

GOVERNMENT OBLIGATION CONTRACT

Obligor:
Gila County, Arizona
1400 East Ash Street
Globe, Arizona 85501

Obligee:
Kansas State Bank of Manhattan
1010 Westloop, P.O. Box 69
Manhattan, Kansas 66505-0069

Dated as of December 28, 2011

This Government Obligation Contract dated as of the date listed above is between Obligee and Obligor listed directly above. Obligee desires to finance the purchase of the Equipment described in Exhibit "A" to Obligor and Obligor desires to finance the purchase of the Equipment from Obligee subject to the terms and conditions of this Contract which are set forth below.

I. Definitions:

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Budget Year" means the Obligor's fiscal year.

"Commencement Date" is the date when Obligor's obligation to pay Contract Payments begins.

"Contract" means this Government Obligation Contract, all Exhibits, and all documents relied upon by Obligee prior to execution of this Contract.

"Contract Payments" means the payments Obligor is required to make under this Contract as set forth on Exhibit "B".

"Contract Term" means the Original Term and all Renewal Terms.

"Equipment" means all of the items of Equipment listed on Exhibit "A" and all replacements, restorations, modifications and improvements.

"Government" as used in the title hereof means a State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended ("Code"), or a constituted authority or district authorized to issue obligations of on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b), or a qualified volunteer fire company within the meaning of section 150(e)(1) of the Code.

"Obligee" means the entity originally listed above as Obligee or any of its assignees.

"Obligor" means the entity listed above as Obligor and which is financing the Equipment from Obligee under the provisions of this Contract.

"Original Term" means the period from the Commencement Date until the end of the Budget Year of Obligor.

"Renewal Term" means the annual term which begins at the end of the Original Term and which is simultaneous with Obligor's Budget Year.

"State" means the state in which Obligor is located.

II. Obligor Warranties

Section 2.01. Obligor represents, warrants and covenants as follows for the benefit of Obligee or its assignees: (a) Obligor is an "issuer of tax exempt obligations" because Obligor is the State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended, (the "Code"). Obligor is authorized under the Constitution and laws of the State to enter into this Contract, and has used such authority to properly execute and deliver this Contract. Obligor has followed all proper procedures of its governing body in executing this Contract. The Officer of Obligor executing this Contract has the authority to execute and deliver this Contract. This Contract constitutes a legal, valid, binding and enforceable obligation of the Obligor in accordance with its terms. (b) Obligor shall use the Equipment only for essential, traditional government purposes. (c) Obligor has never non-appropriated funds under a Contract similar to this Contract. (d) Obligor presently intends to continue this Contract for the Original Term and all Renewal Terms as set forth on Exhibit "B" hereto. The official of Obligor responsible for budget preparation will include in the budget request for each Budget Year the Contract Payments to become due in such Budget year, and will use all reasonable and lawful means available to secure the appropriation of money for such Budget Year sufficient to pay the Contract Payments coming due therein. Obligor reasonably believes that moneys can and will lawfully be appropriated and made available for this purpose. (e) Upon request by Obligee, Obligor will provide Obligee with current financial statements. (f) Obligor hereby warrants the General Fund of the Obligor is the primary source of funds or a backup source of funds from which the Contract Payments will be made.

III. Acquisition of Equipment, Contract Payments and the Purchase Option Price

Section 3.01. Acquisition. Obligor shall be solely responsible for the ordering of the Equipment and for the delivery and installation of the Equipment. **Section 3.02. Contract Payments.** Obligor shall pay Contract Payments exclusively to Obligee or its assignees in lawful, legally available money of the United States of America. The Contract Payments shall constitute a current expense of the Obligor and shall not constitute an indebtedness of the Obligor. The Contract Payments are due as set forth on Exhibit B. Obligee shall have the option to charge interest at the highest lawful rate on any Contract Payment received later than the due date for the number of days that the Contract Payment(s) were late, plus any additional accrual on the outstanding balance for the number of days that the Contract Payment(s) were late. Obligee shall also have the option, on monthly payments only, to charge a late fee of up to 10% of the monthly Contract Payment that is past due. The Contract Payments will be payable without notice or demand. **Section 3.03. Contract Payments Unconditional.** Except as provided under Section 4.01, THE OBLIGATIONS OF OBLIGOR TO MAKE CONTRACT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS CONTAINED IN THIS CONTRACT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE. **Section 3.04. Purchase Option Price.** Upon thirty (30) days written notice, Obligor shall have the option to pay, in addition to the Contract Payment, the corresponding Purchase Option Price which is listed on the same line on Exhibit B. This option is only available to the Obligor on the Contract Payment date and no partial prepayments are allowed. If Obligor chooses this option and pays the Purchase Option Price to Obligee then Obligee will transfer any and all of its rights, title and interest in the Equipment to Obligor. **Section 3.05. Contract Term.** The Contract Term of the Contract shall be the Original Term and all Renewal Terms until all the Contract Payments are paid as set forth on Exhibit B except as provided under Section 4.01 and Section 9.01 below. If, after the end of the budgeting process which occurs at the end of the Original Term or any Renewal Term, Obligor has not non-appropriated as provided for in this Contract, then the Contract Term shall be extended into the next Renewal Term and the Obligor shall be obligated to make all the Contract Payments that come due during such Renewal Term. **Section 3.06. Disclaimer of Warranties.** OBLIGEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT. OBLIGEE SHALL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE ARISING OUT OF THE INSTALLATION, OPERATION, POSSESSION, STORAGE OR USE OF THE EQUIPMENT BY OBLIGOR.

IV. Non-Appropriation

Section 4.01. Non-Appropriation. If insufficient funds are available in Obligor's budget for the next Budget Year to make the Contract Payments for the next Renewal Term and the funds to make such Contract Payments are otherwise unavailable by any lawful means whatsoever, then Obligor shall have the option to non-appropriate the funds to pay the Contract Payments for the next Renewal Term. Lack of a sufficient appropriation shall be evidenced by the passage of an ordinance or resolution by the governing body of Obligor specifically prohibiting Obligor from performing its obligations under this Contract and from using any moneys to pay the Contract Payments due under this Contract for a designated Budget Year and all subsequent Budget Years. If Obligor chooses this option, then all obligations of the Obligor under this Contract regarding Contract Payments for all remaining Renewal Terms shall be terminated at the end of the then current Original Term or Renewal Term without penalty or liability to the Obligor of any kind provided that if Obligor has not delivered possession of the Equipment to Obligee as provided herein and conveyed to Obligee or released its interest in the Equipment by the end of the last Budget Year for which Contract Payments were paid, the termination shall nevertheless be effective but Obligor shall be responsible for the payment of damages in an amount equal to the amount of the Contract Payments thereafter coming due under Exhibit "B" which are attributable to the number of days after such Budget Year during which Obligor fails to take such actions and for any other loss suffered by Obligee as a result of Obligor's failure to take such actions as required. Obligor shall immediately notify the Obligee as soon as the decision to non-appropriate is made. If such non-appropriation occurs, then Obligor shall deliver the Equipment to Obligee as provided below in Section 9.04. Obligor shall be liable for all damage to the Equipment other than normal wear and tear. If Obligor fails to deliver the Equipment to Obligee, then Obligee may enter the premises where the Equipment is located and take possession of the Equipment and charge Obligor for costs incurred. If Obligor non-appropriates under this section, then Obligor shall not purchase, lease or rent Equipment performing same or similar functions to those performed by the Equipment for a period of 360 days unless otherwise prohibited by public policy considerations.

V. Insurance, Damage, Insufficiency of Proceeds, Indemnification

Section 5.01. Insurance. Obligor shall maintain both casualty insurance and liability insurance at its own expense with respect to the Equipment. Obligor shall be solely responsible for selecting the insurer(s) and for making all premium payments. Obligor shall provide Obligee with a Certificate of Insurance which lists the Obligee and/or assigns as a loss payee and an additional insured on the policies with respect to the Equipment. (a) Obligor shall insure the Equipment against any loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Obligee in an amount at least equal to the then applicable Purchase Option Price of the Equipment. (b) The liability insurance shall insure Obligee from liability and property damage in any form and amount satisfactory to Obligee. (c) Obligor may self-insure against the casualty risks and liability risks described above. If Obligor chooses this option, Obligor must furnish Obligee with a certificate and/or other documents which evidences such coverage. (d) All insurance policies issued or affected by this Section shall be so written or endorsed such that the Obligee and its assignees are named additional insureds and loss payees and that all losses are payable to Obligor and Obligee or its assignees as their interests may appear. Obligor shall furnish to Obligee certificates evidencing such coverage throughout the Contract Term. **Section 5.02. Damage to or Destruction of Equipment.** Obligor assumes the risk of loss

or damage to the Equipment. At the option of Oblige, Obligor shall either (1) apply the Net Proceeds to replace, repair or restore the Equipment or (2) apply the Net Proceeds to the applicable Purchase Option Price. For purposes of this Section and Section 5.03, the term Net Proceeds shall mean the amount of insurance proceeds collected from all applicable insurance policies after deducting all expenses incurred in the collection thereof. Section 5.03. Insufficiency of Net Proceeds. If there are no Net Proceeds for whatever reason or if the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement of the Equipment, then Obligor shall, at the option of Oblige, either (1) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds or (2) apply the Net Proceeds to the Purchase Option Price and pay the deficiency, if any, to the Oblige. Section 5.04. Obligor Negligence. Obligor assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Equipment and for injury to or death of any person or damage to any property. Obligor hereby assumes responsibility for and agrees to reimburse Oblige for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) incurred by or asserted against Oblige that relate to or arise out of a claim, suit or proceeding, based in whole or in part upon the negligent conduct of Obligor, its officers, employees and agents, to the maximum extent permitted by law.

