Airports, Bridges, Dams, Highways/Road	<input type="checkbox"/> Quarry - Granite, Limestone, Sand & Gravel
<input type="checkbox"/> Building Construction - Commercial, Residential, Utilities	<input type="checkbox"/> Forest Products - Loading, Road Construction, Skidding, Timber Harvesting
<input type="checkbox"/> Landscape Construction - Commercial, Residential	<input type="checkbox"/> Forest Products - Mill and Yard Operations
<input type="checkbox"/> Mining - Metals - Copper, Gold, Iron, Lead, Silver, Underground, Uranium, Zinc	<input type="checkbox"/> Industrial - Dairy/Mushroom Farm, Demolition, Feed Lot, Fertilizer/Lime Handling, Landfills, Rendering Plants, Scrap Handling, Steel Mill, Transfer Stations
<input type="checkbox"/> Mining - Non-Metals - Clay, Coal, Oil Sands, Oil Shale, Peat, Underground	<input checked="" type="checkbox"/> Governmental - Road Maintenance, Snow Removal
<input type="checkbox"/> Petroleum & Gas - Exploration and Development, Pipelines	<input type="checkbox"/> Rental Services - Rental Fleets

This application survey is considered to be an integral part of the lease between the Lessor and Lessee. The information obtained from this survey will be of primary importance in the lease payment schedule. Any change in the location, severity of application, annual hourly usage and/or attachments or configuration must be approved in writing by Caterpillar Financial Services Corporation.

**NOTE: APPLICATION SURVEY MUST BE SIGNED BY LESSEE AND AUTHORIZED DEALER REPRESENTATIVE
SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS WHICH ARE PART OF THIS CONTRACT**

For the Lessee: CITY OF LINCOLN FLEET SERVICES

Dealer Management Reviewer:

Date: _____

Date: _____

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Company: _____

Company: _____

CFSC Reviewed by:  _____

LESSEE: CITY OF LINCOLN FLEET SERVICES

LESSOR: CATERPILLAR FINANCIAL SERVICES CORPORATION

"A political agency or subdivision of the State of Nebraska"
ADDRESS: 901 N 6TH
LINCOLN, NE 68508

ADDRESS: 2120 West End Avenue
Nashville, TN 37203

Lessor, in reliance on Lessee's selection of the equipment described below ("Unit" or "Units"), agrees to acquire, lease, let and sell the Units to Lessee, and Lessee agrees to rent, lease, hire and purchase the Units from Lessor.

Description of Unit(s)

(1) New 928G Caterpillar Wheel Loader

Serial#
MSO JVT2

ATTACHMENT "A"

Location of Unit(s): 901 N 6TH
LINCOLN, NE 68508, LANCASTER

Payment Schedule attached. Lease Term: 60 Months

Utilization Date: June 9, 2003

PAYMENT PROVISION:

Lessee shall pay to Lessor payments (including the principal and interest portion) in 5 consecutive annual installments commencing _____

ADDITIONAL PROVISIONS:

RIDERS:

TERMS AND CONDITIONS

1. LEASE TERM; NON-APPROPRIATIONS: The Lease term for each Unit shall commence on its "Delivery Date" (which is the later of the date on which (a) Lessor executes this Lease, (b) Lessor takes title to the Unit, or (c) Lessee or its agent receives possession or takes control of the Unit, provided the Delivery Date is on or prior to the Credit Utilization Date set forth above) and shall continue through the last day of Lessee's fiscal year in which the Delivery Date occurs and, thereafter, shall automatically be extended for successive annual periods coinciding with Lessee's fiscal years. If the Delivery Date is not on or prior to the Credit Utilization Date, Lessee shall, at the option of Lessor, assume Lessor's obligations to purchase and pay for the Unit. Within seven days following the Delivery Date of each Unit, Lessee shall execute and deliver to Lessor a Delivery Supplement using Lessor's standard form. In the event no funds or insufficient funds are appropriated and budgeted or are otherwise not available in any fiscal year for payments due under this Lease, Lessee will immediately notify Lessor of such occurrence and this Lease shall terminate on the last day of the fiscal year for which appropriations were received without penalty or expense to Lessee, except as to the portions of payments herein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available. Notwithstanding the foregoing, Lessee agrees that, to the extent permitted by law, it will not cancel the Lease under the provisions of this Section 1 if any funds are appropriated to it or by it for the acquisition, retention or operation of the Units or other equipment performing functions similar to the Units for the fiscal year in which termination occurs or the next succeeding fiscal year.

