

EQUIPMENT LEASE AGREEMENT Preferred Business Systems LLC

5334 E. 46th Street, Tulsa, Ok 74135

This is an Equipment Lease Agreement ("Lease").

Please read it carefully. It contains important terms and conditions.

Lessor ("we," "us" and "our"):

Lessee ("you" and "your"):

Exact Legal Name: DBA (if applicable) City of Broken Arrow, Oklahoma

Federal Tax ID: Billing Address 220 S. First Street, Broken Arrow, OK 74012

Billing Contact: Phone Fax

Equipment Address (if different from Billing Address)

Equipment Supplier ("Supplier") Preferred Business Systems LLC 5334 E. 46th Street, Tulsa, OK 74135 Phone No. (918)252-2199

Equipment Description (Attach separate addendum if necessary) ("Equipment"—includes attachments)

Quantity	Make/Model	Serial Number	Quantity	Make/Model	Serial Number
10	Ecosys M2540dw		5	Sharp MX-3570V	
2	Sharp MX-M3070N		2	Sharp MX-M5070N	
7	Sharp MX-3070V		3	Sharp MX-5070V	
5	Sharp MX-M3570N		5	Sharp MX-6580N	

Initial Lease Term 60 Months This agreement depends upon an annual appropriation of funds by the Broken Arrow City Council. The agreement will terminate on June 30 any year in which the City does not appropriate funds for the project to the next fiscal year, (Hereinafter referred to as "Annual Appropriations.") starting on the date of install. Payment Frequency 1 Monthly

Number and Amount of Lease Payments: No. of Payments 60 Monthly Net Increase on original lease Payment Amount \$2,712.50 (Plus Applicable Taxes) If you are tax exempt you must furnish us with evidence of that exemption satisfactory to us. Initial Payment Amount When you sign this Lease you agree to pay us: \$100 Documentation Fee

(a) \$ 2,712.50 the first month lease payment plus b) \$ -0- Security Deposit for a total Advance Lease Payment (s) of \$ 2,812.50 plus Applicable Taxes (make check payable to Preferred Business Systems)

End of Lease Purchase Option: XX Fair Market Value ("FMV") Purchase Option \$1.00.

TERMS AND CONDITIONS: This is a net lease/subject to "Annual Appropriation" that cannot be cancelled or terminated by you and your obligation to make all payments required under this Lease is unconditional and absolute and you cannot withhold, set off or reduce such payments for any reason. The laws of Oklahoma govern this Lease (without reference to conflict of law principles). You and we consent to exclusive jurisdiction of the State District Court in Tulsa County, State of Oklahoma and you agree that such jurisdiction will be exclusive with respect to any action brought by you against us. You acknowledge that you choose to lease the Equipment rather than purchase it for the Lease Package Cost. (Continued on reverse side)

Authorized Lessee Signature: THIS AGREEMENT IS NON-CANCELABLE

Lessee Print Signer's Name

Print Title Date

APPROVED AS TO FORM:


ASSISTANT CITY ATTORNEY

1. Delivery/Acceptance/Payments/Adjustments/Charges. Based upon your selection of the Equipment, we will order the Equipment directly from the Supplier. We will arrange for the delivery of the Equipment to you and, upon receipt, you will inspect it and determine if it is in good working order. Your acceptance of the Equipment will be conclusively and irrevocably established upon the receipt by us of your confirmation (verbal or written) of such acceptance. However, if you have not provided us with confirmation of acceptance or if you have not provided us with written notice of non-acceptance of the Equipment, in either case, within 10 days after delivery of the Equipment, you will be deemed to have inspected and irrevocably accepted the Equipment and to have authorized us to pay for the Equipment. This Lease will end (unless sooner terminated by us) (a) when all amounts required to be paid by you under this Lease have been paid and (b) you have either returned the Equipment to us as specified in Section 7 or purchased our interest in the Equipment as specified in Section 8. We may terminate this Lease without liability to you if the Equipment is not delivered to you within 90 days after the Equipment was ordered. You promise to pay to us without notice or demand the lease payments shown under the "Number and Amount of Lease Payments" section on the first page of this Lease and to otherwise timely perform your obligations under this Lease. Your payments are to be sent to our address shown at the beginning of this Lease or to any other place we designate in writing. The "Initial Payment Amount" shown on the first page of this Lease is payable at the time you sign this Lease and, provided that the Equipment has been accepted by you in accordance with this Section 1, the remaining lease payments are payable in advance on the day of each subsequent month (or such other time period shown on the first page of this Lease) as specified by us. No payment is intended to exceed the maximum amount of time price differential or interest, as applicable, permitted to be charged or collected by applicable laws, and any such excess payment will be applied to payments due under this Lease in inverse order of maturity and thereafter shall be refunded. We may adjust your lease payment proportionately up or down by not more than 15% if our actual Lease Package Cost differs from the estimated Lease Package Cost we used to calculate your lease payment. As used in this Lease, our "Lease Package Cost" is all amounts we pay relating to the purchase, delivery and installation of the Equipment, including (as applicable) equipment costs, software license fees, upfront taxes, third party buyouts and upgrade amounts. If any payment is not paid within five (5) days of when due, we may (x) impose a late charge equal to 10% of the amount of the late payment or \$ 50.00, whichever is greater, and (y) commencing 30 days after any payment is due under this Lease, assess interest on such outstanding late payment balance until it is paid calculated at the rate of 18% per annum. Any late charge and/or interest chargeable under this Lease will only apply if permitted by applicable law and if not permitted by applicable law, late charges and/or interest will be calculated at the maximum rate allowed by such law.

