

TIRE LEASE AGREEMENT

THIS Agreement, dated this 1st day of September, 2016 by and between **BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC**, a Delaware Limited Liability Company, with its principal offices at 535 Marriott Drive – Mileage Sales, Nashville, Tennessee 37214 ("Bridgestone") and **CITY OF BILLINGS**, a government agency in the state of Montana, having an office in Billings, MT ("Operator").

WITNESSETH:

1. TIRES--Bridgestone agrees to lease to Operator and Operator agrees to lease from Bridgestone and use such number of tires as may be sufficient to keep all of Operator's vehicles fully equipped and to provide an adequate reserve supply; provided, however, that Operator shall have the right at any time during the term of this Agreement upon thirty (30) days' prior written notice to Bridgestone, to equip for testing purposes up to five percent (5%) of its vehicle fleet with tires obtained from other suppliers.

As used in this Agreement, "tires" shall mean a casing, tube and flap for a tube type tire and a casing only for a tubeless tire, and "Operator's vehicles" shall, unless otherwise indicated, mean all vehicles referenced in "Bid Specifications" that are owned or operated by Operator, its subsidiaries and affiliated companies at any time during the term of this Agreement.

Tires will be delivered within thirty (30) days of written order.

Rims shall be the property of Operator and extra rims shall be provided by Operator.

2. RATE-- Operator agrees to furnish Bridgestone by the tenth day of each month a report consisting of the following: vehicle number, the beginning and ending Hubodometer/Odometer reading and total miles operated the preceding month on all vehicles fitted with Bridgestone tires ("Monthly Operating Miles"). Bridgestone or its agents shall have the right at any reasonable time during business hours to audit Operator's records for the purpose of verifying actual vehicle mileage. The amount of the regular monthly payment shall be computed by using the applicable billing rate per tire mile in effect during such preceding month, as set forth below. All invoices shall be paid within thirty (30) days of receipt.

Operator agrees that no amounts shall be deducted from or charged back against payments otherwise due Bridgestone hereunder by virtue of claims of any nature which Operator may have or allege against Bridgestone; Bridgestone and Operator agree that such claims shall be resolved by good faith negotiations between the parties wherever possible.

The billing rate per tire mile for other vehicles which may be acquired by the Operator shall be determined in line with the billing rate then in effect, taking into consideration the weight of vehicles, carrying capacities, sizes and types of tires, and such additional billing rate shall be included in this Agreement by amendment.

The billing rate shown below assumes Bridgestone's ability to procure and use such materials and manufacturing methods as were procured and used prior to the date of this Agreement, and are based upon proven experience of mileage delivered thereunder.

ANNUAL TIRE MILE RATE

TIRE SIZE	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR	YEAR FIVE
315/80R22.5	0.005074	0.005175	0.005382	0.005598	0.005822
225/70R19.5	0.005175	0.005279	0.005490	0.005710	0.005938

3. TAXES, CHARGES--Operator agrees to furnish state and federal tax exemption certificate numbers to Bridgestone for any sales, excise, use, processing, disposal or similar tax or fees, including any state imposed new tire fee or tax, imposed upon the goods sold or services rendered hereunder.

4. SERVICE--Except to the extent specifically covered in the Bid Specifications, or by a separate Service Addendum, if any, attached to this Agreement, Operator covenants and agrees to provide all necessary equipment and supplies and to assume complete responsibility for servicing all tires delivered hereunder, including but not limited to driving vehicles to and from tire service location, making all wheel changes, keeping tires inflated to an air pressure recommended by Bridgestone, having air lines conveniently placed to properly take care of the airing of tires, keeping wheels in alignment and brakes properly adjusted, making all **repairs** on tires which may be necessary to keep them in proper running condition, **mounting and demounting** tires from rims, ~~regroove~~ tires (if required), and providing safe and suitable space inside its garage for the secure storage of tires and wheels, and repair and care of the tires and wheels without charge to Bridgestone. Operator further agrees to permit any authorized representative of Bridgestone to make such inspections and to inventory the tires and wheels on vehicles together with extra tires and wheels furnished Operator as spares as Bridgestone deems necessary or advisable. Operator shall at all times advise Bridgestone of the location of vehicles and extra tires and wheels to permit such inspections and inventories.

ADDENDUM A - SERVICE AGREEMENT (INCLUDED IF 1ST COLUMN = "X")

n/a	On-site service
n/a	Off-site service
n/a	Tire service Equipment

In the event Bridgestone shall agree to perform services for Operator, the nature, location, extent and charge for such services shall be as set forth in an Addendum attached to this Agreement and hereby made a part hereof.

