

Lynn Imaging
Pay for Output Term Agreement

Imaging Equipment

Contract # 12150

Date: August 6, 2012
Customer: LFUCG Division of Water Quality
Address: 125 Lisle Ave
Lexington, Kentucky 40511
Account Number:
Attention: Robert Bowman

Agreement and Procedures

1. Customer has selected the following equipment and options:
HP Designjet T2300ps eMFP Postscript and ePrint & Share
Two roll plotter/printer with 36" scanner.

Customer has ordered a "Pay for Output" (PFO) plan and will issue payment for the first month's supply of prints upon delivery. Customer has ordered the following plan:

- a. One monthly payment of \$160.00 plus \$0.25 per square foot used each month for the following:
 - i. HP T2300ps as configured above
 - ii. Service for all square feet
 - iii. All inks and print heads to produce the above square feet
 - iv. Premium 20lb bond paper size of your choice

Lynn will install equipment and train customer personnel as required.

There is a charge of \$225.00 for delivery and installation based on normal delivery conditions. This amount will be billed upon delivery of the equipment.

2. At the time of installation, Lynn will furnish, free of charge, a supply of 20lb bond paper and additional inks for the equipment.
3. Customer may order a supply of vellum or film that will be billed separately. Customer can receive quantity discounts on all "other" media used for "PFO" program machine.
4. At the end of each month, Lynn will call the customer to determine the number of square feet run and issue an invoice according to the above terms.

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5. Lynn will replace, free of charge, 20lb bond paper based on the feet billed to the customer. Inks & print heads will also be replaced, free of charge, as needed. The customer must specify “for PFO plan” to our Customer Service Representatives when calling on the phone and placing an order to avoid being charged. An email account will be set up with password for customer to order replacement paper, inks and print heads on line.
6. The equipment is and shall remain the exclusive property of Lynn Imaging. This agreement is for a term of three years (36 months). At the end of the term, this agreement shall continue month to month until cancelled by either party with sixty (60) days written notice. The Customer may upgrade equipment as needed. The monthly minimum and square foot charges will be recomputed for the replacement upgrade equipment, and an installation fee will be charged. Lynn reserves the right to terminate this agreement and remove the equipment at any time.
7. The customer agrees that they understand the terms of the agreement of this “PFO” plan including method of billing, linear footage, square footage, number of prints, etc., and agrees to accept this method as an accurate method to be used in calculating payments due to Lynn.
8. Customer agrees to promptly call Lynn if there is a need for repair or service to the equipment. Service under this agreement will be provided during Lynn’s normal business hours.
9. Customer agrees to allow Lynn personnel ready access to this equipment for the purpose of inspection, service, diagnostic reading of printing activity, or removal.
10. Lynn must approve all media, inks and print heads used in this equipment.
11. Lynn reserves the right to remove the equipment and cancel the plan if customer uses media or chemistry that, in Lynn’s opinion, is harmful to the equipment, or in Lynn’s opinion, the equipment is being abused in any way.
12. Lynn reserves the right to remove the equipment at any time the customer’s account is over 60 days past due.
13. Customer agrees that Lynn has the right to withhold the shipment of supplies, or the servicing of equipment, if the customer’s account is 60 days past due.
14. Customer agrees not to attempt any repairs on the equipment, other than through the use of Lynn trained technicians. Customer also agrees not to attach any accessory or modify the equipment in any way without receiving Lynn’s prior approval in writing.
15. Customer agrees to be liable for any damage to the equipment, other than normal wear and tear.

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16. Customer agrees not to move equipment from the original installation location without notifying Lynn and paying Lynn for the preparation and re-installation of the equipment.
17. From the date that the equipment is delivered to customer, customer shall have all the risk of loss to the equipment arising from theft, fire, or disappearance of the equipment. Customer shall provide Lynn with a certificate of insurance covering the equipment naming Lynn as a loss payee.
18. Customer must not move the equipment without notifying Lynn's service department. Customer is responsible for damage caused by an unauthorized move.
19. Customer is a governmental entity that must comply with statutory requirements for annual budgets and appropriations of funds. In the event sufficient monies to provide for the payments required by this Agreement are not appropriated in any upcoming fiscal year during the term of this Agreement, Customer will provide Lynn Imaging with at least thirty (30) days notice of such event and this Agreement will terminate at the end of the current fiscal year. If any payment under the Agreement is not paid when due or Customer otherwise defaults under the Agreement, the entire amount outstanding in the current fiscal year shall at once become due and payable at the option of Lynn Imaging. This amount outstanding will be calculated by determining the number of months remaining in the fiscal year as of the date of default multiplied by Customer's monthly payment obligation, plus any payments past due. Full performance under this agreement requires complete and timely payment until the natural expiration of the term (36 months) or the end of a fiscal year as otherwise provided in this paragraph. Timeliness of payment is of the essence. Lynn Imaging may exercise its option to accelerate during any default by Customer regardless of any prior forbearance.
20. Any of the following events will constitute a default by Customer: the failure of the Customer to pay any obligations as and when due, the failure of the customer to comply with the terms of this agreement, a good faith determination by Lynn Imaging that the prospect for payment is impaired for any reason, or the insolvency or bankruptcy of Customer. Upon default by Customer, Lynn Imaging shall have no obligations to mitigate Customer's damages by renting the equipment to another customer.
21. Should the services of any attorney or collection agency become necessary in connection with enforcing the provisions of this Agreement, Customer agrees to pay a reasonable attorney's fee together with all costs and expenses incident to the collection of amounts due.
22. The parties intend for this to be a lease and not a sale. However, if this Agreement is considered a sale, rather than a lease, Customer grants and pledges to Lynn Imaging a continuing security interest in the equipment to secure prompt repayment of any and all obligations and to secure prompt performance by Customer of each of its covenants and duties under this Agreement. Such security interest constitutes a valid, first priority security interest in the equipment. Notwithstanding any termination, Lynn Imaging's lien on the equipment shall remain in effect for so long as any obligations are outstanding.

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23. Customer may decide to purchase equipment. The purchase price will be based on the following formula:
- a. Add the total published list prices for:
 - i. Equipment
 - ii. Unused supplies
 - iii. Start up kit and supplies
 - iv. Accessories (if applicable)
 - v. Freight
 - vi. Sales tax
 - b. Deduct 1.5% of this price for every full month that the equipment has been in customer's service up to a maximum of 24 months. Minimum selling price will be 64% of original purchase price.

Model: HP T2300ps

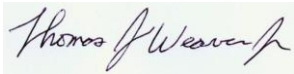
Serial Number: Meter Reading:

Accepted By:

LFUCG

Lynn Imaging

Signature & Title

 Account Manager
Signature & Title

Date

Date