2. No Lessor Warranties/Disclaimer/Article 2A. YOU ACKNOWLEDGE THAT WE ARE NOT A MANUFACTURER OF THE EQUIPMENT OR ANY SOFTWARE PROVIDED WITH THE EQUIPMENT AND THAT YOU HAVE SELECTED THE EQUIPMENT AND ANY SOFTWARE BASED UPON YOUR OWN JUDGMENT. YOU AGREE THAT AS BETWEEN YOU AND US, THE EQUIPMENT AND ANY SOFTWARE IS PROVIDED "AS-IS" AND "WITH ALL FAULTS". WE MAKE NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT OR ANY SOFTWARE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR THE ABSENCE OF ANY CLAIM OF INFRINGEMENT OR THE LIKE. We assign to you for the term of this Lease, any transferable manufacturer or Supplier warranties. You may contact the Supplier for a full description of any rights you may have under the purchase order or supply contract covering the Equipment. WE SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE YOU SUFFER AND IN NO EVENT WILL YOU ASSERT ANY CLAIM AGAINST US FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY OR SPECIAL DAMAGES, INCLUDING LOST PROFITS. If Article 2A of the Uniform Commercial Code is applicable to this Lease, it will be considered a "finance lease" as that term is defined therein. To the extent permitted by applicable law, no rights or remedies referred to in Article 2A will be conferred on you unless expressly granted in this Lease.

3. Use/Maintenance/Location/Liens/Financing Statements. You will comply with all laws and regulations relating to the use or maintenance of the Equipment. You will use the Equipment with due care and at your expense will maintain the Equipment in good repair, condition and working order, ordinary wear and tear excepted. You will not, without our prior written consent, make any alteration, improvement or addition to the Equipment. Any and all replacement parts, alterations, improvements and additions to the Equipment will, when installed or made, immediately become our property and part of the Equipment for all purposes. You will not move the Equipment from the location specified on the first page of this Lease without our prior written consent and we have the right to inspect the Equipment where it is located and to affix markings to the Equipment showing our interest. You will not use the Equipment for personal, family or household purposes. Title to the Equipment will remain with us and you will, at your expense, protect and defend our title and keep it free of all claims and encumbrances (other than your rights hereunder and claims and encumbrances created by or through us). The Equipment will remain personal property regardless of its attachment to realty. If this transaction is deemed to be a lease intended for security, you grant to us a purchase money security interest in the Equipment (including any replacements, substitutions, additions, attachments and proceeds). You authorize us to file a copy of this Lease as a financing statement and appoint us (and any third party designated by us) as your attorney-in-fact to execute and file, on your behalf, financing statements evidencing our interest in the Equipment.

4. Risk of Loss/Insurance. You are responsible for and bear the risk of loss, theft, destruction or damage to the Equipment (collectively "Casualty") from any cause whatsoever, whether or not insured. No such Casualty will relieve you of any obligation under this Lease. You must promptly notify us of any Casualty. If the Equipment is damaged, you will immediately repair such damage at your expense. However, if any Equipment is lost, stolen, or damaged beyond repair, then at our option, you will pay us the greater of: a) the remaining amounts owed under this lease; or b) the fair market value of the equipment as determined by us. Any proceeds of insurance will be applied, at our sole election, toward the replacement or repair of the Equipment or payment toward your obligations under this Lease. You acknowledge that we are not required to obtain or maintain any insurance, and we will not be liable to you if we terminate any insurance coverage that we arrange.

5. It is understood and agreed by Preferred Business Systems, LLC that the City of Broken Arrow, a Municipal Corporation is a governmental agency and thus not subject to taxation.

6. Automatic Renewal/Return. At the expiration or earlier termination of the Lease, whether by default or otherwise, we (except in the case of retention by you upon the proper exercise of your End of Lease Purchase Option) at Preferred Business Systems, LLC's expense, will securely crate and ship the Equipment in the same condition as originally received, less normal wear and tear, to our closest place of business. We will inspect the Equipment upon its return and we will inspect the equipment at the customer's place of business and you agree to pay us for all damages to the Equipment unless attributable to normal wear and tear.

