**STATE FLEET MANAGEMENT**

**VEHICLE LEASE AGREEMENT**

1. **AGREEMENT IDENTIFIERS:**

|  |  |
| --- | --- |
| **Effective Date:** | **July 1, 2022** |
| **Leasing Agency Name (Lessee):** |  |
| **Lessee Agency Code:** |  |
| **Lessee Division Name****(Third-Party Entity; see appendix A):** |  |
| **Lessee Division Code:** |  |

1. **INTRODUCTION:** This Vehicle Lease Agreement, including each applicable exhibit, represents a full and complete agreement (the “Agreement”) between the *South Carolina Department of Administration, Division of State Agencies Support Services, State Fleet Management* (hereinafter known as “Lessor”) and the above named South Carolina county, state or local government entity (hereinafter known as “Lessee”), and if applicable, Lessee’s Third Party Sub-Lessee, as more particularly set forth in the Third Party Subleasing Policies and Agreement, substantially as in the form as set forth in Exhibit A, attached hereto and incorporated herein.

In accordance with this Agreement, when duly authorized, as evidenced by signatures of all parties, and as requested by Lessee, Lessor shall lease, subject to the terms and conditions of this Agreement, to Lessee for official business purposes, new or used, at the discretion of the State Fleet Manager, State-owned vehicles, when such vehicles are available and all required approvals have been obtained. Lessor shall identify all vehicles leased to Lessee in accordance with this Agreement on a schedule substantially as in the form as set forth in Exhibit B (the “Leased Vehicle Exhibit”), attached hereto and incorporated herein. The Leased Vehicle Exhibit shall be updated by Lessor at least quarterly and delivered to Lessee via email in accordance with Sections XV and XVI of this Agreement.

1. **TERM OF LEASE:** This Agreement will be effective on the effective date specified in Section I above. Unless terminated in accordance with the terms of this Agreement, this Agreement will be effective as long as Lessee continues to lease one or more vehicles from Lessor in accordance with the terms of this Agreement. In accordance with Section XVI of this Agreement, one or more leased vehicle(s) may be eliminated as a leased vehicle subject to this Agreement, as reflected quarterly in the Leased Vehicle Exhibit. The Agreement shall continue to apply with respect to all remaining vehicles leased to Lessee. The start date and anticipated end date of the lease term for each particular vehicle will be set forth in the Leased Vehicle Exhibit.
2. **VEHICLE OWNERSHIP:** In accordance with S. C. Code Ann. § 1-11-310, all state motor vehicles are titled to the State of South Carolina and all vehicles leased by Lessee are managed by Lessor. Lessor will pay all costs associated with license plate renewals, where applicable. Lessee has no right to the title, proceeds from the sale, or any other interest in any vehicle leased from Lessor.
3. **VEHICLE MAINTENANCE:**
4. Lessor will make every effort to maintain each leased vehicle in a safe and serviceable condition. Lessor reserves the right to decline to authorize repairs when, in the sole discretion of Lessor, the repairs are not deemed to be in the best interest of the State of South Carolina.
5. All leased vehicles must be serviced through the Commercial Vendor Repair Program (“CVRP”).Specific information regarding the CVRP is available on Lessor’s website. In the event Lessee services, repairs, or incurs any other maintenance costs for a leased vehicle without authorization by the CVRP, Lessee shall pay all costs associated with such service or repair, and Lessor may decline to issue reimbursements for such repairs and/or services.
6. It is the responsibility of Lessee to comply with the schedule of preventive maintenance (“PM Schedule”) identified by Lessor and available on Lessor’s websitefor each leased vehicle, and arrange for timely completion through the CVRP of the preventative maintenance (“PM”). Service requests should be made to the CVRP and purchase orders received from the CVRP prior to admitting any leased vehicle to a repair vendor. In addition to any actual expenses that may be charged to Lessee in accordance with Section VIII of this Agreement as a result of repairs necessitated due to Lessee’s failure to complete PM, failure to adhere to the PM Schedule may result in an additional service fee assessment which will be invoiced to Lessee at Lessor’s discretion.
7. Temporary Vehicle Replacement:

