



Equipment Lease Agreement

AGREEMENT NUMBER

Ray Morgan Company

This document is written in "Plain English". The words you and your refer to the customer. The words Owner, we, us and our refer to Ray Morgan Company. Every attempt has been made to eliminate confusing language and create a simple, easy-to-read document

CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER

STREET ADDRESS

City of Stockton

425 N El Dorado Street

CITY

STATE

ZIP

PHONE

FAX

Stockton

CA

95202

209-937-8406

209-937-7066

BILLING NAME (IF DIFFERENT FROM ABOVE)

BILLING STREET ADDRESS

Same as Above

CITY

STATE

ZIP

FEDERAL TAX I.D. #

EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE)

Same as Above

MAKE / MODEL / ITEM DESCRIPTION

SERIAL NO.

Canon C800, C800 Speed License, PrismaSync Cont., PrismaSync Activation Kit

Multi-Drawer Paper Deck, Duplex IR, Saddle-Finisher AM2, 2/3 Hole Puncher BS1

VarioPrint DP-135, 135 Speed License, POC Kit, Color Scan to File/Email

Extended Paper Input Module, Saddle-Finisher AK2, Operator Attention Light, Puncher BS1

RENTAL TERMS

RENTAL PAYMENT AMOUNT

SECURITY DEPOSIT

Term in Months

60

Payments of \$ 3,746.00

(plus applicable taxes)

60

(mos.)

Rental Payment Period is Monthly

\$ 0.00

Received

Unless Otherwise Indicated

(plus applicable taxes)

THIS IS A NONCANCELABLE / IRREVOCABLE AGREEMENT. THIS AGREEMENT CANNOT BE CANCELED OR TERMINATED.

TERMS AND CONDITIONS

(THIS AGREEMENT CONTAINS PROVISIONS SET FORTH ON THE REVERSE SIDE ALL OF WHICH ARE MADE A PART OF THIS AGREEMENT)

OWNER ACCEPTANCE

DATED: 2/29/16

OWNER: Ray Morgan Company

SIGNATURE

D. J. Kuebler

TITLE

CFO

CUSTOMER ACCEPTANCE

By signing below, you certify that you have reviewed and do agree to all conditions and terms of this Agreement on this page and on page 2 attached hereto.

DATED:

CUSTOMER:

SIGNATURE

X

TITLE

PRINT NAME

DATED:

CUSTOMER:

SIGNATURE

X

TITLE

PRINT NAME

GUARANTY

As additional Inducement for us to enter into the Agreement, the undersigned ("you") unconditionally, jointly and severally, personally guarantees that the customer will make all payments and meet all obligations required under this Agreement and any supplements fully and promptly. You agree that we may make other arrangements including compromise or settlement with the customer and you waive all defenses and notice of those changes and will remain responsible for the payment and obligations of this Agreement. We do not have to notify you if the customer is in default. If the customer defaults, you will immediately pay in accordance with the default provision of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for us to proceed legally to enforce this guaranty, you expressly consent to the jurisdiction of the court set out in paragraph 15 and agree to pay all costs, including attorneys fees incurred in enforcement of this guaranty. It is not necessary for us to proceed first against the customer before enforcing this guaranty. By signing this guaranty, you authorize us to obtain credit bureau reports for credit and collection purposes.

PRINT NAME OF GUARANTOR:

SIGNATURE

X

Date

ACCEPTANCE OF DELIVERY

You certify that all the equipment listed above has been furnished, that delivery and installation has been fully completed and satisfactory. Further, all conditions and terms of this Agreement have been reviewed and acknowledged. Upon your signing below, your promises herein will be irrevocable and unconditional in all respects. You understand and agree that we have purchased the equipment from the supplier, and you may contact the above supplier for your warranty rights, which we transfer to you for the term of the Agreement. Your approval as indicated below of our purchase of the equipment from the supplier is a condition precedent to the effectiveness of this Agreement.

