



COPIERS AND MANAGED PRINT SERVICES

Led by the State of Colorado

Master Agreement #: **140596**

Contractor: **HP Inc.**

Participating State or Entity: North Dakota

The following products and services are included in this contract portfolio:

- Group A – MFD, A3
- Group B – MFD, A4
- Group D – Single-function Printers
- Group E – Large/Wide Format Equipment
- Group F – Scanners
- Supplies
- Software

1. **Scope:** This Addendum covers the NASPO ValuePoint Master Agreement for Copiers and Managed Print Services led by the State of Colorado, for use by state agencies and other entities located in the Participating State North Dakota and authorized by that state's statutes to utilize state contracts with the prior approval of the state's Chief Procurement Officer.
2. **Participation:** Use of specific NASPO ValuePoint cooperative contracts by state agencies, political subdivisions and other entities (including cooperatives) authorized by an individual state's statutes to use state contracts are subject to the approval of the respective state Chief Procurement Officer. Issues of interpretation and eligibility for participation are solely within the authority of the State Chief Procurement Officer.
3. **Order of Precedence:**
 - a) A Participating Entity's Participating Addendum;
 - b) NASPO ValuePoint Master Agreement Terms & Conditions, including all Exhibits;
 - c) An Order issued against the Master Agreement;
 - d) The Solicitation, RFP-NP-18-001, Copiers and Managed Print Services;
 - e) The Contractor's response to the Solicitation, as revised (if permitted) and accepted by the Lead State; and
 - f) The Contractor's Supplemental Documents, including all Attachments.



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4. Term of the Master Agreement:

- a) **Initial Term:** The Parties' respective performances under the Master Agreement commenced on August 8, 2019, and shall terminate on December 31, 2021, unless terminated sooner, as specified in **Section 6.10, Defaults and Remedies**, of the Master Agreement.
- b) **Extension:** The Master Agreement may be extended beyond the original contract period for up to three (3) consecutive one (1) year additional terms, upon the mutual agreement of the Lead State and Contractor, via written Amendment. The total duration of the Master Agreement, including any extensions, shall not exceed five (5) years.

5. Participating State or Entity Modifications or Additions to the Master Agreement: The following are items that each Participating State or Entity should consider when drafting a Participating Addendum:

- a) **State specific terms and conditions:** Participating States or Entities may add statutory terms required to execute a Participating Addendum. The Master Agreement Terms and Conditions should be reviewed to ensure there is no conflict with what your state may accept. The Master Agreement Terms and Conditions are intended to be utilized as a baseline for state specific requirements.
- b) **Administrative Fees:** The Master Agreement allows Participating States and Entities to incorporate an administrative fee into the published Master Agreement pricing.
- c) **Supplemental Documents:** The Contractor's Supplemental Documents are attached to the Master Agreement as **Attachment A through Attachment D**. Each Participating State or Entity is responsible for negotiating the terms and conditions of each of these documents, if they so choose. The Lead State has only negotiated the language to the extent it aligns with the Master Agreement Terms and Conditions; however, any further negotiations are at the discretion and responsibility of the Participating State or Entity.
- d) **Authorized Dealers:** All Contractor approved Dealers are listed in **Exhibit C (Authorized Dealers by State)**. The Participating State or Entity may limit the number of Dealers they use, and/or request that the Contractor approve additional Dealers. The Contractor Dealer's participation will be in accordance with the terms and conditions set forth in the Master Agreement.
- e) **Product Offerings:** The Contractor is authorized to provide Products as referenced on the first page of this template, and as detailed in **Section 4.3, Product Offerings**, of the Master Agreement. Each Participating State or Entity shall determine what Product Offerings they will limit, if any, in their Participating Addendum. Additional consideration should be given to the following:
 - **Third-Party Software**
 - **Consumable Supplies**
 - **Emerging Technologies**