VI. Title and Security Interest

Section 6.01. Title. To the extent permitted under State law, title to the Equipment shall vest in Obligor when Obligor acquires and accepts the Equipment. Title to the Equipment will automatically transfer to the Oblige in the event Obligor non-appropriates under Section 4.01 or in the event Obligor defaults under Section 9.01. In either of such events, Obligor shall execute and deliver to Oblige such documents as Oblige may request to evidence the passage of legal title to the Equipment to Oblige. Section 6.02. Security Interest. To secure the payment of all Obligor's obligations under this Contract, as well as all other obligations, debts and liabilities, whether now existing or subsequently created, Obligor hereby grants to Oblige a security interest under the Uniform Commercial Code constituting a first lien on the Equipment described more fully on Exhibit "A". Furthermore, Obligor agrees that any and all Equipment listed on any other Exhibit A, whether prior to or subsequent hereto, secures all obligations, debts and liabilities of every kind and character, plus interest thereon, whether now existing or hereafter arising. Obligor agrees that any Equipment listed on Exhibit "A" will remain personal property and will not become a fixture even if attached to real property. The security interest established by this section includes not only additions, attachments, repairs and replacements, to the Equipment but also all proceeds therefrom. Obligor authorizes Oblige to prepare and record any Financing Statement required under the Uniform Commercial Code to perfect the security interest created hereunder.

VII. Assignment

Section 7.01. Assignment by Oblige. All of Oblige's rights, title and/or interest in and to this Contract may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees by Oblige at any time without the consent of Obligor. No such assignment shall be effective as against Obligor until the assignor shall have filed with Obligor written notice of assignment identifying the assignee. Obligor shall pay all Contract Payments due hereunder relating to such Equipment to or at the direction of Oblige or the assignee named in the notice of assignment.

VIII. Maintenance of Equipment

Section 8.01. Obligor shall keep the Equipment in good repair and working order. Oblige shall have no obligation to inspect, test, service, maintain, repair or make improvements or additions to the Equipment under any circumstances. Obligor will be liable for all damage to the Equipment, other than normal wear and tear, caused by Obligor, its employees or its agents. Obligor shall pay for and obtain all permits, licenses and taxes necessary for the installation, operation, possession, storage or use of the Equipment. If the Equipment includes any titled vehicle(s), then Obligor is responsible for obtaining such title(s) from the State and also for ensuring that Oblige is listed as First Lienholder on all of the title(s). Obligor shall not during the term of this Contract create, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment except those created by this Contract. Obligor agrees that Oblige or its Assignee may execute any additional documents including financing statements, affidavits, notices, and similar instruments, for and on behalf of Obligor which Oblige deems necessary or appropriate to protect Oblige's interest in the Equipment and in this Contract. The Equipment is and shall at all times be and remain personal property. Obligor shall allow Oblige to examine and inspect the Equipment at all reasonable times.

IX. Default

Section 9.01. Events of Default defined. The following events shall constitute an "Event of Default" under this Contract: (a) Failure by Obligor to pay any Contract Payment listed on Exhibit "B" for fifteen (15) days after such payment is due according to the Payment Date listed on Exhibit "B". (b) Failure to pay any other payment required to be paid under this Contract at the time specified herein and a continuation of said failure for a period of fifteen (15) days after written notice by Oblige that such payment must be made. If Obligor continues to fail to pay any payment after such period, then Oblige may, but will not be obligated to, make such payments and charge Obligor for all costs incurred plus interest at the highest lawful rate. (c) Failure by Obligor to observe and perform any warranty, covenant, condition, promise or duty under this Contract for a period of thirty (30) days after written notice specifying such failure is given to Obligor by Oblige, unless Oblige agrees in writing to an extension of time. Oblige will not unreasonably withhold its consent to an extension of time if corrective action is instituted by Obligor. Subsection (c) does not apply to Contract Payments and other payments discussed above. (d) Any statement, material omission, representation or warranty made by Obligor in or pursuant to this Contract which proves to be false, incorrect or misleading on the date when made regardless of Obligor's intent and which materially adversely affects the rights or security of Oblige under this Contract. (e) Any provision of this Contract which ceases to be valid for whatever reason and the loss of such provision would materially adversely affect the rights or security of Oblige. (f) Except as provided in Section 4.01 above, Obligor admits in writing its inability to pay its obligations. Obligor defaults on one or more of its other obligations. Obligor applies or consents to the appointment of a receiver to manage its affairs or makes a general assignment for the benefit of creditors. Section 9.02. Remedies on Default. Whenever any Event of Default exists, Oblige shall have the right to take one or any combination of the following remedial steps: (a) With or without terminating this Contract, Oblige may declare all Contract Payments and other amounts payable by Obligor hereunder to the end of the then current Budget Year to be immediately due and payable. (b) With or without terminating this Contract, Oblige may require Obligor at Obligor's expense to redeliver any or all of the Equipment to Oblige as provided below in Section 9.04. Such delivery shall take place within fifteen (15) days after the event of default occurs. If Obligor fails to deliver the Equipment, Oblige may enter the premises where the Equipment is located and take possession of the Equipment and charge Obligor for cost incurred. Notwithstanding that Oblige has taken possession of the Equipment, Obligor shall still be obligated to pay the remaining Contract Payments due up until the end of the then current Original Term or Renewal Term. Obligor will be liable for any damage to the Equipment caused by Obligor or its employees or agents. (c) Oblige may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights. Obligor shall be responsible to Oblige for all costs incurred by Oblige in the enforcement of its rights under this Contract including, but not limited to, reasonable attorney fees. Section 9.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Oblige is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Contract now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof. Section 9.04. Return of Equipment and Storage. (a) Surrender: The Obligor shall, at its own expense, surrender the Equipment to the Oblige in the event of a default or a non-appropriation by delivering the Equipment to the Oblige to a location accessible by common carrier and designated by Oblige. In the case that any of the Equipment consists of software, Obligor shall destroy all intangible items constituting such software and shall deliver to Oblige all tangible items constituting such software. At Oblige's request, Obligor shall also certify in a form acceptable to Oblige that Obligor has complied with the above software return provisions and that they will immediately cease using the software and that they shall permit Oblige and/or the vendor of the software to inspect Obligor's locations to verify compliance with the terms hereto. (b) Delivery: The Equipment shall be delivered to the location designated by the Oblige by a common carrier unless the Oblige agrees in writing that a common carrier is not needed. When the Equipment is delivered into the custody of a common carrier, the Obligor shall arrange for the shipping of the item and its insurance in transit in accordance with the Oblige's instructions and at the Obligor's sole expense. Obligor at its expense shall completely sever and disconnect the Equipment or its component parts from the Obligor's property all without liability to the Oblige. Obligor shall pack or crate the Equipment and all of the component parts of the Equipment carefully and in accordance with any recommendations of the manufacturer. The Obligor shall deliver to the Oblige the plans, specifications operation manuals or other warranties and documents furnished by the manufacturer or vendor on the Equipment and such other documents in the Obligor's possession relating to the maintenance and methods of operation of such Equipment. (c) Condition: When the Equipment is surrendered to the Oblige it shall be in the condition and repair required to be maintained under this Contract. It will also meet all legal regulatory conditions necessary for the Oblige to sell or lease it to a third party and be free of all liens. If Oblige reasonably determines that the Equipment or an item of the Equipment, once it is returned, is not in the condition required hereby, Oblige may cause the repair, service, upgrade, modification or overhaul of the Equipment or an item of the Equipment to achieve such condition and upon demand, Obligor shall promptly reimburse Oblige for all amounts reasonably expended in connection with the foregoing. (d) Storage: Upon written request by the Oblige, the Obligor shall provide free storage for the Equipment or any item of the Equipment for a period not to exceed 60 days after the expiration of its Contract Term before returning it to the Oblige. The Obligor shall arrange for the insurance described to continue in full force and effect with respect to such item during its storage period and the Oblige shall reimburse the Obligor on demand for the incremental premium cost of providing such insurance.