5. PURCHASE OF VEHICLES--Vehicles purchased by Operator during the term of this Agreement will be obtained from the manufacturer, or other seller without tires (unless said vehicles are included within the five percent (5%) or less of the fleet upon which Operator has elected to test tires of other suppliers), and Operator will notify Bridgestone thirty (30) days in advance of date required so that Bridgestone may specify and furnish to the manufacturer's continental North American facility or port of demarcation the size and type of tires to be placed on the vehicles. Any tires lost, stolen, or damaged while in the possession of the vehicle manufacturer, or other seller, or while the vehicle is being delivered to the Operator, shall be paid for by Operator on the basis set forth in Paragraph 11 hereof. If any such vehicles equipped with tires furnished by Bridgestone shall be driven overland instead of being shipped, Operator shall pay Bridgestone for use of such tires at the billing rate per tire mile then in effect within thirty (30) days after receipt of invoice.

6. LEASED VEHICLES--Operator represents and warrants that it outright owns all vehicles referenced in Paragraph 1. If, during the term of this Agreement, including any and all addenda, Operator acquires the right to operate any vehicles not owned by it by entering into a rental or other form of agreement with the owner of such vehicles ("Leased Vehicles"), Operator agrees to the following:

- a) Notify Bridgestone of such an agreement;
- b) All leased vehicles will be furnished to Operator less tires in order that said vehicles be equipped with Bridgestone tires. These tires shall be subject to the terms of this Agreement, unless the Leased Vehicles are included under the five percent (5%) testing provision; and
- c) Obtain from the owner of such vehicles, acknowledgment to Bridgestone's ownership and right to possession of all tires supplied under this Agreement, and waives any and all rights to said tires.

Should Operator terminate or otherwise lose possession of any of the Leased Vehicles equipped with Bridgestone tires, Operator shall pay for each tire (including spares) as set forth in Paragraph 11 hereof.

7. SALE OR DISPOSITION OF VEHICLE--Operator shall notify Bridgestone prior to any sale or disposition of any of Operator's vehicles equipped with Bridgestone's tires and, unless Bridgestone requests otherwise, Operator shall purchase the unused mileage in each tire and for any tires and extra tubes which remain in stock after such vehicles have been sold or disposed of which cannot be used on other vehicles in Operator's fleet. Bridgestone shall have the right to request the removal of all serviceable Bridgestone tires on parked or inactive vehicles if they remain parked or inactive for more than ninety (90) days and return such tires to Operator's reserve supply. Said tires shall then be replaced with scrap tires (see Attachment I). Payment for the unused mileage and tubes acquired by Operator under this paragraph shall be on the basis and within the time set forth in Paragraph 11 hereof.

8. LOSS OF TIRES-- The Operator agrees to maintain buses' suspension and steering in accordance with bus manufacturers' alignment specifications and keep brakes properly adjusted. Any tires which have been damaged beyond repair by an accident, malicious abuse, fire, or which have been lost or stolen, shall be paid for by Operator as of the date of accident, loss or theft on the basis, and within the time, set forth in Paragraph 11 hereof. "Abuse" as used herein means a total or partial destruction of a tire by means other than normal wear, including but not limited to destruction caused by running the tire underinflated, overloaded, flat, on bent rims, damage from brake heat, or that are out of alignment, or with chains of the wrong design or that are improperly applied.

9. CONTINGENCIES--In the event of fire, strikes, accidents, consequences of foreign or domestic wars, terrorism, or any cause beyond either party's reasonable control which will delay or interfere with its performance of its obligations hereunder, such performance may, at the option of either party, be suspended during the period required to remove such cause. In the event Bridgestone discontinues the manufacture and marketing of any size or type tire supplied pursuant to this Agreement, Bridgestone shall so notify Operator and, upon written notice by either party to the other, this Agreement and all related agreements between the parties shall be deemed terminated upon the same terms and conditions set forth in Paragraph 11 below, effective ninety (90) days from receipt of such written notice. This Agreement is subject to all present or future governmental regulations affecting production, delivery, sale, use or possession of the products leased hereunder. Operator shall promptly notify Bridgestone of any accident or claims resulting from an alleged tire failure. Operator agrees to defend, save and hold Bridgestone harmless from all claims or actions for damages to property or injury to persons, including death, arising out of the use or possession of products furnished hereunder or the performance of any service related thereto, except for claims or actions that result from defects in material or workmanship of any tire manufactured and furnished by Bridgestone under this Agreement and/or the negligent acts or omissions of Bridgestone, its agents or employees.