PARTICIPATING ADDENDUM



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f) Service Offerings: The Contractor is authorized to provide Services as referenced on the first page of this template, and as detailed in **Section 4.4, Service Offerings**, of the Master Agreement. Each Participating State or Entity shall determine what Service Offerings they will limit, if any, in their Participating Addendum. Additional consideration should be given to the following:

- **Managed Print Services – Attachment D (HP MPS Statement of Work)**, of the Master Agreement, provides a framework for any ensuing MPS engagement. Prior to any commencement, and provided MPS services are specifically referenced on the first page of this Participating Addendum as included in this Participating Addendum, all MPS engagements must be agreed to and signed by both Purchasing Entity and Contractor
- **Maintenance Agreements:**
 - Automatic renewals are not permitted under the Master Agreement
 - Contractor shall have the ability to blend the Service and Supply costs over a large Equipment fleet
 - **Manual Meter Reads** - As part of its Services, Contractor may, at its discretion and dependent upon device capabilities, provide electronic remote meter reading and equipment monitoring. This may allow for automated meter reading and submission, automatic placement of low toner alerts, automatic placement of service calls in the event of a critical Product failure and may enable firmware upgrades
 - **Customer-Owned Equipment**
 - **Leased Equipment**
 - **Legacy Equipment**
- **Service Requirements** – Participating States and Entities may negotiate their own Service Level Agreement (SLA) with the Contractor; however, the minimum requirements are outlined in **Section 4.4.3(b)** of the Master Agreement, and in **Exhibit F (HP Standard SLA)**. Additional consideration should be given to the following:
 - **Service Level Calculations**
 - **Reporting**

g) Purchase and Lease Programs: Per **Section 4.5** of the Master Agreement the Contractor is authorized and/or required to provide and adhere to the following:

- **Acquisition Methods** – Participating States and Entities should determine which options they will allow:
 - Purchase
 - Fair Market Value (FMV) Lease
 - \$1 Buyout Lease
 - Straight Lease

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- **Leasing Terms and Conditions** – Equipment leases are subject to the Terms and Conditions as set forth in the Master Agreement, and as negotiated by the Participating State or Entity.

h) Security Requirements:

- Per **Section 4.6.2, Sensitive Information**, of the Master Agreement, the Participating State or Entity shall define “sensitive information” in their Participating Addendum.
- Per **Section 4.6.5, Hard Drive Removal and Surrender**, of the Master Agreement, the Participating State or Entity shall determine which hard drive disposal options they will require.

i) Shipping and Delivery Requirements

- j) Inspection and Acceptance:** Per **Section 4.10.3** of the Master Agreement, confirmation of Product Acceptance occurs upon signature of **Exhibit B (Sample D&A Certificate)**, or within five (5) Business Days after Product install, unless otherwise stated in a Participating Addendum.

- k) Warranty Requirements** – The Contractor must adhere to the warranty requirements as outlined in **Section 4.11** of the Master Agreement; however, Participating States and Entities may negotiate additional requirements with the Contractor.

Participating State or Entity must check one of the boxes below. These modifications or additions apply only to actions and relationships within the Participating State or Entity. A Participating Addendum shall not diminish, change, or impact the rights of the Lead State with regard to their contractual relationship with the Contractor under the Terms and Conditions of the State of Colorado NASPO ValuePoint Master Agreement.

No changes to the terms and conditions of the Master Agreement are required.

The following changes are modifying or supplementing the Master Agreement terms and conditions:

6. Equipment Placements. All purchases, leases or rentals made pursuant to this Participating Addendum must meet all of the following requirements:

- A. Shall be from any of the following Segments:
- i. Group A Segments 2 through 5
 - ii. Group B, Segments 2 through 5
 - iii. Group D, Segments 1 through 3
 - iv. Group E, Segments Low through High
 - v. Group F, Segments 1 through 7

- B. If from Group A Segments A6 through A7, Group B segment B6, Group D segment D4.