No credit will be issued to Lessee when a leased vehicle is not available or not operational. Lessee may be eligible for a temporary replacement vehicle at no additional Base Rate (in accordance with Section VII of this Agreement) if a leased vehicle must undergo a repair authorized by the CVRP and the vehicle will be out of service in excess of five business days. If Lessee accepts the offered temporary replacement vehicle while the leased vehicle is undergoing such authorized repairs, Lessee must retrieve the temporary replacement vehicle from Lessor as scheduled and return the temporary replacement vehicle to Lessor in a clean, serviceable condition immediately upon release of Lessee’s leased vehicle from servicing. Lessee shall be responsible for all Mileage Rates (in accordance with Section VII of this Agreement) associated with the temporary replacement vehicle until returned to Lessor.

1. Permanent Vehicle Replacement:

In the event that Lessor has determined that the repair of a leased vehicle is no longer cost effective (i.e., the vehicle is considered “deadlined”), Lessor agrees to provide Lessee with a permanent replacement vehicle that is substantially the same in class and age as soon as practicable unless a written request for a different class is submitted by Lessee and approved by Lessor prior to replacement or, if required, ordering.

Lessee has the right to decline any permanent replacement, at which time the lease term for the deadlined vehicle, upon return of such vehicle to Lessor, is deemed terminated.

1. **STATE FUEL SYSTEM PROGRAM (FUEL CARD PROGRAM):**
2. All vehicles leased from Lessor are enrolled in the State Fuel System Program (the “Fuel Card Program”), which provides fuel cards to be used solely in connection with each enrolled vehicle. Specific information regarding the Fuel Card Program is available on Lessor’s website.Lessee shall comply with all requirements as set forth in the Fuel Card Program. Lessee is solely responsible for acquiring fuel card PINs for Lessee personnel and shall emphasize all procedures and policies regarding the Fuel Card Program, including but not limited to, the importance of PIN security to staff.
3. Lessee must use the vehicle-specific fuel card for each leased vehicle’s fuel transactions. Other than acquisition of fuel for the leased vehicle, Lessee may not use the fuel card for any other expenditure unless specifically authorized by Lessor.
4. If a Lessee fails to utilize a leased vehicle’s fuel card to purchase fuel for the leased vehicle or as otherwise specifically authorized by Lessor, Lessor may, at its sole discretion, decline reimbursement to Lessee for any such expenditures.
5. Any unapproved use of the vehicle’s fuel card may be deemed a default under this Agreement pursuant to Section XIII.

**VIII. RATE STRUCTURES:** All leased vehicles are subject to a basic rate structure consisting of a monthly base rate (the “Base Rate”) and a per-mile charge (the “Mileage Rate”), each as more particularly identified in the Leased Vehicle Exhibit. The Base Rate will remain fixed during the lease term for each leased vehicle, except to account for 1) adjustments based on Insurance Reserve Fund (IRF) premium increases or decreases and/or 2) adjustments resulting from the installation, activation, and/or removal of telematics. The Mileage Rate is a variable rate designed to acquire the revenues needed to pay for both fuel and maintenance of each leased vehicle built on a three-year average of all fuel expenses and a five-year average of all maintenance expenses per vehicle class. The parties agree that in determining the applicable Mileage Rate, the one-year period from April 1, 2020 through March 31, 2021 (i.e., the Pandemic Year) will be excluded from any such calculation and, to the extent necessary, a prior year will instead be utilized in determining such averages. Lessor further reserves the right to charge, as part of the Mileage Rate, an additional fuel surcharge to account for market volatility and ensure the Mileage Rate accurately reflects the projected fuel costs to be incurred by Lessor. Such surcharge, when utilized, will be included in the Mileage Rate. The Mileage Rate, including any applicable fuel surcharge, will be analyzed on a semi-annual basis, and rate adjustments (increases or decreases, as appropriate) will be implemented July 1 and/or January 1 (the “Implementation Date”) as particularly set forth in an updated Leased Vehicle Exhibit issued to Lessee at least thirty (30) days prior to any such Implementation Date. Additional charges may apply due to excessive use or damage to the leased vehicle. Lessee agrees that it shall pay all surcharges as set forth in Exhibits B, C and/or D for any leased vehicle for vehicle damage and/or where the miles driven exceed the vehicle average as identified by Lessor. Lessees will be notified of any rate changes prior to the effective billing cycle unless otherwise provided herein, and the Leased Vehicle Exhibit, as amended, will reflect any such adjustment. Upon such notification to the Lessee, the adjustment to the rate will be deemed accepted.