X. Miscellaneous

Section 10.01. Notices. All notices shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at their respective places of business as first set forth herein or as the parties shall designate hereafter in writing. Section 10.02. Binding Effect. Obligor acknowledges this Contract is not binding upon the Oblige or its assignees unless the Conditions to Funding listed on the Documentation Instructions have been met to Oblige's satisfaction, and Oblige has executed the Contract. Thereafter, this Contract shall inure to the benefit of and shall be binding upon Oblige and Obligor and their respective successors and assigns. Section 10.03. Severability. In the event any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. Section 10.04. Amendments, Addenda, Changes or Modifications. This Contract may be amended, added to, changed or modified by written Contract duly executed by Oblige and Obligor. Furthermore, Oblige reserves the right to charge Obligor a fee, to be determined at that time, as compensation to Oblige for the additional administrative expense resulting from such amendment, addenda, change or modification. Section 10.05. Execution in Counterparts. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Section 10.06. Captions. The captions or headings in this Contract do not define, limit or describe the scope or intent of any provisions or sections of this Contract. Section 10.07. Entire Writing. This Contract constitutes the entire writing between Oblige and Obligor. No waiver, consent, modification or change of terms of this Contract shall bind either party unless in writing and signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. There are no understandings, Contracts, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Contract or the Equipment financed hereunder. Any terms and conditions of any purchase order or other documents submitted by Obligor in connection with this Contract which are in addition to or inconsistent with the terms and conditions of this Contract will not be binding on Oblige and will not apply to this Contract. Section 10.08. Ariz. Rev. Stat.

Section 38-511. Pursuant to Arizona Revised Statutes Section 38-511, as applicable; the provisions which are incorporated herein by reference, this Contract, and any of its Schedules and Exhibits, is subject to cancellation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract and any of its Schedules and Exhibits on behalf of Obligor either is, at any time while the Contract or any Schedule or Exhibit is in effect, an employee or agent of any other party to this Contract and any of its Schedules and Exhibits in any capacity or a consultant to any other party to this Contract and any of its Schedules and Exhibits with respect to the subject matter of this Contract or any of its Schedules or Exhibits.

Section 10.09. Arizona Immigration Law Compliance. Obligee hereby represents and warrants that Obligee complies with the federal immigration laws and regulations that relate to their employees and with Arizona Revised Statutes Section 23-214(A). A breach of this warranty shall be deemed a material breach of this Contract, subject to penalties up to and including termination of this Contract by the Obligor, in its sole discretion. Subject to reasonable prior written notice, Obligor retains the legal right to inspect the papers of any Obligee or subcontractor employee who works on the Contract to ensure compliance with this warranty. Section 10.10. Sudan/Iran Business. In accordance with Arizona Revised Statutes Sections 35-391.06 and 35-393.06, Obligee certifies that Obligee does not have scrutinized business operations in either Iran or the Sudan. Section 10.11. Designation as Qualified Tax-Exempt Obligation. Pursuant to Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986 as amended (the "Code"), the Obligor hereby specifically designates the Contract as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. In compliance with Section 265(b)(3)(D) of the Code, the Obligor hereby represents that the Obligor will not designate more than \$10,000,000 of obligations issued by the Obligor in the calendar year during which the Contract is executed and delivered as such "qualified tax-exempt obligations". In compliance with the requirements of Section 265(b)(3)(C) of the Code, the Obligor hereby represents that the Obligor (including all subordinate entities of the Obligor within the meaning of Section 265(b)(3)(E) of the Code) reasonably anticipates not to issue in the calendar year during which the Contract is executed and delivered, obligations bearing interest exempt from federal income taxation under Section 103 of the Code (other than "private activity bonds" as defined in Section 141 of the Code) in an amount greater than \$10,000,000. Section 10.12. Mohave Educational Cooperative Services. The Obligee currently holds a contract with Mohave Educational Cooperative Services ("Mohave"). Mohave is a not-for-profit corporation providing public procurement services pursuant to A.R.S. Section 11-952 and A.R.S. Section 41-2632. Mohave is governed under Title 10 of the Arizona Revised Statutes. The contract that Obligee has with Mohave allows the Obligor to finance the purchase of the Equipment in accordance with Arizona law. The contract that Obligee has with Mohave also requires the Obligee to include certain provisions as a part of this Contract. The specific provisions are (1) that the Contract shall be in compliance with the UCC and there can be no blanket waivers of the UCC provisions, (2) there must be a non-appropriation clause, (3) that there be no invoicing or collecting of property tax to a school on financed property, (4) that there be no waiver of a jury trial or mandatory binding arbitration, (5) that the laws of the State of Arizona shall govern the Contract, (6) that the Contract cannot require upfront payment by a Mohave member when purchase order is placed and that (7) this Contract cannot contain "auto-renewal" language. Obligee and Obligor hereby represent that, notwithstanding any other provisions in this Contract, the provisions contained in this Section as required by Mohave will be binding to Obligee and Obligor.

Acceptance of Equipment Certification. By signing and attesting directly below, Obligor hereby certifies that the Equipment described directly below in Exhibit A has been delivered and installed in accordance with Obligor's specifications. Obligor further certifies that they have conducted such inspection and/or testing of the Equipment as it deems necessary and hereby acknowledges that it accepts the Equipment for all intended purposes.

Resolution and Authorization. By signing and attesting directly below, Obligor hereby warrants and certifies that the Governing Body of the Obligor at either a special or regular meeting or through some other approved method of authorization has determined that this Contract is in the best interests of the Obligor and the Governing Body did at such meeting or through some other approval method approve the entering into of the Contract by the Obligor and specifically designated and authorized the individual(s) who have signed directly below to execute this Contract on Obligor's behalf along with any related documents (including any escrow Contract) necessary to the consummation of the transaction contemplated by the Contract.

GILA COUNTY, ARIZONA

KANSAS STATE BANK OF MANHATTAN

By:  1/4/12

By: _____

Typed Name and Title: Don E. McDaniel Jr.
County Manager

Typed Name and Title: Marsha Jarvis, Vice President

Attested By: _____

Typed Name and Title: _____

EXHIBIT A – DESCRIPTION OF EQUIPMENT

RE: Government Obligation Contract dated as of December 28, 2011, between Kansas State Bank of Manhattan (Obligee) and Gila County, Arizona (Obligor)

Below is a detailed description of all the items of Equipment including quantity, model number and serial number where applicable:

One (1) New Konica Minolta Bizhub 552 Copier, Sn: _____ with Attachments

Physical Address of Equipment after Delivery: Child Support 157 S. Broad St. Globe, AZ 85501

EXHIBIT B –PAYMENT SCHEDULE

| | |
|------------------------------|-----------------|
| Date of First Payment: | At Closing |
| Original Balance: | \$6,280.38 |
| Total Number of Payments: | Thirty-Six (36) |
| Number of Payments Per Year: | Twelve (12) |

| Pmt No. | Due Date | Contract Payment | Applied to Interest | Applied to Principal | *Purchase Option Price |
|----------------|-----------------|-------------------------|----------------------------|-----------------------------|-------------------------------|
| 1 | At Closing | \$197.43 | \$0.00 | \$197.43 | Not Available |
| 2 | 30-Jan-12 | \$197.43 | \$44.15 | \$153.28 | Not Available |
| 3 | 29-Feb-12 | \$197.43 | \$43.04 | \$154.39 | \$6,210.98 |
| 4 | 30-Mar-12 | \$197.43 | \$41.92 | \$155.51 | \$6,031.18 |
| 5 | 30-Apr-12 | \$197.43 | \$40.79 | \$156.64 | \$5,850.87 |
| 6 | 30-May-12 | \$197.43 | \$39.65 | \$157.78 | \$5,670.05 |
| 7 | 30-Jun-12 | \$197.43 | \$38.51 | \$158.92 | \$5,488.71 |
| 8 | 30-Jul-12 | \$197.43 | \$37.35 | \$160.08 | \$5,306.86 |
| 9 | 30-Aug-12 | \$197.43 | \$36.19 | \$161.24 | \$5,124.49 |
| 10 | 30-Sep-12 | \$197.43 | \$35.02 | \$162.41 | \$4,941.61 |
| 11 | 30-Oct-12 | \$197.43 | \$33.84 | \$163.59 | \$4,758.21 |
| 12 | 30-Nov-12 | \$197.43 | \$32.66 | \$164.77 | \$4,574.29 |
| 13 | 30-Dec-12 | \$197.43 | \$31.46 | \$165.97 | \$4,389.84 |
| 14 | 30-Jan-13 | \$197.43 | \$30.26 | \$167.17 | \$4,204.87 |
| 15 | 28-Feb-13 | \$197.43 | \$29.04 | \$168.39 | \$4,019.37 |
| 16 | 30-Mar-13 | \$197.43 | \$27.82 | \$169.61 | \$3,833.35 |
| 17 | 30-Apr-13 | \$197.43 | \$26.59 | \$170.84 | \$3,646.80 |
| 18 | 30-May-13 | \$197.43 | \$25.35 | \$172.08 | \$3,459.72 |
| 19 | 30-Jun-13 | \$197.43 | \$24.10 | \$173.33 | \$3,272.11 |
| 20 | 30-Jul-13 | \$197.43 | \$22.84 | \$174.59 | \$3,083.97 |
| 21 | 30-Aug-13 | \$197.43 | \$21.57 | \$175.86 | \$2,895.29 |
| 22 | 30-Sep-13 | \$197.43 | \$20.30 | \$177.13 | \$2,706.08 |
| 23 | 30-Oct-13 | \$197.43 | \$19.01 | \$178.42 | \$2,516.33 |
| 24 | 30-Nov-13 | \$197.43 | \$17.72 | \$179.71 | \$2,326.04 |
| 25 | 30-Dec-13 | \$197.43 | \$16.41 | \$181.02 | \$2,135.21 |
| 26 | 30-Jan-14 | \$197.43 | \$15.10 | \$182.33 | \$1,943.84 |
| 27 | 28-Feb-14 | \$197.43 | \$13.78 | \$183.65 | \$1,751.93 |
| 28 | 30-Mar-14 | \$197.43 | \$12.44 | \$184.99 | \$1,559.47 |
| 29 | 30-Apr-14 | \$197.43 | \$11.10 | \$186.33 | \$1,366.47 |
| 30 | 30-May-14 | \$197.43 | \$9.75 | \$187.68 | \$1,172.92 |