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The Participating Entity must have obtained advance written approval from Contract Administrator in the form of a Contract Exemption Request prior to order placement. Non-state agencies are not subject to this provision.

7. **Coterminous.** The term of this participating addendum shall be coterminous with the State of Colorado Contract Number 140596.

8. **Confidentiality.** Contractor shall not use or disclose any information it receives from Participating State under this contract that Participating State has previously identified as confidential or exempt from mandatory public disclosure except from mandatory public disclosure except as necessary to carry out the purposes of this contract or as authorized in advance by Participating State. Participating State shall not disclose any information it receives from Contractor that Contractor has previously identified as confidential and that Participating State determines in its sole reasonable discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law, North Dakota Century Code (N.D.C.C.) ch. 44-04. The duty of Participating State and Contractor to maintain confidentiality of information under this section continues beyond the term of this Contract.

9. **Compliance with public records laws**
 Contractor understands that, except for disclosures prohibited in this Contract, Participating State must disclose to the public upon request any records it receives from Contractor. Contractor further understands that any records obtained or generated by Contractor under this Contract, except for records that are confidential under this Contract, may, under certain circumstances, be open to the public upon request under the North Dakota public records law. Contractor agrees to contact Participating State as soon as reasonably possible upon receiving a request for information under the public records law and to comply with Participating State’s instructions on how to respond to the request.

10. **Spoliation.** Contractor shall notify Participating State of all claims that Contractor is aware of that arise as a result of Contractor’s performance under this Contract. Contractor shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to Participating State the opportunity to review and inspect the evidence, including the scene of an accident.

11. **Cooperative Purchasing Contract.** This Contract is a cooperative purchasing contract established pursuant to N.D.C.C. § 54-44.4-13. This Contract is made available to the following if within the State of North Dakota: state entities, institutions under the jurisdiction of the State Board of Higher Education, other government entities (including counties, cities, townships, public primary and secondary educational entities, governmental boards and commissions), nonprofit entities established on behalf of public entities, tribal agencies, transportation providers under N.D.C.C. ch. 39-04.2, and the International Peace Garden. Participation in this open-ended contract is not mandated; therefore, the estimated volume of this Contract is not known.



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12. Governing Law and Venue. This Contract is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this Contract must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. Each party consents to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or *forum non conveniens*.

13. Insurance

Contractor and Authorized Dealer shall secure and keep in force during the term of this Contract, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$1,000,000 per occurrence.
- 2) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$1,000,000 per occurrence.
- 3) Workers compensation coverage meeting all statutory requirements. The policy must provide coverage for all states of operation that apply to the performance of this Contract.
- 4) Employer's liability or "stop gap" insurance of not less than \$1,000,000.

The insurance coverages listed above must meet the following additional requirements:

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of Contractor or Authorized Dealer.
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State.
- 3) The state of North Dakota and its agencies, officers, and employees (Participating State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured, which shall be achieved through use of a blanket endorsement. Participating State shall have all the benefits, rights and coverages of an additional insured under these policies.

The insurance required in this Contract, excluding Workers' Compensation, through a policy or endorsement, shall include:

- a) Waiver of Subrogation" waiving any right to recovery the insurance company may have against the Participating State.
- b) A provision that Contractor's or Authorized Dealer's insurance coverage shall be primary (i.e., pay first) as respects any insurance, self-insurance or self-retention maintained by the Participating State and that any insurance, self-insurance or self-retention maintained by the Participating State shall be in excess of Contractor's or Authorized Dealer's insurance and shall not contribute with it.
- c) Cross liability/severability of interest for all policies and endorsements.



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The legal defense provided to Participating State under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for Participating State is necessary.