DATED:

CUSTOMER:

SIGNATURE

X

TITLE

1. AGREEMENT: You agree to rent from us the personal property described under "MAKE/MODEL/ITEM DESCRIPTION" and as modified by supplements to this Master Agreement and from time to time signed by you and us (such property and any upgrades, replacements, repairs and additions referred to as "Equipment") for business purposes only. You agree to all of the terms and conditions contained in this Agreement and any supplement, which together are a complete statement of our Agreement regarding the listed equipment ("Agreement") and supercedes any purchase order or outstanding invoice. This Agreement may be modified only by written agreement and not by course of performance. This Agreement becomes valid upon execution by us and will begin on the rent commencement date and will continue from the first day of the following month for the number of consecutive months shown. You also agree to pay to Owner interim rent for the use of the equipment prior to the due date of the first payment. The term will be extended automatically for successive 12 month terms unless you send us written notice you do not want it renewed at least ninety (90) days before the end of any term. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others.

2. RENT: Rent will be payable in installments, each in the amount of the basic payment shown plus any applicable sales tax, use tax, plus 1/12th of the amount estimated by us to be personal property tax on the Equipment for each year of this Agreement. You will pay the security deposit on the date you sign this Agreement. Subsequent installments will be payable on the first day of each rental payment period shown beginning after the first rental payment period. We will have the right to apply all sums received from you, to any amounts due and owed to us under the terms of this Agreement. In the event this Agreement is not fully completed, the security deposit will be retained by us to compensate us for our documentation, processing and other expenses. If for any reason, your check is returned for nonpayment, a \$20.00 bad check charge will be assessed.

3. OWNERSHIP OF EQUIPMENT: We are the owner of the equipment and have sole title to the equipment (excluding software). You agree to keep the equipment free and clear of all liens and claims.

4. WARRANTY DISCLAIMER: WE MAKE NO WARRANTY EXPRESS OR IMPLIED, INCLUDING THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THAT THE EQUIPMENT IS MERCHANTABLE. YOU AGREE THAT YOU HAVE SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT BASED UPON YOUR OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY US OR ANY SUPPLIER. WE DO NOT TAKE RESPONSIBILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT. THE SUPPLIER IS NOT AN AGENT OF OURS AND NOTHING THE SUPPLIER STATES CAN AFFECT YOUR OBLIGATION UNDER THE AGREEMENT. YOU WILL CONTINUE TO MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST SUPPLIER.

5. LOCATION OF EQUIPMENT: You will keep and use the equipment only at your address shown above and you agree not to move it unless we agree to it. At the end of the Agreement's term, you will return the Equipment to a location we specify at your expense, in retail resaleable condition, full working order, and in complete repair.

6. LOSS OR DAMAGE: You are responsible for the risk of loss or destruction of or damage to the equipment. No such loss or damage relieves you from the payment obligations under this Agreement. You agree to promptly notify us in writing of any loss or damage and you will pay to us the present value of the total of all unpaid payments for the full term plus the estimated fair market value of the Equipment at the end of the originally scheduled term, all discounted at six percent (6%) per year. Any proceeds of insurance will be paid to us and applied, at our option, against any loss or damage.

7. COLLATERAL PROTECTION AND INSURANCE: You agree to keep the equipment fully insured against loss with us as loss payee in the amount of the original cost until this agreement is terminated. ~~You also agree to obtain a general public liability insurance policy from someone who is acceptable to us and include us as additional insured on the policy. You shall provide us with certificates evidencing issuance of these policies. Each policy must include a clause requiring the insurer to give us written notice of any alteration or cancellation of the policy. We are under no duty to ascertain the existence of or examine any such policy or to advise you in the event any such policy does not comply with these requirements. If you fail to provide appropriate property damage coverage certificate, we may enroll you in our property coverage insurance program and bill you a monthly property damage surcharge up to .0035 of the equipment cost as a result of our increased administrative costs and credit risks. We may make a profit on this program. As long as you remain current in the event of a loss (excluding losses resulting from intentional acts), the replacement value of the equipment will be applied against any loss or damage as per paragraph 6. You must be current to benefit from this program. NOTHING IN THIS PARAGRAPH WILL RELIEVE YOU OF YOUR RESPONSIBILITY FOR LIABILITY COVERAGE ON THE EQUIPMENT.~~

8. INDEMNITY: We are not responsible for any loss or injuries caused by the installation or use of the equipment. You agree to hold us harmless and reimburse us for loss and to defend us against any claim for losses or injury caused by the Equipment.

