

**AGREEMENT FOR THE PURCHASE OF
COMPRESSED NATURAL GAS (CNG) SHUTTLE BUSES**

This Agreement ("Agreement") for the purchase of a fleet of fourteen (14) Compressed Natural Gas ("CNG") shuttle buses is entered into on this ____ day of May, 2012, by and between the City of San Jose ("San Jose"), the City and County of San Francisco ("San Francisco"), collectively, the "Parties".

Recitals

WHEREAS, San Jose is listed as a registered owner of the Certificate of Title of fourteen (14) CNG buses particularly described in Exhibit A, as "Fleet A," which buses have become surplus to San Jose's needs; and

WHEREAS, the Fleet A buses are vehicles suitable as passenger shuttle buses for use in and around the San Francisco International Airport; and

WHEREAS, the identification and physical condition of each of the Fleet A buses is described in Exhibit B to this Agreement, which is incorporated here by reference as if set forth in full; and

WHEREAS, San Francisco desires to purchase Fleet A.

NOW THEREFORE, upon mutual and valuable consideration acknowledged under the terms and conditions of this Agreement, the Parties agree as follows:

Terms and Conditions of Purchase

1. Delivery and Acceptance. Within _____ days of the date of this Agreement, San Jose shall deliver to San Francisco the entire Fleet A. The delivery shall be made at the Penske Truck Leasing Co. offices located at 2380 Lafayette St., Santa Clara, CA, 95050 ("Delivery Location"). The precise date and time of the delivery shall be mutually agreed among the Parties. Delivery shall not be complete unless and until San Francisco accepts delivery of Fleet A.

San Francisco shall accept delivery only upon confirmation that the identification and the physical condition of each bus in Fleet A is as described in Exhibit B. The Parties acknowledge and agree that on January 25, 2012, San Francisco inspected Fleet A and confirmed that the buses are in good working order. San Jose represents that each of the Fleet A buses will be in the same condition as when they were for the January 25 inspection. San Francisco shall re-inspect and confirm the physical condition of the buses, using the January 25 inspection as a baseline. Any repair, restoration, or replacement necessitated by the re-inspection shall be made at the sole expense of San Jose.

At the end of the re-inspection period (or promptly upon completion of any repair/replacement), San Jose shall deliver to San Francisco for each of the buses in Fleet A: (a) a Bill of Sale and Title showing the City and County of San Francisco as the title owner of each bus in Fleet A; (b) all owner/operation/maintenance manuals and maintenance/repair records; (c)

manufacturer warranties (see paragraph 5 below); and (c) two sets of keys. Following receipt of the foregoing items, San Francisco shall be responsible for transportation of the Fleet A buses from the Delivery Location to its own facilities.

2. Purchase Price. Upon acceptance, San Francisco shall pay San Jose the sum of Three Million Four Hundred Thousand Dollars and No Cents (\$3,400,000.00) (the "San Francisco Purchase Price") for Fleet A. Upon payment of the San Francisco Purchase Price, San Francisco shall possess all right, title, and interest in each of the buses in Fleet A. The San Francisco Purchase Price shall constitute full and final payment under this Agreement and San Francisco shall have no further obligation to San Jose with respect to Fleet A.

3. Notice. The following representatives of each party shall be the contact person for purposes of performing the terms of this agreement:

For the City of San Jose

William Sherry
Director of Aviation
1701 Airport Blvd., Suite B-1130
San Jose, CA 95110

For the City and County of San Francisco

John Martin

San Francisco International Airport

4. Manufacturers Warranty; "As-Is." San Jose shall transfer and deliver all manufacturer warranties to San Francisco, including but not limited to any guaranties or warranties as to parts, tires, or other vehicle equipment. Except to the extent the buses comprising Fleet A are under manufacturer warranty, San Francisco accepts the buses "as-is."

5. Fees and Costs. San Francisco shall pay all fees and costs associated with the transfer of title to San Francisco, vehicle registration and any and all other cost and fees associated with vehicle transfers.

6. Taxes. Payment of any and all taxes arising out of this Agreement shall be the obligation of San Francisco.

7. Applicable Law. This agreement shall be construed and enforced in accordance with the laws of the State of California.

8. No Waiver. The omission or failure by any Party to enforce its rights under this Agreement or require the performance of any term, covenant, condition, or provision, shall not itself constitute a waiver of such right and shall not itself preclude the entitled Party from enforcing its rights as a matter of law.

9. Severability. Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired by such Court Order, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the Parties and shall be reformed consistent with Court Order, without further action by the Parties to the extent necessary to make such provision valid and enforceable.