1. **INVOICES**: Lessor shall invoice Lessee monthly for leased vehicle’s Base Rate and Mileage Rate at the address designated by Lessee in Section XV of this Agreement. At the discretion of Lessor, Lessor may invoice Lessee for Accident Review Board (“ARB”) charges and all other charges, including but not limited to excess mileage charges; all costs, expenses, and loss of value related to any leased vehicle deemed by Lessor to be damaged by neglect or abuse (including but not limited to any insurance deductible); any damages resulting from: the use of improper fuel or fluids in any affected leased vehicle, failure to obtain timely PM, and/or unauthorized or self-performed repair attempts; and/or any unauthorized and/or fraudulent use of the fuel card(s).
2. **VEHICLE REPLACEMENT:** Each leased vehicle shall be replaced with a new vehicle of the same class on an approximate, 60-month cycle, unless otherwise determined by Lessor and as reflected by the term set forth in the Leased Vehicle Exhibit. If vehicle replacement has not been made beginning in the 61st month of a particular leased vehicle, unless otherwise set forth in the Leased Vehicle Exhibit, Lessor will reduce that leased vehicle’s Base Rate to a level that accounts for the costs of providing insurance and overhead coverage only. Any reduced rate as set forth in this Article IX shall continue for only such period as the particular leased vehicle has not been replaced and shall immediately cease upon replacement.
3. **LESSEE’S OBLIGATIONS:**

## Lessee agrees to pay Lessor’s invoices within 45 calendar days of the invoice date. Failure to timely pay such invoices may be deemed a default under this Agreement per Section XIII below. Upon continued failure to pay outstanding invoices, the Lessee shall be subject to collections in accordance with SC law.

## Lessee agrees that it is obligated to pay the entire anticipated fiscal year cost of the Agreement for each leased vehicle identified in the Leased Vehicle exhibit, and this obligation will renew yearly.

## Lessee agrees to abide by all State statutes, regulations, policies, procedures, and the terms of this Agreement while possessing and operating vehicles leased pursuant to this Agreement.

## Lessee agrees to participate in and be subject to any review and/or determination of the Lessor’s multi-agency ARB.

## Lessee shall only allow Lessee’s employees or Lessee’s qualified volunteers to drive the leased vehicles and Lessee shall not assign or lend leased vehicles to any other parties without written consent of Lessor. Violation of this clause may result in Lessee being deemed in default pursuant to Section XIII of this Agreement or an immediate default, as determined by Lessor in Lessor’s sole discretion. Lessee will obtain written consent from Lessor prior to allowing any Lessee contractor and/or consultant to drive the leased vehicles.

## Lessee will allow Lessor, upon reasonable prior notice and during Lessee’s normal working hours, to inspect all leased vehicles and observe their use.

## At the expiration of this Agreement, the expiration of the lease term for any particular leased vehicle, or upon demand of Lessor (see SectionXIII: Default*)*, as the case may be, Lessee shall return all applicable leased vehicles in clean and good working condition, reasonable wear and tear excepted, as reasonable wear and tear is more particularly set forth in Exhibit D attached hereto and incorporated herein, to such location designated by Lessor, with all keys, vehicle-specific fuel cards, insurance card, and the vehicle-specific registrations. If the termination does not apply to the Agreement in total, the terms and conditions of this Agreement shall continue to apply to leased vehicles for which the lease term has not expired or been terminated.