9. TAXES AND FEES: You agree to pay when invoiced all taxes (including personal property tax, fines and penalties) and fees relating to this Agreement or the Equipment. You agree to (a) reimburse us annually for all personal property taxes which we are required to pay as Owner of the Equipment or the remit to us each month our estimate of the monthly equivalent of the annual property taxes to be assessed. We will file all personal property, use or other tax return and you agree to pay us a process fee for making such filings. In addition you agree to pay us a UCC Filing fee of \$35.00 and reimburse us for all costs involved in documenting and servicing this Agreement. You further agree to pay us \$79.50 on the day the first payment is due as the origination fee. We reserve the right to charge a fee upon termination of this Agreement either by trade-up, buy-out or default. Any fee charged under this Agreement may include a profit.

10. ASSIGNMENT: YOU HAVE NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBRENT THE EQUIPMENT OR THIS AGREEMENT. We may sell, assign, or transfer this Agreement. You agree that if we sell, assign, or transfer this Agreement, the new owner will have the same rights and benefits that we have now and will not have to perform any of our obligations. You agree that the rights of the new owner will not be subject to any claims, defenses, or set offs that you may have against us.

11. DEFAULT AND REMEDIES: If you do not pay any rental payment or other sum due to us or other party when due or if you break any of your promises in the Agreement or any other agreement with us, you will be in default. If any part of a payment is more than 5 days late, you agree to pay a late charge of 10% of the payment which is late or if less, the maximum charge allowed by law. If you are ever in default, we may retain your security deposit and at our option, we can terminate or cancel this Agreement and require that you pay (1) the unpaid balance of this Agreement (discounted at 6%); (2) the amount of any purchase option and if none is specified, 20% of the original equipment cost which represents our anticipated residual value in the equipment; (3) and require you to return the equipment to us to a location designated by us at your cost. We may recover interest on any unpaid balance at the rate of 8% per annum. We may also use any of the remedies available to us under Article 2A of the Uniform Commercial Code as enacted in the State of Owner or its Assignee or any other law. If we refer this Agreement to an attorney for collection, you agree to pay our reasonable attorney's fees and actual court costs. If we have to take possession of the equipment, you agree to pay the cost of repossession. YOU AGREE THAT WE WILL NOT BE RESPONSIBLE TO PAY YOU ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES FOR ANY DEFAULT BY US UNDER THIS AGREEMENT. You agree that any delay or failure to enforce our rights under this Agreement does not prevent us from enforcing any rights at a later time. No remedy set out in this paragraph is intended to be exclusive; each shall be cumulative but only to the extent necessary for us to recover from you those monies for which you are liable. It is further agreed that your right and remedies are governed exclusively by this Agreement and you waive Customer's rights under Article 2A(508-522) of the UCC.

12. UCC FILINGS: You grant us a security interest in the equipment if this agreement is deemed a secured transaction and you authorize us to record a UCC-1 financing statement or similar instrument, and appoint us your attorney-in-fact to execute and deliver such instrument in order to show our interest in the equipment.

13. SECURITY DEPOSIT: The security deposit is non interest bearing and is to secure your performance under this Agreement. Any security deposit made may be applied by us to satisfy any amount owed by you, in which event you will promptly restore the security deposit to its full amount as set forth above. If all conditions herein are fully complied with and provided you have not ever been in default of this Agreement per paragraph 12, the security deposit will be refunded to you after the return of the equipment in accordance with paragraph 6.

14. CONSENT TO LAW, JURISDICTION, AND VENUE: This Agreement shall be deemed fully executed and performed in the state of Owner or its Assignee's principal place of business and shall be governed by and construed in accordance with its laws. If the Owner or its Assignee shall bring any judicial proceeding in relation to any matter arising under the Agreement, the Customer irrevocably agrees that any such matter may be adjudged or determined in any court or courts in the state of the Owner or its Assignee's principal place of business, or in any court or courts in Customer's state of residence, or in any other court having jurisdiction over the Customer or assets of the Customer, all at the sole election of the Owner. The Customer hereby irrevocably submits generally and unconditionally to the jurisdiction of any such court so elected by Owner in relation to such matters. You waive trial by jury in any action between us.

15. UPGRADE/DOWNGRADE PROVISION: AFTER INCEPTION OF THE AGREEMENT AND UPON YOUR REQUEST, WE MAY REVIEW YOUR IMAGE VOLUME AND PROPOSE OPTIONS FOR UPGRADING OR DOWNGRADING TO ACCOMMODATE YOUR NEEDS.