10. Modification. This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.

WITNESS THE EXECUTION HEREOF on the day and year first written above.

City and County of San Francisco

City of San José
a municipal corporation

By: _____
Name: _____
Title: _____
Date: _____

By _____
Name: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

DENNIS J. HERRERA
San Francisco City Attorney

RICHARD DOYLE
San Jose City Attorney

STACEY A. LUCAS
Deputy City Attorney

BRIAN DOYLE
Senior Deputy City Attorney

**EXHIBIT A
SAN JOSE AIRPORT FLEET "A" BUSES**

<u>Penske</u> <u>#</u>	<u>Airport #</u>	<u>VIN #</u>
281371	41	5FYC4FB198C033437
281372	42	5FYC4FB108C033438
281373	43	5FYC4FB128C033439
281374	44	5FYC4FB198C033440
281375	45	5FYC4FB108C033441
281376	46	5FYC4FB128C033442
281377	47	5FYC4FB148C033443
281378	48	5FYC4FB168C033444
281379	49	5FYC4FB188C033445
281380	50	5FYC4FB1X8C033446
281381	51	5FYC4FB118C033447
281382	52	5FYC4FB138C033448
281383	53	5FYC4FB158C033449
281384	54	5FYC4FB118C033450

EXHIBIT B

San Jose Airport Vehicle Inspection.

January 25, 2012 I inspected seven coaches that were in service but parked being rotated daily then inspected two coaches at Penske's yard they just finished repairs they placed in service but not returned to the Airport yet.

All of the coaches exterior body panels are in very good condition, I inspected each vehicles interior which are the same design as SFO Shuttles except the passenger seating which is not cushioned also the Driver seats were a special order compared to our standard model, there are shorter luggage racks otherwise interior is great.

The engine areas are very clean indicating they are keeping up with the PM's, there are some minor items in the engine area that need repair. After running the engines of these Coaches only one had a noticeable issue #46 engine hunting (idle dropping then rising constantly.) I also noticed that the Turbo was replaced recently I informed Chico that this issue needs repairing that it should have been taken care of. We then went across the lot to inspect the five OOS (Out of Service) coaches and found they all had dead batteries, Schedule Inspection next week. At this time we traveled to the Penske's shop to inspect the two coaches as the others they are in good shape engines run good no problems could be seen unable to test drive coaches blocked in by other vehicles.

January 30th returned to inspect the five coaches that were held OOS (Out of Service) they all handled very well for the test drive, their condition also good. Of the five Coaches inspected on Monday the defroster valves were disconnected and bypassed by a straight pipe installed. All of the items found were quick repairs. I also noticed that tune-ups were not indicated on most of the listings or parts list. Penske maintenance documentation on repairs being done seem off, Because many of the item descriptions on the Reports cover a broad area, vague of actual description of work completed, same with parts usage no dating to match up repairs accurately. Being that these are summary Reports & Audit Reports which are not detailed just generic descriptions selections.

These coaches have no sign of transmission problems; the brakes should be coming due in the next two years. Coaches are great just the normal wear and tear on a transit coach.

Unit# 41

Vehicle ID# 281371, VIN- 5FYC4FB198C033437

Mileage 116789

Major Parts Installed

- 4 - Sets of batteries.
- 2 - D2 - Governors.
- 1 - Air Compressor.
- 1 - Alternator, 24v.

Items noticed during inspection.

Fan motor always on Hi speed. (After warmed up it dropped to Lo speed?)

Exhaust Flex pipe leaking.

Driver seat Inop. (Control Switches Inop.)

Defroster area smells of Antifreeze. (Defroster Valve and micro switch removed?)

Trans shifting smooth.

Engine running good.

Inspections & PM's

15 - Complete BC1 PM

17 - Complete BIT Inspection

3 - Complete BC2 PM

1 - Climate Control Inspection & Service

Unit# 42

Vehicle ID# 281372, VIN- 5FYC4FB108C033438

Mileage 109362

Major Parts Installed

- 1 - Sets of Batteries
- 1 – Ramp pump
- 1 – Ign. Module
- 1 – Water pump
- 1 – EXH. Hutchinson bellows
- 1 – Air Compressor
- 1 – 6347642 Kit, Cyl. Head?
- 1 – Brake Chamber RF

Inspections & PM's

- 16 - Complete BC1 PM
- 16 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 2 – Climate Control Inspection & Service

Unit# 43

Vehicle ID# 281373, VIN- 5FYC4FB128C033439

Mileage 120223

Major Parts Installed

- 1 - Sets of Batteries
- 1 – Radiator
- 1 – Water pump
- 1 – EXH. Hutchinson bellows

Inspections & PM's

- 13 - Complete BC1 PM
- 15 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 1 – Low Mileage Interval PM
- 3 – Climate Control Inspection & Service

Repair for Alternator change not on parts usage list?
Cummins Campaign Bulletin # 40-333 Recalibrate ECM.