7. End of Lease Purchase Option. If no "Default" (as defined in Section 10 below) has occurred and is continuing, you shall have the option at the expiration of the then applicable term of this Lease to purchase all (but not less than all) of our interest in the Equipment at the End of Lease Purchase Option amount shown on the first page of this Lease, plus any applicable taxes. You must give us irrevocable written notice at least 90 days before the end of the then applicable term that you will purchase our interest in the Equipment and you must pay us all lease payments and other amounts owed through the end of the then applicable term, the applicable End of Lease Purchase Option amount and any applicable taxes on or before the end of the then applicable term (and upon payment of such amounts we will transfer our interest in the Equipment to you "AS-IS", "WHERE-IS" without any warranty or representation of any kind). If this Lease contains a Fair Market Value End of Lease Purchase Option, we will use our reasonable judgment to determine the Equipment's fair market value (which will be valued on an in use and in place basis). If you disagree with our determination of the fair market value, then the in use and in place value will be determined at your expense by an independent appraiser selected by mutual agreement and paid by you. If we cannot agree, an independent appraiser shall be appointed by the presiding District Judge of Tulsa County, Oklahoma with costs divided equally between the Parties to effectuate that appointment.

8. Assignment WITHOUT OUR PRIOR WRITTEN CONSENT, YOU SHALL NOT SELL, ASSIGN, SUBLET, PLEDGE OR TRANSFER ALL OR ANY PART OF THIS LEASE OR THE EQUIPMENT. We may assign our interest in all or any part of this Lease and sell or grant a security interest in all or any part of the Equipment without notice to you or your consent. You agree not to assert against any assignee any claim, defense, setoff, counterclaim, or recoupment that you may have asserted against us or another party. Each assignee will have the same rights and remedies as us, but none of our obligations.

9. Default Each of the following is a "Default" under this Lease: a) you fail to pay any lease payment or any other amount due under this Lease within 10 days of its due date; b) you fail to perform any other obligation under this Lease and such failure continues for 10 days after we have notified you of it; c) you fail to perform your obligations under any other agreement between you and us or any of our affiliates and such failure continues for 10 days after we have notified you of it; d) you or any guarantor of this Lease becomes insolvent or makes an assignment for the benefit of creditors; e) you cease doing business as a going concern; f) a petition is filed by or against you or any guarantor of this Lease under any bankruptcy or reorganization proceeding; g) any individual Lessee, guarantor of this Lease, or individual general partner of Lessee (if you are a partnership) dies; or h) any financial or credit information submitted by or on your behalf proves to be false or materially misleading when made.

10. Remedies. If a Default occurs, we may do one or more of the following: a) without the necessity of legal process, enter upon any premises where the Equipment may be located and take possession of the Equipment or render the Equipment unusable; b) require you to deliver the Equipment to us in the manner specified in Section 7; c) terminate or cancel this Lease or any other agreements between you and us; d) we may sell, lease or otherwise dispose of the Equipment at one or more public or private sales (with or without notice to you). You will remain responsible for any and all amounts that remain unpaid under the terms of this lease. This is an acceleration provision obligating you to remit payment to us of all funds then owed, or that may be owed in the future under the terms of this lease. The prevailing party in any alleged default shall pay all costs to pay our costs and expense incurred by reason of alleged Default or the exercise of any remedy hereunder, including reasonable attorney's fees, collection agency fees, returned check fees and repossession and storage expenses. No remedy given in this Section 11 is intended to be exclusive, and each remedy shall be cumulative. No express or implied waiver by us of any Default will in any way be deemed to be a waiver of any subsequent Default.

11. Miscellaneous. This Lease is not binding on us until we sign it. This Lease contains the terms and conditions under which you agree to lease the Equipment from us and it is the entire agreement between you and us on this subject matter. If more than one Lessee has signed this Lease, each of you agree that your liability is joint and several. If any provision of this Lease is determined to be unenforceable, invalid, or illegal, the remaining provisions will continue to be effective. Any change to this Lease must be in writing and signed by us. You authorize us to insert into this Lease, the application number, lease number, customer number and the Equipment's serial number(s). All notices under this Lease will be in writing and deemed to have been given when delivered personally, by nationally recognized overnight courier service, or mailed to the party receiving the notice at its address shown on the first page of this Lease (or at such other address as may be specified by that party in writing). If you do not perform any of your obligations under this Lease, we have the right (but not the obligation) to take any action or pay any amounts that we believe are necessary to protect our interests. For any such amounts that we pay, you agree to reimburse us immediately upon our demand. You authorize us (a) to obtain credit reports and (b) make such other credit inquiries as we deem necessary.

12. This agreement is subject to all the other terms and conditions which are contained in the bidding documents submitted by Preferred Business Systems LLC.

PREFERRED BUSINESS SYSTEMS LLC

Accepted:

By ☒ _____

Print Name _____

Print Title _____

Date 5/22/18