## Lessee will not alter the physical characteristics, including but not limited to window tinting and vehicle wrapping of any leased vehicle, without the express, written consent of Lessor. Failure to comply shall result in the Lessee being charged a fee, as determined appropriate by Lessor, to recover the lost value associated with the vehicle alterations, which fee Lessee agrees to promptly pay Lessor upon demand.

## Lessee shall not modify, disable, or remove any safety feature of a leased vehicle. Any failure to comply with this requirement may be deemed to be a default pursuant to Section XIII of this Agreement or an immediate default, as determined by Lessor in Lessor’s sole discretion. Lessee will also be held fully liable for all legal and financial consequences.

## Lessee shall promptly report the odometer reading monthly for each leased vehicle on or before the 10th day of each month following the immediately preceding reporting period via the online reporting tool (i.e. report May’s odometer readings shall be reported between June 1 through June 10). Lessor may deem Lessee to be in default pursuant to Section XIII of this Agreement and may terminate this Agreement if Lessee fails to report odometer readings for more than two consecutive months or fails to report more than three times per fiscal year.

## Lessee shall maintain a trip log as required by S. C. Code Ann. §1-11-270 and the State Fleet Policy Directives (2019).

## In the event of an emergency, Lessee will comply with all Lessor requests relating to any leased vehicle as deemed necessary by Lessor.

1. **OPERATIONAL AND DRIVER LIABILITY:**
2. Lessee shall maintain the leased vehicle registration, insurance card and fuel card in the leased vehicle while in operation.
3. Lessee is solely responsible for the safe, careful, proper and official use of any leased vehicle.
4. Lessee is solely responsible for ensuring that all leased vehicle drivers are actively and appropriately licensed, trained, and informed of all statutes, regulations, policies and procedures that govern the safe, careful, proper, and official use of any vehicle leased in accordance with this Agreement.
5. Lessee will be deemed in default of this Agreement, immediately without any right to cure, if Lessee knowingly allows a driver to continue operating a leased vehicle when such driver is not actively and appropriately licensed, or is in a state of consciousness that is not conducive to the safe operation of a motor vehicle.
6. **GOVERNING LAW:** This Agreement shall be governed in all respects by the laws of the State of South Carolina. Lessor reserves the right to promulgate new, or amend existing State statutes, regulations, policies and procedures concerning the operation of State vehicles without the consent of Lessee.

1. **DEFAULT:** Upon failure of Lessee to make any payment as prescribed in this Agreement, or upon the failure of Lessee to perform any other obligation imposed upon it by this Agreement, and, unless otherwise specified herein, upon the continuance of such failure for 10 calendar days after the provision of written notice, as set forth in Article XV, thereof by Lessor, Lessee shall be deemed to be in default, and Lessor shall have the right to terminate this Agreement either for a particular leased vehicle or in its entirety, recover, as applicable, all leased vehicles, recover overdue payments from Lessee, and recover any costs incurred by Lessor in connection with Lessee’s default and return of the leased vehicle(s), including but not limited to service fees associated with failure to obtain required PM, excess mileage charges and/or unsatisfactorily graded vehicles.
2. **NON-DEFAULT TERMINATION AND REMEDIES:** In addition to termination for default as set forth in Article XIII above, this Agreement may be terminated, or any leased vehicle to this Agreement may be removed from the Agreement by either party with at least 30 calendar days written notice to the other party. Upon the termination of this Agreement, or termination of the leasing of any particular leased vehicle(s), Lessee shall return all applicable leased vehicles on or before the date set by Lessor. The date of return shall serve as the effective termination date of this Agreement or the particular leased vehicle, as the case may be, with respect to the returned vehicle(s), and Lessee shall remit all sums due to Lessor within forty-five (45) days of the effective termination date including but not limited to service fees associated with failure to obtain required PM, excess mileage charges and/or unsatisfactorily graded vehicles.
3. **NOTICES:** All notices and other communications made or required to be given under this Agreement, shall be in writing and mailed and/or emailed to the other party at its address as set forth herein, or at such address as the party may provide in writing from time to time. Emailed notice will be deemed delivered if sent to the email address provided by Lessee in accordance with the terms of this Agreement unless Lessor receives immediate electronic notification that the email was undeliverable.