EXHIBIT B – PAYMENT SCHEDULE
(Continued)

RE: Government Obligation Contract dated as of December 28, 2011, between Kansas State Bank of Manhattan (Obligee) and Gila County, Arizona (Obligor)

| Pmt No. | Due Date | Contract Payment | Applied to Interest | Applied to Principal | *Purchase Option Price |
|----------------|-----------------|-------------------------|----------------------------|-----------------------------|-------------------------------|
| 31 | 30-Jun-14 | \$197.43 | \$8.39 | \$189.04 | \$978.82 |
| 32 | 30-Jul-14 | \$197.43 | \$7.01 | \$190.42 | \$784.17 |
| 33 | 30-Aug-14 | \$197.43 | \$5.63 | \$191.80 | \$588.97 |
| 34 | 30-Sep-14 | \$197.43 | \$4.24 | \$193.19 | \$393.21 |
| 35 | 30-Oct-14 | \$197.43 | \$2.84 | \$194.59 | \$196.90 |
| 36 | 30-Nov-14 | \$197.43 | \$1.23 | \$196.20 | \$0.00 |

GILA COUNTY, ARIZONA

By:  1/4/12

Typed Name and Title: **Don E. McDaniel Jr.**
County Manager

**Assumes all Contract Payments due to date are paid*

Master Purchase Agreement

Check Applicable Box

Purchase

Lease

Other: Baystone Financial

| | | |
|---|---|---|
| INVOICE TO Account # | SOLD TO Account # | SHIP TO Account # |
| Legal Name Kansas State Bank Manhattan | Legal Name Gila County Child Support Division | Legal Name Gila County Child Support Division |
| Attn Line 1 AKA Baystone Financial Group | Attn Line 1 Accounts Payable | Attn Line 1 Beverly Puhara |
| Attn Line 2 William Bauman | Attn Line 2 Sylvia Martinez | Attn Line 2 (928) 402-8853 |
| Street Address 1680 Charles Place | Street Address 1400 E. Ash Street | Street Address 157 South Broad Street |
| City Manhattan State KS Zip 66502 | City Globe State AZ Zip 85501 | City Globe State AZ Zip 85501 |
| Tax Exempt <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Copy Required) | Tax Exempt # _____ | |
| P.O. Required <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Copy Required) | P.O. # _____ | P.O. Expiration Date _____ |

| | | |
|--|--|----------------------------|
| Payment Terms: | Card Type _____ Name on Card _____ | Check Amount |
| Lease \$197.44 per month Net 30 | Authorized Credit Card Amount: _____ (plus applicable taxes) | Check # _____ |
| | Credit Card # _____ Expiration Date _____ | |

Requested Delivery Date: 12/29/2011 **Maintenance Contract** Accepted Declined

| QTY | MATERIAL # | MATERIAL DESCRIPTION | SERIAL NUMBER | PRICE EACH | EXTENDED |
|-----|------------|--|--|----------------------|-------------|
| | | 36 Month Lease | | | |
| 1 | A2WV011 | bizhub 552 | 0.031437 | \$ 4,110.00 | \$ 4,110.00 |
| 1 | A03N0Y1 | LU-301 Large Capacity Unit (3,000/Letter) | 6280.378 | \$ 512.00 | \$ 512.00 |
| 1 | A0HRWY2 | FS-527 Finisher (50 sheet) | 197.4362432 | \$ 583.00 | \$ 583.00 |
| 1 | A10FWY1 | JS-603 Job Separator Tray (3rd Output Tray) fo | | \$ 70.00 | \$ 70.00 |
| 1 | 15LB | FK-502 Fax Board | | \$ 330.00 | \$ 330.00 |
| 1 | A0YAWY1 | MK-720 Mount Kit | | \$ 34.00 | \$ 34.00 |
| 1 | A0W4WY1 | WT-506 Working Table | | \$ 28.00 | \$ 28.00 |
| 1 | 7640001107 | D5143NT Power Filter (120 volt, 20 Amps.) | | \$ 79.00 | \$ 79.00 |
| | | 36 Month Lease | Baystone Financial Contract 10i-BFG-0126 | MESC contract Number | |
| | | \$197.44 per month | | | |
| | | MESC Contract # 10i-KMBS-0127 | | | |
| | | This is POST TAX | | | |

| QTY | MATERIAL # | SUPPLY - MATERIAL DESCRIPTION | PRICE EACH | EXTENDED |
|-----|------------|--|------------|----------|
| 1 | AOTM130 | Black Toner | N/A | |
| 1 | 14YK | SK-602 Staples for the FS-527 (3 X 5000) | N/A | |
| | | | N/A | |
| | | | N/A | |
| | | DELIVERY CHARGE | N/A | |
| | | INSTALLATION CHARGE | N/A | |

Additional Charges:

Network _____ Removal _____ Other _____

Additional Charges TOTAL \$ 5,746.00
(TOTAL is exclusive of applicable taxes)

Pick-Up **Requested Removal Date:** SAME AS DELIVERY

| QTY | MATERIAL # | MATERIAL DESCRIPTION | SERIAL NUMBER |
|-----|------------|----------------------|---------------|
| | | | |
| | | | |
| | | | |

Comments

This agreement incorporates Schedule A KMBS Modified Sales Terms and Conditions for Mohave Educational Services Cooperative (MESC), a copy of which is available upon request. If payment by credit card is indicated above, Customer hereby grants KMBS the authority to charge the Customer's credit card in the amount indicated (plus applicable taxes). KMBS assumes no responsibility to pick-up, return to any party, and/or resolve any financial obligations on any existing Customer equipment except as specifically stated in this Agreement or separately executed form. Not binding on KMBS until signed by KMBS Manager.

Customer Name Don E. McDaniel Jr.
Signature [Signature] **Authorized Representative of Customer** 12/12 **Date**
Title County Manager

KMBS Representative [Signature] **Date** 12/20/2011
KMBS Manager [Signature] **Date** 12/20/2011

INTERNAL KMBS USE ONLY

CONTACT INFORMATION

| | | | | | |
|--|--------------------|----------------|--|--------------------------------------|----------------------------|
| Pre-Call / Confirmation Contact | | | Phone | E-Mail Address | |
| Beverly Puhara | | | (928) 402-8853 | bpuhara@co.gila.az.us | |
| Primary Delivery Contact | | | Phone | Alternate Delivery Contact | Phone |
| Beverly Puhara | | | (928) 402-8853 | Cassandra Villegas | (928) 402-4355 |
| Accounts Payable Contact | | | Phone | E-Mail Address | |
| Sylvia Martinez | | | (928) 425-3231 | smartinez@co.gila.az.us | |
| Meter Contact | | | Phone | E-Mail Address (Meters) | Fax Number (Meters) |
| Beverly Puhara | | | (928) 402-8853 | bpuhara@co.gila.az.us | |
| Sales Rep | Sales Rep # | Split % | Phone | Sales Rep Name (Please Print) | |
| Originating / Lead | 9415280 | 50% | (602) 531-2910 | Jay W. Douglas | |
| Order Taking / Selling | 9415280 | 25% | (602) 531-2910 | Jay W. Douglas | |
| Servicing / Installing | 9415280 | 25% | (602) 531-2910 | Jay W. Douglas | |
| Sales District # | 94109 | 100% | Split % Approval (unless over-riden by Master Agreement): | | |

ADDITIONAL ORDER INFORMATION

Customer Type

State Government
 Federal Government
 Key Account
 National
 Print for Pay
 OPS
 Other
 Commercial/Local (Branch)