- d) The insolvency or bankruptcy of the insured Contractor or Authorized Dealer shall not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured Contractor or Authorized Dealer from meeting the retention limit under the policy.
- 4) Contractor shall furnish a certificate of insurance to the undersigned Participating State representative prior to commencement of this Contract. All endorsements shall be provided as soon as practicable.
- 5) Failure to provide insurance as required in this agreement is a material breach of contract entitling Participating State to terminate this Contract immediately.
- 6) Contractor or Authorized Dealer shall endeavor to provide at least thirty (30) days' notice of any cancellation or material change to the policies or endorsements.

14. Indemnification. In addition to any indemnity obligations found within the Master Agreement, Contractor agrees that any attorney appointed to represent Participating State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08.

15. Alternative dispute resolution – jury trial

Participating State does not agree to any form of binding arbitration, mediation, or other forms of mandatory alternative dispute resolution. The parties have the right to enforce their rights and remedies in judicial proceedings. Participating State does not waive any right to a jury trial.

16. Attorney fees

In the event a lawsuit is instituted by Participating State to obtain performance due under this Contract, and Participating State is the prevailing party, Contractor shall, except when prohibited by N.D.C.C. § 28-26-04, pay Participating State's reasonable attorney fees and costs in connection with the lawsuit.

17. Master Price Agreement Number: All purchase orders issued by Purchasing Entities within the jurisdiction of this Participating Addendum shall include the NASPO ValuePoint Master Agreement number: 140596

18. Orders: Any Order placed by a Purchasing Entity for a Product and/or Service available under the Master Agreement shall be deemed to be a sale under (and governed by the prices and other terms and conditions) of the Master Agreement unless the parties to the Order agree in writing that another contract or agreement applies to such Order.

Orders can be made out to (a) Contractor or (b) Authorized Dealers as approved by Contractor and the Participating State or Entity. To the extent the Purchasing Entity and the Contractor agree on additional terms, the terms will be documented on the Purchasing Entity Order, and signed by



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both parties.

All orders should contain the following (1) “PO is subject to NASPO ValuePoint Master Agreement, Contract # **140596**, and the Participating Addendum, Contract # _____” (2) Purchasing Entity Name, Address, Contact, & Phone-Number (3) Order amount (4) Type of Order (Purchase, FMV Lease, \$1 Buyout Lease or Straight Lease) and purchase amount, or monthly payment amount (5) Itemized list of accessories (6) Type of Service program and rates (7) Any Supplemental Documents, including the MPS SOW Template (if applicable).

19. Primary Contacts: The primary contact individuals for this Participating Addendum are as follows (or their named successors):

Contractor

Name	Debra Lee, NASPO ValuePoint Contract Sales Management Director
Address	HP Inc., c/o Americas Contract Operations, 10400 Energy Drive, Spring, Texas 77389
Telephone	847/537-0344 – Office; 847/922-2977 – Cell
Fax	847/572-1336
E-mail	Debra.lee@hp.com

Participating Entity

Name	Contract Administrator
Address	600 E. Boulevard Ave, Dept 012, Bismarck ND 58505
Telephone	701-595-2007
Fax	
E-mail	ckeech@nd.gov

20. Terms: The Participating State or Entity is agreeing to the terms of the Master Agreement only to the extent the terms are not in conflict with applicable law.

21. Lease Agreements:

a) Lease Terms: Equipment Leases are subject to the Terms and Conditions as set forth in the Master Agreement, unless otherwise agreed to. To initiate a Lease, Purchasing Entity may issue a Purchase Order (“PO”) and reference the type of lease (FMV, \$1 Buyout, or Straight Lease) on the PO and shall execute either Attachment A (Hewlett-Packard Financial Services, Master Lease Purchase Agreement) of this Participating Addendum or Attachment B (Hewlett-Packard Financial Services, Master FMV Lease Agreement) of this Participating Addendum.

b) Third Party Leasing Company: Contractor shall use a Third-Party leasing company for all Lease transactions, specifically Hewlett-Packard Financial Services (“HPFS”). However, all contractual obligations shall remain with the Contractor.



