



Pay for Output (“PFO”) Agreement

Customer no. 1004706

Equipment Description TWO (2) HP Designjet XL 3600’s

Contract no. 12448 and 12576

This PFO Agreement is entered into on January 24, 2025 between Lynn Imaging (“Lynn”), 328 Old Vine St. Lexington, Kentucky 40507 and LFUCG Division of Water Quality (“Customer”), 125 Lisle Industrial Ave STE 180, Lexington, KY 40511. The Terms and Conditions attached are an integral part of this agreement.

1. The Effective Date of this agreement will be the date of installation of equipment by Lynn. The equipment covered by this agreement is identified by the description in this agreement.
2. The Initial Term of this agreement will be a period of THIRTY SIX (36) months from the Effective Date. After the Initial Term, this agreement automatically renews on a month-to-month basis until cancelled by either party with thirty (30) days written notice.
3. The equipment, supplies and services covered by this agreement will remain the property of Lynn at all times. The equipment, software, supplies, and services covered in this agreement are:

Equipment

Service

Ink

Other supplies are considered consumables.

Premium 20 lb. bond paper of your choice for the printed square feet (SF)

4. Lynn will charge \$310.00 per machine (the “Base Charge”) per month with a 300 square foot (“SF”) printing allowance per machine for buckets 1 and 2 as defined below. Square foot totals shown on the meters in excess of 300 SF per month will be charged at the rates listed below for buckets 1 and 2. Higher priced buckets will be charged up to their SF totals before other buckets are included in the allowance. The total SF for other buckets as shown on the monthly meters will be charged at the rates listed below without an allowance.

Buckets:

- | | |
|-------------------------|---------------------|
| 1. Mono lines | <u>\$0.16/sqft</u> |
| 2. Color lines | <u>\$0.19/sqft</u> |
| 3. Low density lines | <u>\$0.225/sqft</u> |
| 4. High density lines | <u>\$0.39/sqft</u> |
| 5. Premium color prints | <u>\$0.79/sqft</u> |

5. Customer may order a supply of vellum, film, or special media that will be billed separately. Customer can receive quantity discounts on all “other” media used for “PFO” program equipment.
6. The Customer may upgrade equipment as needed. The monthly base charge, monthly SF allowance and SF bucket charges will be recomputed for the replacement upgrade equipment, and a removal and installation fee may be charged.



Pay for Output ("PFO") Agreement

This Agreement, which includes the Terms and Conditions, is the entire agreement between the parties and may not be modified except in writing and signed by both parties.

Accepted by:

LFUCG Div. of Water Quality

Signature _____

Title _____

Print Name _____

Date _____

Accepted by:

Lynn Imaging

Signature *Brendan Westerfield*

Title Account Executive

Print Name Brendan Westerfield

Date 1-24-25



Pay for Output ("PFO") Agreement

Terms and Conditions

1. Customer understands that the machine will prematurely warn that ink is low. The warnings begin at ink levels that will continue to produce quality prints. Please check your ink levels and do not replace ink until the ink level reaches 2% or lower. You can check the status of the ink levels by following the machine instructions. To keep your printing cost low, this contract assumes you agree to not replace inks early. Replacing ink tanks prior to them reaching 2% or lower may result in additional charges.¹
2. Each month on the day that corresponds to the Effective Date, Customer will provide Lynn a meter reading. Lynn will charge for the printed SF run since the previous meter reading. Lynn will install, with Customer approval, meter reading software to report meter readings automatically. The software will reduce the time Customer employees spend obtaining meter reads and reporting them. Lynn will send an invoice and an overage statement electronically each month. The attached Information Sheet provides Lynn with required contact information for this purpose.
3. When the automatic meter reading software is not available or not functioning for the machine, it is the responsibility of the customer to call Lynn with the current reading. If a reading is not provided within five (5) days following the monthly anniversary of the Effective Date, then Lynn will bill the usage based on the previous month's reading.
4. Supplies, including paper, provided under the terms of this agreement are for use only in the equipment specified in and covered by this agreement. Quantities considered by Lynn to be in excess of normal usage are to be returned to Lynn at Lynn's request during the agreement's term. Quantities existing at the termination of this agreement are to be returned to Lynn. Paper and ink/toner will be ordered using the Lynn online ordering system. The attached Information Sheet provides required contact information for this purpose.
5. Customer agrees to contact Lynn promptly 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, 8:00AM to 5:00PM Eastern Time weekdays. Customer agrees to allow Lynn personnel ready access to this equipment for the purpose of inspection, service, diagnostic reading of printing activity, or removal. Lynn must approve all media and inks used in this equipment. Customer is liable for damages due to unapproved media or inks. Customer agrees not to attempt any repairs on the equipment other than through Lynn's trained technicians. Customer also agrees not to attach any accessory or modify the equipment in any way without receiving Lynn's prior written approval. For the protection of the printheads, machines must remain plugged in to the power source at all times. 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. Customer is responsible for damage caused by any unauthorized move. Lynn reserves the right to 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. Lynn reserves the right to terminate this agreement at any time.
6. Customer agrees to be liable for any damage to the equipment, other than normal wear and tear, caused by the customer.