**Address of Lessor:**

State Fleet Management

 1430 Senate Street, 3rd Floor

 Columbia, SC 29201

 Email: sfmlease@admin.sc.gov

**Address of Lessee:**

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|  |
| Email:  |

**Primary Contact(s) of Lessee:**

|  |  |  |
| --- | --- | --- |
| Contact Name and Title: | Phone Number: | Email Address: |
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|  |  |  |

1. **ENTIRE AGREEMENT:** This Agreement and attached exhibits constitute the entire agreement between the parties with respect to the leased vehicles and, except as otherwise provided herein, may not be amended, altered or changed except upon written agreement signed by all parties. Notwithstanding the foregoing, however, the Leased Vehicle Exhibit, which describes the leased vehicles covered by this Agreement, may be adjusted by Lessor from time to time to reflect the vehicles leased to Lessee, the applicable term for each leased vehicle and the applicable rate structure. The Leased Vehicle Exhibitshall be deemed amended upon delivery of an updated Leased Vehicle Exhibit by Lessor to Lessee at the address or email as set forth in Article XV of this Agreement, unless Lessee disputes the adjusted Leased Vehicle Exhibit in writing within five business days of Lessor’s delivery. In the event of such a dispute, Lessee and Lessor shall work together toward resolution of the dispute and Lessor shall provide an updated Leased Vehicle Exhibit within five business days of notice of the dispute, which updated Leased Vehicle Exhibit shall thereafter be deemed effective. An adjustment to the Leased Vehicle Exhibit will not otherwise alter any other portion or requirement of this Agreement.
2. **SUBLESSEES:** No subleasing will be authorized by Lessor without agreement by Lessee and Sub-Lessee to the Third Party Subleasing Policies and Agreement. It is the responsibility of Lessee to make all Sub-Lessees aware of modifications to this Agreement. Lessee agrees that as between Lessee and Lessor, Lessee accepts full and ultimate responsibility and liability of the actions or inactions of the Sub-Lessee. Lessor may communicate directly with any Sub-Lessee provided that Lessor will include Lessee on all written, telephone, or in-person communication with the Sub-Lessee beyond normal maintenance inquiries with the CVRP.

## ACCEPTED AND AGREED:

**LESSOR: BY: \_\_\_\_\_\_\_**Thomas D Howie III**\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **PRINT NAME:** THOMAS D HOWIE III

**ITS:** STATE FLEET MANAGER

**LESSEE: BY: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **PRINT NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **ITS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**EXHIBITS:**

1. Third Party Subleasing Policies and Agreement
2. Leased Vehicles Exhibit
3. Excessive Mileage Charges
4. Reasonable Wear and Tear

## EXHIBIT A

**THIRD PARTY SUBLEASING POLICIES AND AGREEMENT**

Lessor recognizes that many State, county, or local government agencies utilize third-party entities as their official, quasi-government providers of agency services.However, to participate in Lessor’s vehicle lease program, both Lessee and its third-party provider (“Sub-Lessee”) must agree in full to all terms below.

To provide official certification and authorization of the Sub-Lessee’s ability to operate leased vehicles from Lessor, this document is required to be signed by both Lessee and the Sub-Lessee.