Unit# 44

Vehicle ID# 281374, VIN- 5FYC4FB 198C033440

Mileage 123670

Major Parts Installed

- 1 - Sets of Batteries
- 1 – D2 – Governor
- 1 – Ign. Coil
- 1 – Water pump
- 1 – EXH. Hutchinson bellows
- 1 - Air Compressor
- 1 – Starter motor
- 1 – 6347642 Kit, Cyl. Head
- 5 – Sets of Spark plug changes (6 to a Set)

Inspections & PM's

- 13 - Complete BC1 PM
- 14 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 0 – Climate Control Inspection & Service
- 1 – Complete State SI / Provincial Motor Vehicle Insp.

Diagnose brake system complaint sent to outside vendor?
(Penske should be able to repair the brakes why send out)
Repair Engine Valve Train, cylinder head. (10/19/11 113930 Cummins Repair?)

Unit# 45

Vehicle ID# 281375, VIN- 5FYC4FB 108C033441

Mileage 109386

Major Parts Installed

- 1 - Sets of Batteries
- 1 - Hose Assy, A/C Suction
- 1 - Power Steering Pump
- 1 - Water pump
- 1 - EXH. Hutchinson bellows
- 2 - Sets of Spark plug changes (6 to a Set)

Items noticed during inspection.

Fan motor pump leaking at gasket.

EXH. Hutchinson bellows pipe leaking.

Alt. oil leak at drain tube.

Defroster area smells of Antifreeze. (Defroster Valve and micro switch removed?)

Air dryer excessive pop off.

Engine Hunting.

Inspections & PM's

- 13 - Complete BC1 PM
- 15 - Complete BIT Inspection
- 3 - Complete BC2 PM
- 5 - Climate Control Inspection & Service

Cummins Campaign Bulletin # 40-333 Recalibrate ECM.

Engine complaint sent to Cummins 11/17/08 12513m.

Engine complaint sent to Cummins 7/28/10 61869m.

Unit# 46

Vehicle ID# 281376, VIN- 5FYC4FB 128C033442

Mileage 105356

Major Parts Installed

- 1 - Sets of Batteries
- 1 - Radiator
- 1 - Rear Air Bellows
- 1 - Alternator
- 1 - D2 - Governor
- 1 - Water pump
- 1 - EXH. Hutchinson bellows
- 1 - Air Compressor
- 2 - Sets of Spark plug changes (6 to a Set)

Inspections & PM's

- 11 - Complete BC1 PM
- 12 - Complete BIT Inspection
- 3 - Complete BC2 PM
- 1 - Climate Control Inspection & Service

Engine complaint sent to Cummins 4/7/10 46875m.

Replaced Turbo Assy. 9/13/11 94930m. (Not listed on parts use.)

Unit# 47

Vehicle ID# 281377, VIN- 5FYC4FB 148C033443

Mileage 127001

Major Parts Installed

- 1 - Sets of Batteries
- 1 – EXH. Hutchinson bellows
- 1 – Air Compressor
- 1 – Radiator (Warranty Repair N/C)

Inspections & PM's

- 13 - Complete BC1 PM
- 15 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 4 – Climate Control Inspection & Service

Engine complaint sent to Cummins 1/28/10 43538m.

Unit# 48

Vehicle ID# 281378, VIN- 5FYC4FB 168C033444

Mileage 113052

Major Parts Installed

- 1 - Sets of Batteries
- 2 – Radiator
- 1 – Ign. Module
- 1 – Water pump
- 1 – EXH. Hutchinson bellows
- 1 – Air Compressor
- 5 – Sets of Spark plug changes (6 to a Set)

Inspections & PM's

- 14 - Complete BC1 PM
- 17 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 1 – Low Mileage Interval PM
- 7 – Climate Control Inspection & Service

Cummins Campaign Bulletin # 40-333 Recalibrate ECM.

Engine complaint sent to Cummins 3/22/10 43002m.

Engine complaint sent to Cummins 4/5/10 43713m.

Cummins Campaign Bulletin # 13-104 Replace Air Comp. inlet hose.