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- c) HPFS holds all rights title and interest in and to: (i) the Products subject to the Lease Agreement; (ii) all payments and other amounts due and to become due thereunder with respect to the Products; and (iii) all rights and remedies under this Participating Addendum with respect to the Products, such payments and other amounts due.
 - d) **End of Term Notification:** Contractor must notify a Purchasing Entity, in writing, of their End of Term options at least sixty (60) to ninety (90) days prior to the end of any Initial Lease Term. Such notification may include, but not be limited to, the following:
 - i. Any acquisition or return options, based on the type of Lease agreement;
 - ii. Any renewal options, if applicable; and/or
 - iii. Hard drive removal and surrender cost, if applicable.
 - e) **End of Term Options:** If a Purchasing Entity desires to exercise a purchase, renewal, or return of the Equipment, it shall give Contractor at least thirty (30) days written notice prior to the expiration of such Lease term. Notwithstanding anything to the contrary, if Purchasing Entity fails to notify Contractor of its intent with respect to the exercise of a purchase, renewal, or return of the Equipment, the Initial Lease Term shall be terminated on the date as stated in the Order and removal of the Product will be mutually arranged.
22. **Resellers:** All contractors and resellers authorized in the State of North Dakota, as shown on the dedicated Contractor (cooperative contract) website, are approved to accept orders and provide sales, service support, and invoicing to participants in the NASPO ValuePoint Master Agreement. The contractor's dealer participation will be in accordance with the terms and conditions set forth in the Master Agreement.
23. **Product Installation & Invoicing:** Unless otherwise agreed to by both parties, signing the delivery and acceptance ("D&A") certificate constitutes Acceptance of the Product(s) and allows Contractor to invoice for the Product(s). Failure to sign the D&A or reject the Product(s) within the foregoing five (5) day period shall be deemed as Acceptance by the Purchasing Entity.

Contractor will provide timely billing and Customer will notify Contractor, in writing, of any billing concern. In order for Contractor to generate accurate service invoices, Purchasing Entities shall provide meter reads within the Contractor(s) requested timeframe.

Invoices that are generated without receiving the proper meter read information from the Purchasing Entity will not be considered inaccurate.

The Purchasing Entity shall provide written notice of any alleged invoicing issue(s) and the Contractor will be allowed a thirty (30) day cure period to address any such issue. Failure on the Contractor(s) part to maintain accurate invoicing shall result in a \$25.00 per instance credit on the following month's invoice.

- 24. **Software:** Purchasing Entities that acquire software shall be subject to the license agreements distributed with such software. Software subscriptions shall not be subject to automatic



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renewals. Purchasing Entities shall have the option to finance software subscriptions by utilizing Contractor lease rates. Notwithstanding the foregoing, in the event of a conflict in language between an end user license agreement (EULA) and the Master Agreement, the language in the Master Agreement will supersede and control. In addition, any language in a EULA which violates a participating state's constitution or a statute of that state; or violates the laws of a local entity making a purchase, will be deemed void, and of no force or effect, as applied to the participating or purchasing entity.

25. Remedies: The Master Agreement and this PA states all remedies for warranty claims. To the extent permitted by law, Contractor disclaims all other warranties.

26. Limitation of Liability: Except for direct damages that cannot be limited under N.D.C.C. § 32-12.2-15, Contractor's limitation of liability shall be the following:

Contractor will be responsible for damages that Purchasing Entity may incur as a result of purchasing products and services from Contractor, up to \$10,000,000 (ten million dollars). Except for unauthorized use of Purchasing Entity's or Contractor's intellectual property, neither Purchasing Entity nor Contractor will be liable for lost revenues or profits, downtime costs, loss or damage to data or indirect, special or consequential costs or damages. Contractor does not limit its liability for death or bodily injury caused by its negligence, acts of fraud, willful repudiation of the agreement, nor any liability which may not be excluded or limited by applicable law.