Deduction(s):

Lease Reimb/Rebate (ZLEA): _____
 Service (ZSVC) _____
 Shipping (ZADY) _____
 Other (ZMOT) _____ Describe: _____

Additional Documents & Attachments:

Buyout Quote/Letter
 Check (Copy)
 Credit Application
 Contingency Demo Acknowledgement
 DNA w/ vCare #: _____ If checked indicate #
 Equipment Removal Authorization
 Lease Document with Approval
 Lease Reimbursement/Rebate
 Price Exception
 Purchase Order
 Tax Exempt Certificate
 Other _____ Describe: _____

Delivery **Pick-Up (See Pg 1)** **No Movement** **Dealer Install** **New Customer** **CRM Row ID#** _____

Object Type: _____ **Date/Time Submitted to Admin:** _____

Lease #: _____ **Date Document Sent to Lease Company:** _____

AGREEMENT INFORMATION

| | | |
|-----------------------------|--|--|
| PE # 0825104-R072711 | Agreement 10i-KMBS-0127 | Customer Code 1 Mohave Educational Services Cooperative |
| Promotion # _____ | Subfleet / Price Plan _____ / _____ | Customer Code 2 Master Agreement 40038415 |
| | | Customer Code 3 _____ |

COMMENTS & SPECIAL INSTRUCTIONS

PRE-CALL / CONFIRMATION INFORMATION

SPOKE WITH: _____ **DATE:** _____ **TIME:** _____

Confirmed Ship To Address
 Confirmed Delivery Contact
 Confirmed Alternate Contact
 Confirmed Telephone #

Delivery Entrance Yes No
 Is Site Ready Yes No
 Delivery Hours _____ AM to _____ PM

Front Back Side
 If No, When _____
 Mon Tues Wed Thurs Fri

Loading Dock Yes No
 Elevator Yes No
 Equipment Pick-up required Yes No

Stairs Yes No **If yes, how many** _____
 Turns or Landings Yes No **If yes, how many** _____

Special requirements (i.e. certificate of insurance, security check, customer comments, etc)

If unable to reach the customer, list date/time attempted
 1st call: _____
 2nd call: _____
 3rd call: _____

| | |
|--|--|
| Intermediate Consignee _____ | KIT # _____ |
| Order Package Edited By: _____ Date: _____ | Credit Approval: _____ Date: _____ |
| SALES ORDER # _____ | 3rd Party Order # _____ |
| DELIVERY DOC # _____ | PO# _____ |
| PICK-UP ORDER # _____ | SUPPLY ORDER # _____ |
| DELIVERY DOC # _____ | DELIVERY DOC # _____ |



KONICA MINOLTA

SCHEDULE A
KMBS MODIFIED SALES TERMS AND CONDITIONS
for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESOC)

The following terms and conditions shall apply should the Customer elect to purchase equipment outright:

1. **PAYMENT:** Payment is due within thirty (30) days from the date of the invoice. Should the customer fail to make any payment due hereunder, or be or become insolvent or be a party to or acquiesce in any bankruptcy or receivership proceeding or any similar action affecting the affairs or property of Customer, or violate any aspect of this Agreement, Konica Minolta Business Solutions U.S.A., Inc. ("KMBS") may refuse to provide warranty service for the equipment and may enter Customer's premises to recover any property or equipment owned by KMBS. Customer specifically grants its permission to KMBS to enter its property for this purpose. Title to equipment referenced on the reverse side of this Agreement shall pass to Customer upon delivery to Customer's location unless equipment is provided on a rental basis. Title to equipment provided on a rental basis shall remain with KMBS. Customer agrees to the filing of any liens, and/or UCC security Agreements (including UCC-1) to acknowledge the financial interest of KMBS in the equipment which is the subject of this Agreement until full payment is made. Reasonable costs, including counsel fees, shall be recoverable by KMBS in the event collection activities, including litigation, are required to collect outstanding amounts due under this Agreement. **NO CASH PAYMENTS ACCEPTED.** Accepted manners of payment are by major credit card or checks made payable to KMBS.

2. **SITE PREPARATION:** Customer shall ensure that equipment is placed in an environment that conforms with the manufacturer's specifications and requirements and will bear all cost and expense for any additional necessities required for installation such as telephone and electrical wiring, remodeling, and noise and power filters. Any electrical work external to the equipment (i.e. associated peripheral equipment, power, transmission and phone lines, and modems) and equipment line cord is not covered by this Agreement. Once the equipment is delivered, risk of loss lies with the Customer.

3. **WARRANTY:** ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OR PURPOSE ARE HEREBY DISCLAIMED BY KMBS AND WAIVED BY CUSTOMER.

4. **LIMITATIONS ON RECOVERY:** The equipment may not be returned to KMBS without KMBS' written consent. CUSTOMER'S EXCLUSIVE REMEDY FOR BREACH OF WARRANTY SHALL BE REPAIR OF THE EQUIPMENT OR REPLACEMENT OF A NONCONFORMING PART, AT THE OPTION OF KMBS. THE PARTIES WAIVE THEIR RESPECTIVE RIGHTS TO SPECIAL, CONSEQUENTIAL, EXEMPLARY, INCIDENTAL OR PUNITIVE DAMAGES FOR ANY PROVEN BREACH OF THIS AGREEMENT (INCLUDING WARRANTY). KMBS SHALL ALSO NOT BE LIABLE FOR ANY DAMAGES, INCLUDING BUT NOT LIMITED TO, DAMAGES DUE TO LOSS OF DATA OR INFORMATION OF ANY KIND, LOSS OF OR DAMAGE TO REVENUE, PROFITS OR GOODWILL, DAMAGES DUE TO ANY INTERRUPTION OF BUSINESS, DAMAGE TO CUSTOMER'S COMPUTERS OR NETWORKS, EVEN IF KMBS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.



KONICA MINOLTA

SCHEDULE A
KMBS MODIFIED SALES TERMS AND CONDITIONS
for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESOC)

5. **APPLICABLE LAW:** This Agreement shall be governed by the laws of the State of Arizona without regard to choice of law principles. In the event of litigation or other proceedings by KMBS to enforce or defend any term or provision of this Agreement, Customer agrees to pay all costs and expenses sustained by KMBS, including but not limited to, reasonable attorney's fees. Customer further agrees to litigate any dispute concerning this matter in the courts of the state of Arizona consents to jurisdiction in that forum.

6. **FORCE MAJEURE:** Neither party shall be responsible for delays or failure in performance of this Agreement (other than failure to make payment) to the extent that such party was hindered in its performance by any act of God, civil commotion, labor dispute, or any other occurrence beyond its reasonable control.

7. **SEVERABILITY:** If any provision of this Agreement shall be unlawful, void or for any reason unenforceable, then that provision shall be deemed severable from this Agreement and shall not affect the validity and enforceability of the remaining provisions of this Agreement.

8. **WAIVER:** Failure by KMBS to enforce any provisions of this Agreement or any rights hereunder, or failure to exercise any election provided for herein, shall in no way be considered a waiver of such provisions, rights, or elections, or in any way affect KMBS' right to later enforce or exercise the same or other provisions, rights, or elections it may have under this Agreement.

9. **BUSINESS PURPOSE:** Customer warrants and represents that the equipment will be used for business purposes, and not for personal, family, household purposes or other uses deemed illegal or infringing on the copyrights of others.

10. **INDEMNIFICATION:** Customer shall bear all risk of theft, loss or damage to all equipment delivered under this Agreement, which is not caused by KMBS employees or agents. Customer agrees to indemnify, defend and hold harmless KMBS, its officers, directors, employees and agents from all loss, liability, claims or expenses (including reasonable attorney's fees) arising out of Customer's use of the equipment, including but not limited to liabilities arising from illegal use of KMBS equipment as well as bodily injury, including death, or property damage to any person, unless said injuries, death or property damage was caused solely as the result of a negligent or intentional act or omission by KMBS.

11. **ASSIGNMENT:** Customer may not assign this Agreement, without KMBS' express written consent. In the event that KMBS assigns or subcontracts any of its obligations under this Agreement, KMBS shall remain primarily responsible to perform those obligations. Any claim or defense Customer may have relating to those obligations must be asserted only against KMBS and not its assignee. KMBS may assign, without notice to Customer, any of its rights under this Agreement.



KONICA MINOLTA

SCHEDULE A
KMBS MODIFIED SALES TERMS AND CONDITIONS
for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESC)

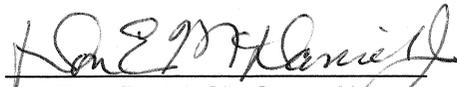
12. **NOTICES:** All notices required to be given under this Agreement shall be in writing and shall be sent by U.S. first class mail to the parties as follows: To Customer at the address listed on the front of this Agreement and to KMBS, at 100 Williams Drive, Ramsey, NJ 07446, Attention: Office of Direct Administration.