Engine complaint sent to Cummins 11/27/10 65742m.

Unit# 49

Vehicle ID# 281379, VIN- 5FYC4FB 188C033445

Mileage 110645

Major Parts Installed

- 1 – D2 – Governor
- 1 - Sets of Batteries
- 1 – Brake Valve, E10
- 1 – Fan Controller
- 1 – Mass Flow Sensor

Items noticed during inspection.

Turbo was Replaced.

EXH. Hutchinson bellows pipe leaking.

Air dryer excessive pop off.

Defroster area smells of Antifreeze. (Defroster Valve and micro switch removed?)

Inspections & PM's

- 12 - Complete BC1 PM
- 14 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 2 – Climate Control Inspection & Service
- 1 – Complete Federal Provincial Motor Vehicle Insp. Not state. 10/21/09 35853m.

Engine complaint sent to Cummins 8/25/09 33743m.

Engine complaint sent to Cummins 8/26/09 33995m.

Unit# 50

Vehicle ID# 281380, VIN- 5FYC4FB 1X8C033446

Mileage 121462

Parts Installed

- 1 - Sets of Batteries
- 1 – EXH. Hutchinson bellows
- 1 – Air Compressor
- 1 – Ft. Air Bag
- 5 – Sets of Spark plug changes (6 to a Set)

Inspections & PM's

- 14 - Complete BC1 PM
- 16 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 1 – Climate Control Inspection & Service

Diagnose brake system complaint sent to outside vendor? 12/30/08 8902m.

(Penske should be able to repair the brakes why send out)

Engine complaint sent to Cummins 5/21/09 17099m.

Remove Axle Components Non driven Ft.? 4/20/10 42699m.

Mass flow sensor changed 1/17/11 77779m. Not logged on parts list.

Unit# 51

Vehicle ID# 281381, VIN- 5FYC4FB 118C033447

Mileage 116289

Parts Installed

- 1 – D2 – Governor
- 1 - Sets of Batteries
- 1 – Module, VMN
- 1 – Ign. Module
- 1 – Water pump
- 1 – EXH. Hutchinson bellows
- 1 – Air Compressor
- 4 – Sets of Spark plug changes (6 to a Set)

Items noticed during inspection.

Trans up shift, Bang.

Inspections & PM's

- 14 - Complete BC1 PM
- 17 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 1 – Climate Control Inspection & Service
- 1 – Complete Federal Provincial Motor Vehicle Insp. Not state. 10/21/09 35853m.

Engine complaint sent to Cummins 5/30/09 34805m.

Replaced Multiplex Control Module 6/1/10 53549m. (Not logged on parts list)

Unit# 52

Vehicle ID# 281382, VIN- 5FYC4FB 138C033448

Mileage 117347

Parts Installed

- 1 - Sets of Batteries
- 1 – Ign. Module
- 1 – EXH. Hutchinson bellows
- 1 – Air Compressor
- 1 – Radiator (Warranty Repair N/C)
- 1 – Ft. Air Bag
- 3 – Sets of Spark plug changes (6 to a Set)

Inspections & PM's

- 14 - Complete BC1 PM
- 15 – Complete BIT Inspection
- 3 - Complete BC2 PM
- 0 – Climate Control Inspection & Service

Unit# 53

Vehicle ID# 281383, VIN- 5FYC4FB 158C033449

Mileage 118695

Parts Installed

- 1 - Sets of Batteries
- 1 - Fuel flow sensor
- 1 - Water pump
- 1 - EXH. Hutchinson bellows
- 1 - Air Compressor
- 2 - Sets of Spark plug changes (6 to a Set)

Items noticed during inspection.

Engine oil pan Gasket leaking.

(Grease sweep all over ground resent cleaning?)

Defroster area smells of Antifreeze. (Defroster Valve and micro switch removed?)

Alternator, drain tube oil Leak.

Inspections & PM's

- 15 - Complete BC1 PM
- 16 - Complete BIT Inspection
- 3 - Complete BC2 PM
- 0 - Climate Control Inspection & Service

Unit# 54

Vehicle ID# 281384, VIN- 5FYC4FB 118C033450

Mileage 122257

Parts Installed

- 1 - Sets of Batteries
- 1 - Air Compressor
- 2 - Sets of Spark plug changes (6 to a Set)

Inspections & PM's

- 13 - Complete BC1 PM
- 15 - Complete BIT Inspection
- 3 - Complete BC2 PM
- 1 - Climate Control Inspection & Service

Replace Map Sensor 10/26/11 113672m. (Not logged on parts list.)