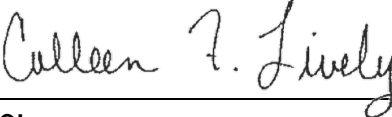
27. Entire Agreement: The Master Agreement and this PA represents the parties' entire understanding with respect to its subject matter and supersedes any previous communication or agreements that may exist.

[NEXT PAGE IS SIGNATURE PAGE]



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IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by both parties below.

Participating State: North Dakota	Contractor: HP Inc.
By: 	By: 
Name: Chad Keech	Name: Colleen F Lively
Title: Procurement Officer II	Title: Contracts Administrator
Date: 3/25/2020	Date: 3/30/2020

For questions on executing a Participating Addendum, please contact:

NASPO ValuePoint

Cooperative Development Coordinator:	Ted Fosket
Telephone:	(907) 723-3360
Email:	tfosket@naspovaluepoint.org

[Please email fully executed PDF copy of this document to PA@naspovaluepoint.org, to support documentation of participation, and to post in appropriate data bases]

ATTACHMENT A, HP MASTER LEASE PURCHASE AGREEMENT

Master Agreement Number _____

Lessee's Organization Number _____
Lessee's Tax Identification Number _____
Lessee's UCC Section 9-307 Location _____

STATE AND LOCAL GOVERNMENT MASTER LEASE PURCHASE AGREEMENT

This State and Local Government Master Lease Purchase Agreement (together with Exhibits A and B attached hereto and hereby made a part hereof, (this "Master Agreement"), dated as of _____, is entered into by and between Hewlett-Packard Financial Services Company,¹ a Delaware corporation ("Lessor"), and _____, an agency, department or political subdivision of the State of _____ ("Lessee"). Capitalized terms used in this Master Agreement without definition have the meanings ascribed to them in Section 32.

1. PURPOSE OF MASTER AGREEMENT. The purpose of this Master Agreement is to set forth the general terms and conditions upon which Lessor shall lease to Lessee, and Lessee shall lease from Lessor, items of Hardware, Software or both (the "Equipment"). In connection with its execution of this Master Agreement, Lessee shall deliver to Lessor an Officer's Certificate in form and substance acceptable to Lessor, executed by a duly authorized officer of Lessee and certifying as to, among other things, Lessee's authority to enter into this Master Agreement, and the authority of Lessee's officers or representatives specified therein to execute this Master Agreement and an opinion of Lessee's counsel in form and content satisfactory to Lessor.

2. COMMENCEMENT PROCEDURES. Subject to the other terms and conditions contained in this Master Agreement and the applicable Schedule, Lessee shall enter into individual Leases (hereinafter defined) with Lessor as follows:

(a) Execution of Schedule. Lessor and Lessee mutually agree to enter into a Lease by executing a Schedule in the form of Exhibit A with such changes as Lessor and Lessee shall have agreed to as conclusively evidenced by their execution thereof. Each such Schedule shall specifically identify (by serial number or other identifying characteristics) the items of Equipment to be leased under such Schedule. Each Schedule, when executed by both Lessee and Lessor, together with this Master Agreement, shall constitute a separate and distinct lease ("Lease"), enforceable according to its terms.

(b) Acceptance; Term of Leases. Lessee shall accept the Equipment subject to a Lease in accordance with Section 3. The Term of each Lease shall begin on the Acceptance Date of the Equipment subject to such Lease and shall continue for the period described in the applicable Schedule unless a Non-appropriation shall have occurred.

(c) Adjustments to Schedule. Lessee acknowledges that the Total Cost of Equipment and the related Rent payments set forth in any Schedule may be estimates, and if the final invoice from the Seller attached to the related Acceptance Certificate(s) specifies a Total Cost that is less than the estimated Total Cost set forth in the Schedule, Lessee hereby authorizes Lessor to reduce the applicable Total Cost and Rent payment on the Schedule by up to ten percent (10%) to reflect such final invoice amount (the "Final Invoice Amount"). All references in this Master Agreement and any Schedule to Total Cost and Rent shall mean the amounts thereof specified in the applicable Schedule, as adjusted pursuant to this paragraph.