1. All obligations/duties of Lessee under the Leased Vehicle Agreement are obligations and duties of the Sub-Lessee and Sub-Lessee hereby agrees to comply with the terms and conditions of the Leased Vehicle Agreement between Lessee and Lessor dated \_\_\_\_\_\_\_\_\_ (the “Agreement”). In accordance with this Third Party Subleasing Policies and Agreement, Lessee and Sub-Lessee agree to honor and abide by all directives provided in the Agreement with Lessor, in addition to all applicable statutes, regulations, policies, and procedures of the State of South Carolina.
2. No leased vehicle may be issued to Sub-Lessee without prior approval of Lessor as demonstrated by Lessor’s signature below.
3. Lessor reserves the right to communicate solely and directly with Lessee on all business-related issues without involvement of the Sub-Lessee.
4. At its discretion, Lessee may terminate this Third Party Subleasing Policies and Agreement with the Sub-Lessee, but must provide written notification in accordance with the terms of the Agreement to Lessor prior to termination. Upon such termination, Lessee shall: i) return all leased vehicles in accordance with the terms of the Agreement; ii) enter into a new Third Party Subleasing Policies and Agreement with another Sub-Lessee or iii) continue to lease the vehicle in accordance with the Agreement as a vehicle identified in the Leased Vehicle Exhibit.
5. Lessee is responsible for the prompt and accurate reporting of mileage by the Sub-Lessee, as well as trip log maintenance as set forth in Section X of the Leased Vehicle Agreement.

|  |  |
| --- | --- |
| **Sub-Lessee Full Name** |  |
| **Sub-Lessee Physical Address** |  |
| **Sub-Lessee Phone Number** |  |
| **Sub-Lessee Primary Contact (Name, Title and Email)** |  |  |
| **Sub-Lessee Secondary Contact (Name, Title and Email)** |  |  |

**LESSEE: SUB-LESSEE:**

BY: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ BY: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 ITS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ITS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Accepted by Lessor:**

 BY: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 ITS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**EXHIBIT B**

**LEASED VEHICLE EXHIBIT**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  Tag # | VIN | Vehicle Make | Model  | Year  | Class | Last Odometer Reading | Base Rate | Mileage Rate | Start Date+ | Anticipated Lease End Date | Master Lease Y/N\* |
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\* A vehicle which is part of the Master Lease, as indicated with a Y in the designated column, will be replaced with a new vehicle of the same class on an approximate, 60- month cycle. A vehicle which is not part of the Master Lease will be replaced with a new vehicle of the same class as determined appropriate by the State Fleet Manager, in consultation with the SFM Vehicle Replacement Criteria, available on Lessor’s website found as of Effective Date at: <http://www.admin.sc.gov/files/Replacement_Criteria_2006-02-13.pdf>.

+ Start date is the date when the vehicle is delivered or obtained by Lessee.

**EXHIBIT C**

**EXCESS MILEAGE CHARGES**

At such time as a leased vehicle is returned to Lessor, whether at the expiration of this Agreement, the expiration of the lease term for any particular leased vehicle, or upon demand of Lessor (see SectionXIII: Default*)*, as the case may be, Lessee will be charged for excess mileage for each vehicle where the vehicle’s odometer reading exceeds the allowed average base mileage per year, or prorated by month if terminated early.

To best avoid excess mileage charges, Lessor highly encourages Lessee to monitor mileage accrual on all leased vehicles at least semi-annually, and take the necessary steps to reduce the possibility of any leased vehicles accruing excess miles. Excess mileage charges can potentially be avoided by rotating fleet between lower and higher use routes or programs.

|  |  |  |
| --- | --- | --- |
| **VEHICLE CLASSES** | **Allowable Annual Mileage** | **Excess Mileage Charge** |
| Bus – 25+ Passenger | 15,000 | .20/mile |
| Cargo Vans – Full Size and Mini | 18,750 | .20/mile |
| Pickups – All Types | 18,750 | .20/mile |
| Large Trucks – All Configurations | 15,000 | .20/mile |
| Utility Vehicles – All Types | 18,750 | .20/mile |
| Light Duty Passenger Vehicles (Minivans, Sedans, Crossovers/Wagons) | 18,000 | .20/mile |
| Medium Duty Passenger Vehicles (10+ Passenger Vans, ADA Buses, Mini School Buses) | 18,750 | .20/mile |
| Police Vehicles – All Types | 25,000 | .20/mile |

**EXHIBIT D**

**REASONABLE WEAR AND TEAR**

All leased vehicles will be inspected and graded by Lessor, as determined by Lessor in Lessor’s sole discretion, upon return by Lessee. If the leased vehicle is still within lifecycle, as determined in accordance with Article IX (Vehicle Replacement) of the Agreement, damages causing a leased vehicle to be deemed unsatisfactory by Lessor will be charged back to the Lessee at the actual cost of repair.