13. **ORIGINAL DOCUMENT:** Customer further agrees (a) that facsimile or electronic signatures shall be accepted as original signatures; and (b) that this Agreement or any document created pursuant to this Agreement, may be maintained in an electronic document storage and retrieval system, a copy of which shall be considered an original. KMBS may accept orders electronically from Customer pursuant to this Agreement. Neither party shall raise any objection to the authenticity of this Agreement or any document created hereunder, based on either the use of a facsimile signature or the use of a copy retrieved from an electronic storage system.

14. **ENTIRE AGREEMENT:** The entire Agreement between Customer and KMBS on the subject matter, inclusive of RFP 10I-0930, any best and final offer, and the Member's purchase order, hereof and supersedes any proposal or prior agreement, oral or written, or any other communications relating to maintenance services for KMBS equipment and it may not be released, discharged, changed, or modified except by an instrument in writing signed by a duly authorized representative of each party. Customer agrees that any Purchase Order or other documentation issued to KMBS covering the equipment or maintenance is issued for purpose of authorization and Customer's internal use only, and any terms and conditions contained therein shall not modify or add to the terms and conditions of the Agreement. This Agreement will not be effective until accepted by an authorized representative of KMBS. Notice of acceptance is hereby waived by Customer. This does not include any stand-alone lease agreement entered into by the Members.

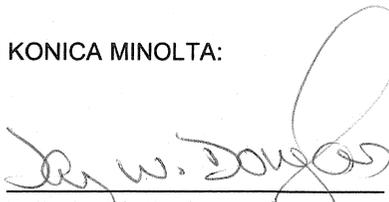
Gila County:

Gila County Manager


Don E. McDaniel, Gila County Manager

1/4/12
Date

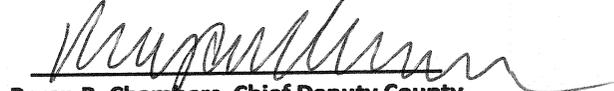
KONICA MINOLTA:


Individual Authorized to Sign

Jay W. Douglas, Major Account Executive

12/20/2011
Date

APPROVED AS TO FORM:


Bryan B. Chambers, Chief Deputy County Attorney for Daisy Flores, County Attorney



KONICA MINOLTA

Mohave Educational Services Cooperative Contract 10i-KMBS-0127

KMBS CPC Service & Maintenance Agreement

Sold To: (legal name)

Name: Gila County Account Number: _____
 Address Line 1: Gila County Child Support Division
 Address Line 2: Accounts Payable: Sylvia Martinez
 Street Address: 1400 East Ash Street
 City: Globe State: AZ Zip: 85501

Ship To:

Name: Gila County Account Number: _____
 Address Line 1: Gila County Child Support Division
 Address Line 2: Beverly Puhara
 Street Address: 157 South Broad Street
 City: Globe State: AZ Zip: 85501

Tax Exemption No Yes (Certificate required)

Tax Exemption Number: _____

PO Required No Yes (Copy required)

PO Number: _____ PO Expiration Date: _____

Advantage CPC Maintenance Plan

Cost Per Copy

With Supplies Without Supplies - Purchased Separately

Effective Date: _____

Billing for CPC contract: Monthly Quarterly Annually

Contract Term (Months): 12 24 36 48 60

Overages billed: Monthly Quarterly Annually

Product Covered Under Contract:

| Item | Model Description | Serial Number | Type | Start Meter Read | Monthly Min Volume | CPC | Monthly Min \$ | Overage CPC |
|------|-------------------|---------------|------|------------------|--------------------|-----|----------------|----------------|
| 1 | Bizhub 552 | | C | N/A | N/A | N/A | N/A | N/A |
| | | | B/W | ZERO | Unlimited | N/A | \$ 63.44 | Unlimited |
| 2 | | | C | | | | | |
| | | | B/W | | | | \$761.25 | Unlimited |
| 3 | | | C | | | | Annual Base | Includes Toner |
| | | | B/W | | | | | |
| 4 | | | C | | | | | |
| | | | B/W | | | | | |
| 5 | | | C | | | | | |
| | | | B/W | | | | | |
| 6 | | | C | | | | | |
| | | | B/W | | | | | |

Comments

This agreement incorporates Schedule A-1 KMBS Modified Standard Maintenance Terms and Conditions for Mohave Educational Services Cooperative (MESOC), a copy of which is available upon request. Not binding on KMBS until signed by KMBS Manager.

Customer Name: Don E. McDaniel Jr.
 Signature: [Signature] 1/9/11
Please Print
Authorized Representative of Customer
Date
 Title: County Manager

KMBS Representative: [Signature] 12/20/11
 KMBS Manager: [Signature] 12/20/11
Date
Date

FOR INTERNAL USE

New Customer Maintenance w/ Equipment Order Maintenance Only Maintenance Billed by KMBS Maintenance Billed by Lease Company Dealer Serviced

PE #: 825104-R072711 Agreement #: 40038415 Customer Code 1: _____
 Promotion #: _____ Price Plan #: 10i-KMBS-0127 Customer Code 2: _____
 Subfleet #: _____ Customer Code 3: _____

Key Operator Contact: Beverly Puhara Phone: (928) 402-8853 Email Addr: bpuhara@co.gila.az.us
 Meter Read Contact: Beverly Puhara Phone: (928) 402-8853 Email Addr: bpuhara@co.gila.az.us
 Accounts Payable Contact: Sylvia Martinez Phone: (928) 425-3231 Email Addr: smartinez@co.gila.az.us

Special Instructions: _____ Additional Documents Attached:
 Price Exception Tax Exempt Certificate
 Purchase Order Credit Application

| | Sales Rep Number | Sales Rep Name (Please Print) | Sales Rep Email Address |
|---------------|------------------|-------------------------------|--------------------------------|
| Originating: | 9415280 | Jay W. Douglas | jdouglas@kmbs.konicaminolta.us |
| Order Taking: | 9415280 | Jay W. Douglas | jdouglas@kmbs.konicaminolta.us |
| Servicing: | 9415280 | Jay W. Douglas | jdouglas@kmbs.konicaminolta.us |

Contract Processed: Windsor, CT Branch _____ (Branch Name)



KONICA MINOLTA

SCHEDULE A - 1

**KMBS MODIFIED STANDARD MAINTENANCE TERMS AND CONDITIONS
for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESC)**

The following terms and conditions apply to the provision of maintenance services by Konica Minolta Business Solutions U.S.A., Inc. ("KMBS") to Customer during the term of this Agreement:

1. **PAYMENT:** Payment is due within thirty (30) days from the date of the invoice. Should the customer fail to make any payment due hereunder, or be or become insolvent or be a party to of acquiesce in any bankruptcy or receivership proceeding or any similar action affecting the affairs or property of Customer, or violate any aspect of this Agreement, KMBS may (1) refuse to continue to service the equipment or provide Consumable Supplies and may enter Customer's premises to recover any property or equipment owned by KMBS or (2) furnish service on a time, travel and material basis, without prejudice to any other remedies KMBS may have. Reasonable costs, including counsel fees, shall be recoverable by KMBS in the event collection activities, including litigation, are required to collect outstanding amounts due under this Agreement. **NO CASH PAYMENTS ACCEPTED.** Accepted manners of payment are by major credit card or checks made payable to KMBS.

2. **METER READINGS:** Customer will provide accurate and timely meter readings at the end of each billing period in a manner prescribed by KMBS. KMBS charges for each copy or print, performed by the KMBS equipment included in this Agreement. A copy or print shall be defined as the generation of any document or image on the KMBS equipment. For purposes of this Agreement, all such uses of KMBS equipment shall be referenced herein as a "copy." KMBS shall have access to monitor the meter readings and if meter readings are not received in a timely manner, KMBS may obtain or estimate them and Customer agrees to pay for maintenance services based on estimated meter readings. Customer shall not alter or attempt to alter actual meter reading. Each "8 ½ x 11" copy will be recorded as a single meter click. Each 11" x 17" copy will be recorded as a double meter click. Duplexed copies shall be counted at twice the rate of simplexed copies For models equipped with banner printing capabilities, the following meter click charges shall apply: 18" to 27" = 3 clicks; 27" to 36" = 4 clicks; 36" to 47" - 5 clicks.

3. **SITE PREPARATION & ACCESS:** Customer shall ensure that equipment is paced in an environment that conforms with the manufacturer's specifications and requirements and will bear all cost and expense for any additional necessities required for installation such as telephone and electrical wiring, remodeling, and noise and power filters. Any electrical work external to the equipment (i.e. associated peripheral equipment, power, transmission and phone lines, and modems) and equipment line cord are not covered by this Agreement. Customer shall provide KMBS' personnel with free and full access to the equipment and any necessary operating time for the purposes of furnishing maintenance services. Customer shall arrange and insure that one of its employees is present at all times when KMBS personnel perform maintenance services. Relocation or make ready shipment of equipment is not covered by this maintenance Agreement This service, when requested, will be at the then billable rate of KMBS.