2. PAYMENTS; NET LEASE: During the Lease term, Lessee shall pay to Lessor, at PO Box 730669 Dallas, TX 75373-0669, rent for each Unit as stated in the attached Payment Schedule and according to the above Payment Provision. An amount equal to one payment for all of the Units must accompany this Lease. If Lessor accepts and executes this Lease, said amount shall be applied to the first payment due. If Lessor does not execute this Lease, said amount will be returned to Lessee. If Lessor does not receive a payment on the date it is due, Lessee shall pay to Lessor, on demand, a late payment charge equal to the lesser of five percent (5%) of the payment not paid when due or the highest charge allowed by law, whichever is less. This Lease is a net lease, and Lessee shall not be entitled to any abatement or reduction of payment or any setoff against payment, whether arising by reason of any past, present or future claims of any nature by Lessee against Lessor or otherwise. Except as otherwise expressly provided herein, the obligations of Lessor and Lessee shall not be affected by a defect in, damage to, loss of possession or use of any Unit, however caused, by the attachment of any lien or other claim to any Unit, by any interference with Lessee's use of the Unit, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding.

3. DISCLAIMER OF WARRANTIES: Lessee acknowledges and agrees that Lessor is not the manufacturer of the Unit(s) and that Lessee has selected each Unit based on Lessee's own judgment without any reliance whatsoever on any statements or representations made by Lessor. AS BETWEEN LESSOR AND LESSEE, THE UNIT(S) ARE PROVIDED "AS IS" WITHOUT ANY WARRANTIES OF ANY KIND. LESSOR HEREBY EXPRESSLY DISCLAIMS a) ALL WARRANTIES OF MERCHANTABILITY, b) ALL WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, AND c) ALL WARRANTIES AGAINST INFRINGEMENT OR THE LIKE. Lessor assigns to Lessee its interest in any of the manufacturer's warranties on the Unit(s).

4. POSSESSION, USE AND MAINTENANCE: Lessee shall not (a) use, operate, maintain or store any Unit improperly, carelessly, unsafely or in violation of any applicable law or regulation or for any purpose other than in the conduct of Lessee's business; (b) abandon any Unit; (c) sublease any Unit, permit the use of any Unit by anyone other than Lessee, change the use of any Unit from that specified in the attached Application Survey/Usage Rider, or change the location of any Unit from that specified above, without the prior written consent of Lessor, or (d) sell, assign or transfer, or directly or indirectly create or suffer to exist any lien, claim, security interest or encumbrance on any of its rights hereunder or in any Unit. The Units are and shall remain personal property irrespective of their use or manner of attachment to realty. Upon prior notice to Lessee, Lessor or its agent shall have the right (but not the obligation) at all reasonable times to inspect any Unit and maintenance records relating thereto. Lessee shall, at its expense and at all times during the Lease term, maintain the Units in good operating order, repair and condition and shall perform maintenance at least as frequently as set forth in any applicable operator's guide, service manual, and lubrication and maintenance guide for the Units. Lessee shall not alter any Unit or affix any accessory or equipment to any Unit if such alteration or addition would impair the originally intended function or use or reduce the value of such Unit. Any alteration or addition to any Unit shall be the responsibility of and at the sole risk of Lessee. All parts, accessories and equipment affixed to any Unit shall be subject to the security interest of Lessor granted hereunder. If Lessor supplies Lessee with labels stating that the Unit is leased from Lessor, Lessee shall affix and keep them in a prominent place on the Unit.

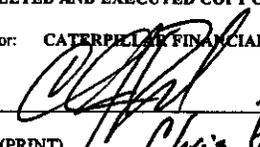
SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS

LESSEE ACKNOWLEDGES HAVING RECEIVED A FULLY COMPLETED AND EXECUTED COPY OF THIS AGREEMENT

Lessee: CITY OF LINCOLN FLEET SERVICES

Lessor: CATERPILLAR FINANCIAL SERVICES CORPORATION

By _____

By  _____

Name (PRINT) _____

Name (PRINT) Chris Pigel

Title _____

Title Territory Manager

Date _____

Date _____

Notwithstanding the provisions of (check appropriate box):

<input type="checkbox"/> Sections 4 and 9 of the Master Tax Lease	<input type="checkbox"/> Sections 5 and 12 of the Finance Lease
<input type="checkbox"/> Sections 4 and 9 of the Master Finance Lease	<input type="checkbox"/> Sections 5 and 13 of the Long-Term Rental Agreement
<input type="checkbox"/> Sections 4 and 9 of the Governmental Lease-Purchase Agreement	

Lessee agrees that each Unit, upon its return, shall:

MAINTENANCE AND GENERAL REQUIREMENTS:

- Give the Lessor sixty (60) days notice prior to the Lease termination date of Lessee's intention to return any and all units to the Lessor.
- Return the units in the same configuration, with all attachments, as when delivered at lease inception. Lessee is responsible for costs, including but not limited to, fees, taxes and duties associated with tear down, loading, shipping and unloading of units to a site designated by the Lessor.
- Ensure the units upon return are thoroughly cleaned, steam cleaned if available, and free from all oil, hydraulic and fuel leaks.
- Operate and maintain all units in accordance with Caterpillar Lubrication and Maintenance and Operators guide books, and insure all maintenance is performed at recommended intervals and only genuine Caterpillar filters and parts are used for all maintenance and repairs. All units must be in good operating condition and be able to perform all tasks under rated load.
- Enroll all units in a Caterpillar dealer Scheduled Oil Sampling (SOS) or comparable program, where available, for the entire term of the lease, and insure all fuels, lubricants, additives, and radiator water is clean and complies with Caterpillar recommended standards.
- Ensure all units are operated only in the applications for which they were designed and manufactured.
- Maintain a working engine hour meter at all times. Keep complete records of all hour meter changes along with major component change outs and routine maintenance and repair records.
- Ensure all service contracts are fully implemented and all maintenance and repairs are made on schedule. Product Improvement Programs (PIP's) must be complete before units are returned. **ATTACH A COPY OF ANY AND ALL REPAIR AND MAINTENANCE CONTRACTS AND PLANNED COMPONENT REPLACEMENT PROGRAMS.**
- Provide a secured place to store off-lease units upon request from the Lessor. Provide access to the units for purposes of maintenance or demonstration to prospective buyers at Lessor's request.