Lessee may be charged a penalty of up to 20 percent of the current *Black Book* average wholesale value of the leased vehicle when leased vehicles are returned by Lessee to Lessor in unsatisfactory condition at the end of their lifecycles.

Lessees are advised to monitor the condition of the leased vehicles regularly and take the action to prevent accrual of charges for unsatisfactory-graded vehicles.

GRADING CONDITIONS:

|  |  |
| --- | --- |
| SATISFACTORY | UNSATISFACTORY |
| * Vehicle meets acceptable parameters of reasonable wear and tear.
* Reasonable Wear and Tear (and therefore a satisfactory grading) can be defined as:
* Interior:
1. Staining – minor in nature, and can easily be removed via normal detailing.
2. Tears -- No cuts, tears, and/or rips of seating upholstery, carpeting, floor mats or headliner. Normal cracking of vinyl seating from use is acceptable.
3. Burns -- No burns of any interior items.
4. Door Panels – No excessive scratching, scuffing, or loosening of the door panels, including armrests/handles.
5. All interior power components, lighting, gauges, and equipment are functional and undamaged beyond normal wear of printing on switches and knobs.
6. Dashboard and console is free of drilled holes, adhesive, and irremovable staining.
7. Seats and steering wheel are in functional condition.
* Exterior:
1. Scratches and Scuffs –
	1. Scratches and scuffs that do not break the paint, allowing resolution through buffing during vehicle reconditioning.
	2. Scratches that break the paint that are less than 4” in length (maximum three per body panel).
2. Dents & Dings – do not break the paint and are less than 2” in diameter (maximum of two per body panel).
3. Chips – Ten (10) or fewer chips measuring less than ¼”
* Glass and Lenses:
1. One chip less than or equal to ¼” inch in diameter, and not in driver’s line of sight.
2. All exterior lighting lenses are fully intact, with no cracks.
* Tires and Wheels:
1. Each wheel has less than two dents, chips, gouges, scratches measuring no more than 3”.
2. All wheels have matching hubcaps (if applicable).
* Missing/Broken Parts: No (0) missing or broken components; including all safety components.
 | * Vehicle is graded Unsatisfactory when wear and tear is not Reasonable Wear and Tear due to one or more items which exceed the limitations set forth in the definition of Reasonable Wear and Tear (“Excessive Wear & Tear”).
* Examples of Excessive Wear and Tear include but are not limited to:
* Stains that cannot be removed and require actual replacement of the interior section for resolution.
* Cuts, tears, rips, burns of carpet, headliner, and/or upholstery.
* Door panels with damage in excess of reasonable wear and tear parameters.
* Non-operational, malfunctioning, or missing equipment and/or parts.
* Missing keys and fobs.
* Missing spare tires, jack and tools, seats, etc.
* Unrepaired damage caused by the improper installation and removal of aftermarket accessories.
* Scratches, scuffs, dings, dents and chips that are in excess of reasonable wear and tear parameters.
* Broken glass and lighting lenses. Glass chips in excess of reasonable wear and tear parameters.
* Wheel damage in excess of reasonable wear and tear parameters.
* Vehicle can additionally be graded Unsatisfactory when:
* Wheelchair lifts, Lift Gates, and other Hydraulic components do not safely function, or show signs of misuse. Examples of misuse:
1. Dented or bent components
2. Cracked or broken controls
3. Damaged wiring
* Additional equipment installed by and as property of State Fleet (either at vehicle purchase or aftermarket) is non-functional or excessively damaged. Examples of additional equipment include but are not limited to:
1. Winches
2. Step bars/Running boards
3. Ladder Racks
4. Utility/Service Body doors and locking mechanisms
5. ADA Bus powered doors
6. Wheelchair tie-downs
7. Cargo Van cabinetry and bulkheads
 |