¹ Per manufacturer settings, machines will warn you that your ink is running low with as high as 24% remaining. You still have plenty [perhaps months] of ink remaining at this level.



Pay for Output ("PFO") Agreement

7. If this is a Pay for Output (PFO) agreement, customer agrees to provide Lynn with a Certificate of Insurance (COI) upon install and annually thereafter. Lynn understands that Customer is self-insured and consents thereto.
8. This agreement is subject to an annual price increase of up to ten percent (10%) to compensate Lynn for increases in costs. Lynn acknowledges that LFUCG is a governmental entity, and that the validity of this Agreement is based upon the availability of appropriated funding. In the event that such funding is not appropriated in a future fiscal year, LFUCG's obligations under this Agreement shall automatically expire without penalty to the LFUCG thirty (30) days after written notice to Organization. LFUCG shall exercise any application of this provision in good faith.
9. If volume decreases ten percent (10%) or more below volumes estimated in preparation of the terms of this agreement, your base charge or price per square foot or click may increase.
10. Customer agrees that Lynn has the right to withhold the shipment of supplies or the servicing of the equipment at any time the customer's account is over forty-five (45) days past due. At the option of Lynn, if any payment under the Agreement is not paid when due or Customer otherwise defaults under the Agreement, the entire amount outstanding will at once become due and payable. This amount outstanding will be calculated by determining the number of months remaining on the Initial Term, as of the date of default, multiplied by Customer's Base Charge, plus any invoiced amounts past due. Full performance under this agreement requires complete and timely payment until the natural expiration of the Initial Term. Timeliness of payment is of the essence. Lynn may exercise its option to accelerate during any default by Customer regardless of any prior forbearance.
11. 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 that the prospect for payment is impaired for any reason, or the insolvency or bankruptcy of Customer. Upon default by Customer, Lynn shall have no obligation to mitigate Customer's damages by renting the equipment to another customer.
12. To the extent permitted by law, and without waiving the defense of sovereign immunity as to claims brought by third parties, should the services of any attorney or collection agency become necessary in connection with enforcing the provisions of this Agreement, Customer agrees to pay half of the following: reasonable attorney's fees and costs and expenses incident to the collection of amounts due. Notwithstanding the foregoing, Lynn agrees to attempt to resolve all disputes or claims by good faith negotiation for a period of at least thirty (30) calendar days prior to utilizing any services or expending any costs requiring cost-sharing under this agreement.
13. If this is a PFO Agreement, the parties intend for this to be a lease rental and not a sale. However, if this Agreement is considered a sale, rather than a lease, Customer grants and pledges to Lynn 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's lien on the equipment shall remain in effect so long as any obligations are outstanding.
14. No Warranties: LYNN EXPRESSLY DISCLAIMS ANY AND ALL EXPRESS AND IMPLIED WARRANTIES AS TO THE EQUIPMENT INCLUDING ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.



Pay for Output (“PFO”) Agreement

LYNN SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES RELATING TO THE POSSESSION, USE, OPERATION, OR CONTROL OF THE EQUIPMENT, OR ANY LOSS, DAMAGE OR INJURY RESULTING THEREFROM.

15. This Agreement will be governed and construed by the laws of the Commonwealth of Kentucky and the federal laws of the United States of America, without regard to conflict of law principles. The Parties agree that any suit, action or proceeding arising out of, or with respect to, this Agreement will be brought exclusively in the state or federal courts located in Fayette County, Kentucky.