Bridgestone agrees to defend, save and hold Operator harmless from all claims or actions for damages to property or injury to persons, including death, to the extent arising out the negligent acts or omissions of Bridgestone, its agents or employees.

10. DEFAULT--In the event Operator should fail to make any payment required hereunder when due, fail to use or service tires furnished hereunder in accordance with Bridgestone's recommendations, fail to report a record of the daily revenue and non-revenue vehicle miles as required in Paragraph 2 hereof, or otherwise fail to comply with any of the terms and conditions of this Agreement, or in the event any voluntary or involuntary proceedings shall be filed against or by Operator under any bankruptcy law or other law for the relief of debtors, or Operator's credit shall in any manner become impaired, (a.) Bridgestone shall have the right, at its option, without prejudice to any other rights and remedies, to stop shipping tires, (b.) such event shall constitute a default by Operator hereunder. Upon the occurrence of any such default, Bridgestone shall upon thirty (30) days' prior written notice to Operator terminate this Agreement and, upon any exercise of such right to terminate, Operator shall at the sole election of Bridgestone forthwith return Bridgestone's property furnished hereunder, or make payment therefore as of the date of termination on the basis and

within the time set forth in Paragraph 11 hereof. Upon the failure or refusal of the Operator to return said property, Bridgestone may enter upon the premises of Operator and repossess said property with or without process of law. Termination of this Agreement shall not relieve Operator from its obligations to make all payments required hereunder or from liability for damages for breach of this Agreement in accordance with the terms thereof. Without limiting any other provision hereof, Operator specifically agrees that it shall be responsible for and pay any and all attorney fees, court costs and other expenses incurred by Bridgestone in collecting amounts owed by Operator hereunder or enforcing any other right under this Agreement. Failure of Bridgestone to terminate this Agreement as herein provided on any breach by Operator shall not operate as a waiver by Bridgestone of its right to terminate this Agreement as herein provided upon any subsequent breach by Operator.

11. TERMINATION--Upon the termination by full performance and expiration of this Agreement, unless the parties enter into a new Tire Lease Agreement to become effective immediately, Operator will, within thirty (30) days after termination pay for the unused mileage in each remaining tire on vehicles, in Operator's garage, in process of repair or retreading, in transit or in stock, that have been assigned by Bridgestone to Operator's fleet in accordance with the provisions hereof.

The remaining mileage for original and retread tires shall be determined by multiplying the percentage of tread rubber remaining times the tire mileage average times the effective tire rate.

	<u>TIRE MILEAGE AVERAGE</u>
315/80R22.5	60,000
225/70R19.5	30,000

When a tire is not available for inspection to apply the above calculation(s) whether lost, stolen or otherwise missing, or destroyed by fire, or involved in an accident, reimbursement shall not be in excess of fifty percent (50%) of the current value of a similar tire, unless Bridgestone can provide an auditable accounting of the tire's accurate mileage just prior to the loss.

The foregoing notwithstanding, Operator may upon thirty (30) days written notice via CERTIFIED MAIL prior to the expiration date of this Agreement, and all addenda, elect to continue using ("run out") all the tires in Operator's possession at the rate or rates in effect during the period prior to termination until permanently removed from service, but in no event shall such period exceed thirty-six months after the normal termination date.

During said thirty-six month period, Operator shall to the extent practicable, continuously use such tires on its highest mileage runs until they are rendered permanently unfit for service. During said run out period all terms and conditions of this Agreement shall continue in effect; provided, however, that Bridgestone shall not be obligated to furnish any equipment, supplies, or service to Operator or to furnish replacement tires for those tires removed from service.

At the expiration of said run out period, Operator shall pay for remaining original tread tires and for tubes at the price and in the manner set forth above. Any payment for tires and tubes required to be purchased by Operator under this Paragraph 11 or any other provision of this Agreement shall be made within thirty (30) days after date of invoice covering purchase thereof. Operator will acquire each such used tire as is, and Bridgestone makes no warranties as to the condition or fitness for continued use of such tires.