4. **COMMENCEMENT OF SERVICE:** The equipment must be in good condition on the commencement date of this Agreement. KMBS charges for parts and labor required to place the equipment in such condition unless covered under any applicable warranties or a continuous



KONICA MINOLTA

SCHEDULE A - 1

**KMBS MODIFIED STANDARD MAINTENANCE TERMS AND CONDITIONS
for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESC)**

maintenance Agreement. KMBS will invoice the customer and this will be in addition to the price set forth on the front hereof.

5. **ADDITIONAL EQUIPMENT:** No maintenance service for additional or substituted equipment will be provided by KMBS until it is accepted by KMBS, in writing, for coverage. KMBS reserves the right to adjust the coverage period for any additional or substituted equipment to assure common renewal dates.

6. **SERVICE INCLUDED:** KMBS' obligations under this Agreement is to provide Basic Maintenance Service on the equipment covered by this Agreement. Basic Maintenance Service is defined as that level of maintenance necessary to maintain the equipment in normal operating condition as set forth in the equipment specifications. Basic Maintenance Services includes labor and/or routine remedial and preventive maintenance service as well as remedial parts and Consumables Supplies, if this option is selected, as defined in section 24. All part replacements shall be on an exchange basis with new or refurbished items. Emergency service calls will be performed at no extra charge during normal business hours. Unless otherwise indicated, normal business hours are 8:30 a.m. to 5:00 pm., Monday through Friday, exclusive of holidays observed by KMBS. Overtime charges, at KMBS' then current rate, will be charged for all service calls outside normal business hours. In addition to any other rights hereunder, KMBS reserves the right to delete discontinued equipment from this Agreement if parts become unavailable for discontinued equipment.

7. **PREVENTIVE MAINTENANCE:** Preventive Maintenance shall be performed on the equipment at the intervals defined by the Technical Service Manuals for the particular model. Preventive Maintenance will include cleaning, lubrication, adjustment, and may be made at the same time remedial service is being performed. KMBS technicians do not carry or deliver consumable supplies (toner, developer, etc.). It is the Customer's responsibility to have the necessary supplies available for the Technician's use.

8. **vCARE MONITORING:** KMBS will deploy and enable its vCARE Solution, which is a Device Relationship Management (DRM) system that interacts with KMBS product(s) for the purpose of automated meter reading, technical performance monitoring, consumable and supply-level monitoring for replenishment, and product status (and as described in KMBS' Digital Needs Analysis).

9. **SELLER'S AGENTS:** Customer acknowledges that it has been advised that no agent, employee, or representative of KMBS has any authority to bind KMBS to any affirmation, promise, representation, or warranty concerning any of the equipment or services. Unless an affirmation, promise, representation, or warranty is specifically set forth in this Agreement it does not form a basis of this bargain and shall not be enforceable against KMBS.

10. **DISCLAIMER:** This Agreement does not cover service required due to malfunction of parts, attachments, or supplies of non-KMBS manufacture. When the use of a particular supply item may cause machine damage or require excessive servicing, KMBS, upon notice to Customer, will not



KONICA MINOLTA

SCHEDULE A - 1

KMBS MODIFIED STANDARD MAINTENANCE TERMS AND CONDITIONS for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESC)

continue remedial or preventive service for that equipment. By introducing supplies of differing manufacture into the KMBS equipment Customer accepts the responsibility to pay for any remedial or corrective service required. Any alterations, modifications or changes to the equipment by someone other than KMBS, including Customer, may result in termination of this Agreement. Without prior authorization, this Agreement does not apply to any equipment which ceases to be at the customer location described on the front side hereof. This Agreement does not apply to any equipment lost or damaged through accident, abuse, misuse, theft, neglect, acts of third parties, fire, water, casualty or any other natural force, and any loss or damage occurring from any of the foregoing is specifically excluded from this Agreement. Customer warrants and represents that the equipment will be used for business purposes, and not for personal, family, or household purposes.

11. **AUTOMATIC RENEWAL:** Intentionally deleted.
12. **ESCALATION:** Intentionally deleted.
13. **EARLY TERMINATION CHARGE:** In the event Customer terminates prior to the expiration of the initial term of this Agreement without cause or in the event KMBS terminates this Agreement prior to the end of the initial term due to Customer's material breach, KMBS will bill and Customer will be responsible to pay an early termination charge as liquidated damages, and not as a penalty. Early termination charges will be calculated in the following manner: i) KMBS will average the three (3) most recent billing periods of KMBS maintenance to arrive at an average maintenance figure, then ii) multiply that figure by the number of remaining billing periods in the remaining unexpired term, and then iii) divide that number by two (2).
14. **NETWORK INTEGRATION:** If Network Integration services are provided by KMBS, Customer warrants that the KMBS Digital Needs Analysis ("DNA") has been accurately completed and KMBS may rely on the information contained in the DNA in providing network integration services. KMBS reserves the right to assess additional charges for service due to Customer's modification of its network, software, or operating system(s).
15. **ASSIGNMENT:** Customer may not assign this Agreement, without KMBS' express written consent. In the event that KMBS assigns or subcontracts any of its obligations under this Agreement, KMBS shall remain primarily responsible to perform those obligations. Any claim or defense Customer may have relating to those obligations must be asserted only against KMBS and not its assignee. KMBS may assign, without notice to Customer, any of its rights under this Agreement.
16. **NOTICES:** All notices required to be given under this Agreement shall be in writing and shall be sent by U.S. first class mail to the parties as follows: To Customer at the address listed on the front of this Agreement and to KMBS, at 100 Williams Drive, Ramsey, NJ 07446, Attention: Office of Direct Administration.



KONICA MINOLTA

SCHEDULE A - 1

**KMBS MODIFIED STANDARD MAINTENANCE TERMS AND CONDITIONS
for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESC)**

17. **INDEMNIFICATION:** Customer shall bear all risk of theft, loss or damage not caused by KMBS employees or agents, to all Equipment delivered and accepted under this Agreement. Customer agrees to indemnify, defend and hold harmless KMBS, its officers, directors, employees and agents from all loss, liability, claims or expenses (including reasonable attorney's fees) arising out of Customer's use of the equipment, including but not limited to liabilities arising from illegal use of KMBS equipment as well as bodily injury, including death, or property damage to any person, unless said injuries, death or property damage was caused solely as the result of a negligent or intentional act or omission by KMBS.

18. **WARRANTY:** KMBS WARRANTS THAT THE SERVICES SHALL BE PERFORMED IN ACCORDANCE WITH THE MANUFACTURER'S RECOMMENDATIONS AND SPECIFICATIONS FOR THE EQUIPMENT. KMBS MAKES NO OTHER WARRANTIES WHATSOEVER EXPRESS OR IMPLIED WITH REGARD TO THE SERVICE. THE SOFTWARE INCLUDED WITH THE EQUIPMENT OR ITS INSTALLATION, AND MAINTENANCE, AND EXPRESSLY EXCLUDES ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

19. **REMEDY LIMITATIONS:** The equipment may not be returned to KMBS without KMBS' written consent. CUSTOMER'S EXCLUSIVE REMEDY FOR BREACH OF WARRANTY SHALL BE REPAIR OF THE EQUIPMENT OR REPLACEMENT OF A NONCONFORMING PART, AT THE OPTION OF KMBS. THE PARTIES WAIVE THEIR RESPECTIVE RIGHTS TO SPECIAL, CONSEQUENTIAL, EXEMPLARY, INCIDENTAL OR PUNITIVE DAMAGES FOR ANY PROVEN BREACH OF THIS AGREEMENT (INCLUDING WARRANTY). THE PARTIES RESERVE THE RIGHT TO RECOVER CONTRACT DAMAGES ALLOWED VIA THIS AGREEMENT. KMBS' LIABILITY UNDER THIS AGREEMENT IS LIMITED TO THE COVER DAMAGES ON THE COST OF ALTERNATE MAINTENANCE SERVICES AND/OR CONSUMABLES PURCHASED BY THE CUSTOMER. KMBS SHALL NOT BE LIABLE FOR ANY DAMAGES, INCLUDING BUT NOT LIMITED TO, DAMAGES DUE TO LOSS OF DATA OR INFORMATION OF ANY KIND. LOSS OF OR DAMAGE TO REVENUE, PROFITS OR GOODWILL, DAMAGES DUE TO ANY INTERRUPTION OF BUSINESS, DAMAGE TO CUSTOMER'S COMPUTERS OR NETWORKS, EVEN IF KMBS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

20. **APPLICABLE LAW:** This Agreement shall be governed by the laws of the State of Arizona without regard to choice of law principles. In the event of litigation or other proceedings by KMBS to enforce or defend any term or provision of this Agreement, Customer agrees to pay all costs and expenses sustained by KMBS, including but not limited to, reasonable attorney's fees. Customer further agrees to litigate any dispute concerning this matter in the courts of the state of Arizona, consents to jurisdiction in that forum.