16. TRANSITION BILLING: In order to provide an orderly transaction and a uniform billing cycle, the "Effective Date" of this Agreement will be the twentieth (20th) day of the month following installation of the new products (as example, if the new equipment is installed June 5th (the "Installation Date"), the Effective Date of the agreement will be June 20th). Customer agrees to pay a prorated amount for the period between the Installation Date and the Effective Date. The payment for the transition period will be based on the minimum usage payment prorated on a 30 day calendar month and will be added to the customer's first invoice. In addition, should this agreement replace an existing Ray Morgan Company generated previous equipment lease, a CLOSING BILL on the agreement being replaced, up to the Installation Date, will be sent approximately a week to ten days after delivery of the new equipment. Customer agrees to pay for these CLOSING BILL charges as they represent product and services provided under the prior agreement, up to the Installation Date of the new product(s).

17. FINANCE LEASE: This is a "finance lease" as defined in the Uniform Commercial Code warranties ("UCC"). You waive rights under (UCC 2A-303). You may be entitled to the promises and warranties (if any) provided to us by the Supplier, and you may contact the Supplier for a statement thereof. We hereby transfer to you all automatically transferable warranties, if any, made to us by the Supplier. You shall give us access to the Equipment Location to inspect the Equipment, and you agree to pay our related costs.

18. LESSEE GUARANTY: You agree to submit the original master lease documents with the security deposit to the Lessor via overnight courier the same day of the facsimile transmission of the lease documents. Should we fail to receive these originals, you agree to be bound by the faxed or electronic copy of this Agreement with appropriate signatures on both sides of the document. Lessee waives the right to challenge in court the authenticity of a faxed copy of this Agreement and the faxed copy shall be considered the original and shall be the binding Agreement for the purposes of any enforcement action under paragraph #11.

FOR MUNICIPALITIES ONLY

- 18-A. CUSTOMER COVENANTS:** the Customer covenants and warrants that (1) it has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the payments scheduled to come due and to meet its other obligations under the Agreement and such funds have not been expended for other purposes; and (2) that there is no action, suit, proceeding or investigation pending, or threatened in any court or other tribunal or competent jurisdiction, state or federal or before any public board or body, which in any way would (a) restrain or enjoin the delivery of the Agreement or the ability of the Customer to make its Base Payments (as set out above); (b) contest or affect the authority for the execution or delivery of, or the validity of, the Agreement; or (c) contest the existence and powers of the Customer; nor is there any basis for any such action, suit, proceeding or investigation; and (3) That the equipment will be operated and controlled by the Customer and will be used for essential government purposes and will be essential for the term of the Agreement. (4) ~~Customer has not previously terminated an agreement for non-appropriation, except as specifically described in a letter appended hereto.~~

18-B. SIGNATURES: Each signor warrants that he/she is fully conversant with the governing relevant legal and regulatory provisions and has full power and authorization to bind Customer. Signor(s) for Customer further warrant(s) its governing body has taken the necessary steps; including any legal bid requirements, under applicable law to arrange for acquisition of the Equipment; the approval and execution has been in accordance with all applicable open meeting laws; and that a resolution of the governing body of Customer authorizing execution of the Agreement has been duly adopted and remains in full force and effect.

18-C. NON APPROPRIATION: In the event Customer is in default under the Agreement because:

1. Funds are not appropriated for a fiscal period subsequent to the one in which the Agreement was entered into which are sufficient to satisfy all of Customer's obligations under the Agreement during said fiscal period;
2. Such non-appropriation did not result from any act or failure to act of customer;
3. Customer has exhausted all funds legally available for all payment due under the Agreement; and
4. There is no other legal procedure by which payment can be made to Owner. Then, provided that (a) Customer has given Owner written notice of the occurrence of paragraph 1 above thirty (30) days prior to such occurrence; (b) Owner has received a written opinion from Customer's counsel verifying the same within ten (10) days thereafter; and (c) the Customer does not directly or indirectly purchase, rent or in any way acquire any services or equipment supplied or provided for hereunder; upon receipt of the equipment delivered to a location designated by Owner, at Customer's expense, Owner's remedies for such default shall be to terminate the Agreement at the end of the fiscal period during which notice is given; retain the advance payments, if any; and/or sell, dispose of, hold, use or rent the equipment as Owner in its sole discretion may desire, without any duty to account to Customer. 14444 - 12/08/2011 rmcorderpackageV7.6