12. TITLE--The title to, and ownership of, all tires, and equipment, if any, furnished under this Agreement shall remain with Bridgestone until Operator, if required to do so hereunder, has made complete payment therefore. Operator agrees to assume the responsibility for the safekeeping of all such tires and any equipment, and to reimburse Bridgestone for any loss resulting from Operator's failure to safely keep such tires and any equipment.
13. SECURITY INTEREST--For the purpose of securing payment of all sums that may be owed by Operator to Bridgestone, including but not limited to payment for mileage run and for any tires required to be purchased by Operator hereunder, Operator hereby grants to Bridgestone a security interest in and to any tires or equipment furnished by Bridgestone in which Operator, by virtue of present or future laws or the operation of this Agreement, has or is deemed to have an interest, wherever the same may be, and in any proceeds from the sale or other disposition of said tires or equipment. Operator further agrees to join in the execution, execute, or cause to be executed at any time such Financing Statements, Continuation Statements, and other documents as Bridgestone shall deem necessary or advisable to protect its rights in and to any goods leased hereunder and/or perfect or continue perfected the security interest given in this Agreement.
14. ASSIGNMENT--Neither party shall sell, transfer, sublease or assign any of its rights or interest under this Agreement, in whole or in part, to any other person, corporation, partnership or authority, without the prior written consent of the other party, which consent shall not be unreasonably withheld. In the event of any such sale, transfer, sublease or assignment with Bridgestone's consent, Operator shall remain fully bound by the terms hereof, including but not limited to the prompt payment for all mileages run, unless and until Operator is relieved of such obligations in writing by Bridgestone.
15. LIABILITY LIMITATION--In no event shall Operator be entitled to recover from Bridgestone any indirect, speculative or incidental damages arising hereunder, except that nothing herein shall limit or otherwise restrict the right of Operator to seek recovery (a) either directly or by way of contribution or indemnity, for damages actually or allegedly sustained by third parties which arise, or are claimed to arise, from the negligence, willful acts and/or strict liability of Bridgestone or (b) for direct damage to Operator's property.
16. ENTIRE AGREEMENT--This Agreement, Attachment I, the Bid Specifications and all its addenda, if any, (including any other agreement specifically referred to herein) contains the entire understanding of the parties hereto with respect to the subject matter hereof and there are no other agreements, understandings, representations or warranties, whether express, implied, statutory or otherwise, other than as set forth herein.

This Agreement cannot be amended except in writing signed by officers of both parties.

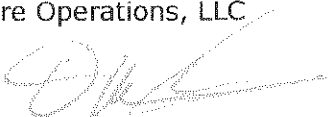
This Agreement shall be construed and enforced in accordance with the laws of the State of Montana. Venue for any suit between the parties arising out of this Agreement shall be the State of Montana Thirteenth Judicial District Court, Yellowstone County.

17. TERM OF AGREEMENT--The term of this Agreement shall be from September 1, 2016 through August 31, 2017 with an additional four (4) one (1) year periods exercisable by either party with thirty (30) days advance notice. If no termination is filed by Operator then each subsequent year will continue per the Agreement rates. At such termination date, unless the parties enter into a new mileage Agreement to become immediately effective, the rights and obligations of the parties hereto shall be set forth in Paragraph 11.

IN WITNESS WHEREOF, the said parties, by the hand of their respective officers authorized to do so, have signed this Agreement in duplicate the day and year first above written.

Bridgestone Americas
Tire Operations, LLC

Operator-
City of Billings

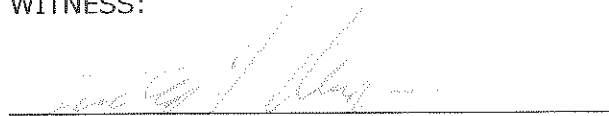


Name: D. Warren Dickinson
Title: Manager of Mileage Sales

Name Title

WITNESS:

WITNESS:



DATE:

DATE:

8/17/16

ATTACHMENT I

TIRE LEASE – SCRAP TIRE AGREEMENT

1. It is understood that, in this agreement, a "Scrap Tire" means any non-retreadable tire furnished under the contract which has been determined by Bridgestone and agreed to by a Maintenance Foreman to be permanently unfit for further service under the contract.
2. Bridgestone will furnish scrap tires, if available, for the sole exclusive purpose of transporting and storing vehicles from garages to a storage facility.
3. In consideration of the above, the Operator shall:
 - A. Use the scrap tires furnished hereunder for the sole and exclusive purpose of transporting and storing vehicles from garages to a storage facility.
 - B. Acquire each scrap tire as is; Bridgestone makes no warranties as to the condition or fitness of such tires for continued use.
 - C. Assume all liability for use and possession of scrap tires furnished under this contract.
 - D. Not file or assert against Bridgestone any claim, action, or cause of action for loss, liability, or damage arising out of the use of or possession of scrap tires furnished under this contract.
 - E. Indemnify and hold Bridgestone harmless against all claims of any party for loss, liability, or damage resulting from Bridgestone furnishing of scrap tires.
4. It is further agreed that the scrap tires provided for storage purposes will be so provided at no cost.
5. Tires to be scrapped are subject to inspection and approval by a Maintenance Foreman before disposition.