21. **FORCE MAJEURE:** Neither party shall be responsible for delays or failure in performance of this Agreement (other than failure to make payment) to the extent that such party was hindered in its performance by any act of God, civil commotion, labor dispute, or any other occurrence beyond its reasonable control.



KONICA MINOLTA

SCHEDULE A - 1

**KMBS MODIFIED STANDARD MAINTENANCE TERMS AND CONDITIONS
for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESC)**

22. WAIVER & SEVERABILITY: Failure by KMBS to enforce any provisions of this Agreement or any rights hereunder, or failure to exercise any election provided for herein, shall in no way be considered a waiver of such provisions, rights, or elections, or in any way affect the party's right to later enforce or exercise the same or other provisions, rights, or elections it may have under this Agreement. If any provision of this Agreement shall be unlawful, void or for any reason unenforceable, then that provision shall be deemed severable from this Agreement and shall not affect the validity and enforceability of the remaining provisions of this Agreement.

23. ORIGINAL DOCUMENT: Customer further agrees (a) that facsimile or electronic signatures shall be accepted as original signatures; and (b) that this Agreement or any document created pursuant to this Agreement, may be maintained in an electronic document storage and retrieval system, a copy of which shall be considered an original. KMBS may accept orders electronically from Customer pursuant to this Agreement. Neither party shall raise any objection to the authenticity of this Agreement or any document created hereunder, based on either the use of a facsimile signature or the use of a copy retrieved from an electronic storage system.

24. SUPPLIES INCLUDED IN THE BASE/PRINT CHARGE: If this option has been selected, KMBS (or designated servicer) will provide Customer with certain types and quantities of Consumable Supplies. Consumable Supplies are defined as the toner, developer, copy cartridges and PM kits necessary to ensure that the equipment operates within the equipment specifications throughout the term of this Agreement. Customer agrees that the Consumable Supplies are KMBS property until used by Customer. Customer will use Consumable Supplies only with the contracted equipment and run them to their cease-function point. Customer shall not remove the Consumable Supplies from the location designated as Customer's address on the first page of this Agreement. Customer shall not sell, resell or otherwise transfer any Consumable supplies to any other entity. Customer will return any unused Consumable Supplies to KMBS at the end of this Agreement. Customer shall use reasonable care to store and protect KMBS Consumable Supplies located at Customer's location for Customer's convenience. Customer bears risk of loss of KMBS unused Consumable Supplies in the event of theft, fire or other mishap. Should Customer's use of Consumable Supplies exceed the Manufacturer Recommended Yields for the applicable unit by more than 6% in any given month, or should KMBS, in its reasonable discretion, determine that Consumable Supplies are being abused in any fashion, Customer agrees that KMBS shall have the right to charge for any such excess or improper usage. The Manufacturer's Recommended Yields for the Consumable Supplies are set forth in <http://kmbs.konicaminolta.us> Audit Rights. During the term of this Agreement and during the Sixty (60) day period immediately following the Term, KMBS shall have the right, upon reasonable notice or in connection with a maintenance call, to audit Customer's usage of Consumable Supplies. The audit will be conducted by comparing the records generated by the equipment to the Manufacturer's Recommended Yields. If the audit reveals that Customer has exceeded the Manufacturer's Recommended Yield for the applicable unit, then Customer shall promptly pay to KMBS an amount for the excess Consumable Supplies usage, based on the then current rate for the applicable Consumable Supply. KMBS reserves the right to charge Customer for shipping and handling charges incurred by KMBS for the delivery of any excess Consumable Supplies delivered to Customer.



KONICA MINOLTA

SCHEDULE A - 1

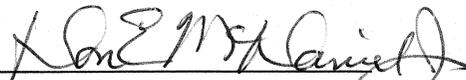
**KMBS MODIFIED STANDARD MAINTENANCE TERMS AND CONDITIONS
for MOHAVE EDUCATIONAL SERVICES COOPERATIVE (MESC)**

25. **ENTIRE AGREEMENT:** The entire Agreement between Customer and KMBS on the subject matter, inclusive of RFP 10I-0930, any best and final offer, and the Member's purchase order, hereof and supersedes any proposal or prior agreement, oral or written, or any other communications relating to maintenance services for KMBS equipment and it may not be released, discharged, changed, or modified except by an instrument in writing signed by a duly authorized representative of each party. Customer agrees that any Purchase Order or other documentation issued to KMBS covering the equipment or maintenance is issued for purpose of authorization and Customer's internal use only, and any terms and conditions contained therein shall not modify or add to the terms and conditions of the Agreement. This Agreement will not be effective until accepted by an authorized representative of KMBS. Notice of acceptance is hereby waived by Customer. This does not include any stand-alone lease agreement entered into by the Members.

26. **DIGITAL SUPPORT SERVICE (DSS):** If this option has been selected, DSS provides Customer access to KMBS Digital Solution Center (DSC) telephonically or by electronic access. DSS includes technical support on items specified on the DSS Supported Products List including Digital Multi-Function Devices, General Office Applications, Graphic and Design Applications and Desktop Operating Systems. Customer may access expert level support by telephone or electronically. DSC support is available during the hours of 8:00a.m. and 6:00 p.m., Eastern Time, Monday through Friday, excluding KMBS observed holidays. DSC hours are subject to change by KMBS. Customer system(s) must be in good working condition. DSS does not include parts or labor related to network / computer problems not directly involved in the printing or scanning network or fax workflow. Customer network changes, attachments or additions may require additional DSS charges. KMBS reserves the right to terminate DSS services in the event that any of Customer changes, alterations or attachments makes it impractical for KMBS to provide DSS. Customer is responsible for performing normal operator functions, system backups, virus scans, and network security functions on a regular basis. The monthly rate for DSS is \$10 per serial number.

GILA COUNTY:

Gila County Manager

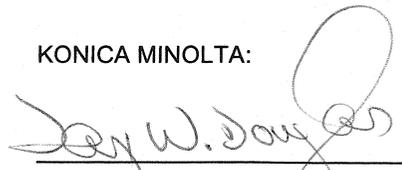

Don E. McDaniel, Gila County Manager

1/9/12
Date

APPROVED AS TO FORM:


Bryan B. Chambers, Chief Deputy County
Attorney for Daisy Flores, County Attorney

KONICA MINOLTA:


Individual Authorized to Sign

Jay W. Douglas, Major Account Executive

12/20/2011
Date

ATTACHMENT "A"

Anti-Terrorism Warranty: Pursuant to **A.R.S. §35-393.06(B) and 35-391.06(A)** the Contractor certifies that it does not have scrutinized business operations in Iran or Sudan and that they are in compliance with the Export Administration Act and not on the Excluded Parties List.

Legal Arizona Workers Act Compliance: Firm hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to Firm's employment of its employees, and with the requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). Firm shall further ensure that each subcontractor who performs any work for Firm under this contract likewise complies with the State and Federal Immigration Laws.

County shall have the right at any time to inspect the books and records of Firm and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws.

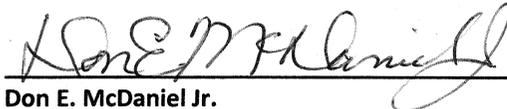
Any breach of Firm's or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, shall be deemed to be a material breach of this Contract subjecting Firm to penalties up to and including suspension or termination of this Contract. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, Firm shall be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor as soon as possible so as not to delay project completion.

Firm shall advise each subcontractor of County's rights, and the subcontractor's obligations, under this Article by including a provision in each subcontract substantially in the following form: "Subcontractor hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to Subcontractor's employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor's books and records to insure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor will be deemed to be a material breach of this contract subjecting Subcontractor to penalties up to and including suspension or termination of this contract."

Cancellation: This agreement is subject to cancellation pursuant to A.R.S. §38.511.

GILA COUNTY:

GILA COUNTY MANAGER

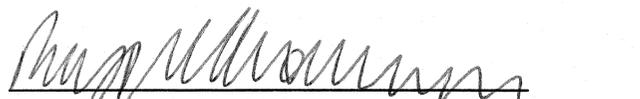


Don E. McDaniel Jr.

1/4/12

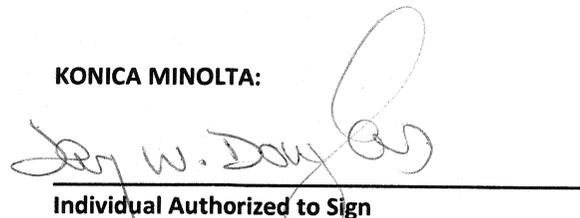
Date

APPROVED AS TO FORM:



Bryan B. Chambers, Chief Deputy County Attorney
for Daisy Flores, County Attorney

KONICA MINOLTA:



Individual Authorized to Sign

JAY W. DOUGLAS

Print Name

MAE

Title

12/20/11

Date