- Ensure all window glass is clear, and free from cracks and major pits, all window frames, doors and weather stripping are complete, and all service access compartment covers and doors, fenders, and other flat metal or plastic surfaces are in good working order and free from dents and cracks.
- Ensure all standard Caterpillar and non-Caterpillar safety items are complete and in good working order, including but not limited to, roll over protection (ROPS) and falling object protection (FOPS) systems, seat belts, steps, safety rails, grab irons, cat walks, fire suppression systems, warning alarms, cameras and monitors.
- Ensure all electrical components, including but not limited to, wiring harness, batteries, alternators, drive belts, lighting and air conditioning systems are complete and in good working order.
- Ensure all repairs made to main structures, including but not limited to, main frames, roller frames, car bodies, swing gears, drawbars, circles, component housings, loader arms, booms, sticks, tag links, loader linkages, truck bodies, buckets, rippers, and arches must be accomplished in accordance with factory recommended materials and repair procedures.

REMAINING LIFE REQUIREMENTS:

- Ensure all ground engaging tools, including but not limited to, buckets, dozer blades, base cutting edges, rippers, scarifiers, drums, feet, tines, screeds, elevator flights, forks, and top clamps have good structural integrity and have fifty percent (50%) minimum remaining life.
- Return all track and rubber belted units with a minimum of fifty percent (50%) remaining life on each and every component, including but not limited to, track shoes, links, pins, bushings, idlers, bogies, sprockets, carrier rollers, and track rollers. Belts can not have any cuts that extend into the cords and must not be missing guide blocks or grouser bars (lugs). Charges will be assessed for each component not meeting the requirement.
- Return all rubber tire units with a minimum of fifty percent (50%) remaining life of the original tread life of each tire. Recapped tires are not acceptable substitutes. All tires must be a matched set with the same tread type and pattern and have no significant cuts or chunking of the tread or side walls. Skid Steer tires are exempt from this provision.

SPECIFIC TIREWARE AND SAFETY REQUIREMENTS:

- Ensure the operator's compartment is clean, and all switches, monitoring systems (EMS, VIMS, VIDS), gages, control levers, pedals, radio, mirrors, seats, insulation and all other contents are complete and in good working order.

LESSOR RETAINS THE RIGHT TO ASK FOR ANY AND ALL REPAIR AND MAINTENANCE RECORDS DURING THE LEASE TERM AND/OR LEASE TERMINATION. A FULL MACHINE INSPECTION MAY BE CONDUCTED AT LESSEE'S EXPENSE ANY TIME EVIDENCE DEMONSTRATES MACHINES ARE BEING ABUSED FROM NEGLIGENCE OR MISAPPLICATION.

REMEDY FOR RETURN CONDITIONS:

Lessee will be invoiced for the parts and labor based on your local Caterpillar dealer's retail prices and retail labor rates to replace tires, undercarriage components, belts and all other non-conforming components as outlined in the "REMAINING LIFE REQUIREMENTS" section of the Mandatory Condition of Equipment Upon Return. The invoiced amounts will be based on the following percentages of remaining life and is payable upon receipt of invoice:

Life Remaining	Charge to Lessee
50% or greater	No charge to Lessee
31% to 49%	50% charge to Lessee
0% to 30%	70% charge to Lessee

MAXIMUM USAGE:

The model listed and equipped as stated above will be operated an estimated total of _____ hours per month over a term of 60 months for total usage during the leasing term of 5000 hours. This total usage combined with any accumulated hours prior to the Lease inception date, as stated above under current hours, will be the total allowable machine hours for the life of the Lease and the basis for any overuse charges.

Total Lease Hours 5000 + Current Hours 0 = Total Allowable Machine Hours 5000

OVERUSE CALCULATION:

In addition to the Lessor's other rights hereunder and not in lieu thereof, Lessee shall pay Lessor additional rent for each hour in excess of the Total Allowable Machine Hours established for the Lease as stated above. This hourly rate shall be \$12.38 per hour. Please note: To avoid overuse charges, notify Cat Financial immediately of any increase in machine usage that will cause the total usage to exceed the "Total Allowable Machine Hours" as stated above. The Lease contract will be adjusted to reflect the correct hour usage.