(d) Payment by Lessor. Within 30 days after Lessee's delivery to Lessor of a properly completed and executed Acceptance Certificate and all other documentation necessary to establish Lessee's acceptance of such Equipment under the related Lease and Lessor's acceptance of such Acceptance Certificate, Lessor shall pay the Contractor for the Equipment. Lessor shall not accept the Acceptance Certificate until it has received from Lessee (1) evidence of insurance with respect to the Equipment in compliance with Section 14 hereof, (2) a completed and executed original Form 8038-G or 8038-GC, as applicable, or evidence of filing thereof with the Internal Revenue Service in the manner required by Code Section 149(e), (3) an opinion of Lessee's counsel, if required by Lessor, in form and substance reasonably satisfactory to Lessor and (4) any other documents or items reasonably required by Lessor. Notwithstanding the foregoing, Lessor shall not be obligated to pay for the Equipment if a Lessee Default has occurred or an event has occurred and is continuing that with the passage of time or provision of notice would constitute a Lessee Default. Lessor and Lessee acknowledge that the date the Lessor pays the Contractor for the Equipment shall be the issue date of the obligation for federal income tax purposes in accordance with the Code and no Rent shall accrue prior to such date.

3. ACCEPTANCE OF EQUIPMENT. (a) Inspection of Equipment. Lessee agrees to inspect all Equipment as soon as reasonably practicable after the delivery thereof to Lessee.

(b) Acceptance Certificate. Upon the satisfactory inspection of the Equipment by Lessee, or if acceptance requirements for such Equipment are specified in the applicable Purchase Documents, as soon as such requirements are met, Lessee shall unconditionally and irrevocably accept the Equipment by executing and delivering to Lessor a properly completed Acceptance Certificate in substantially the form of Exhibit B.

¹ Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

4. RENT; LATE CHARGES. As lease payments ("Rent") for the Equipment under any Lease, Lessee agrees to pay the amounts specified in the applicable Schedule on the due dates specified in the applicable Schedule. Lessee agrees to pay Lessor interest on any Rent payment or other amount due hereunder that is not paid within 30 days of its due date, at the rate of 1% per month (or such lesser rate as is the maximum rate allowable under applicable law). Lessee will make provision for such payments in budgets submitted to its governing body for the purpose of obtaining funding for the payments.

5. TRANSFER OF EQUIPMENT ON EXPIRATION OF LEASE TERM. If Lessee has paid all Rent and all other amounts due under the Lease and has satisfied all other terms and conditions of the Lease, the Lease shall terminate and, except as provided in Section 28, Lessee shall be relieved of all of its obligations in favor of Lessor with respect to the Equipment and Lessor shall transfer all of its interest in such Equipment to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor.

6. LEASES NON-CANCELABLE; NET LEASES; WAIVER OF DEFENSES TO PAYMENT. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT EACH LEASE HEREUNDER SHALL BE NON-CANCELABLE (EXCEPT AS SET FORTH IN SECTION 7 HEREOF), AND THAT EACH LEASE HEREUNDER IS A NET LEASE SO THAT AMONG OTHER THINGS LESSEE SHALL PAY IN ADDITION TO THE RENT, TAXES, INSURANCE AND MAINTENANCE CHARGES RELATED TO THE EQUIPMENT. LESSEE AGREES THAT IT HAS AN ABSOLUTE AND UNCONDITIONAL OBLIGATION TO PAY ALL RENT AND OTHER AMOUNTS WHEN DUE. IF THE EQUIPMENT IS NOT PROPERLY INSTALLED, DOES NOT OPERATE OR INTEGRATE AS REPRESENTED OR WARRANTED BY SUPPLIER OR IS UNSATISFACTORY FOR ANY REASON WHATSOEVER, LESSEE WILL MAKE ANY CLAIM ON ACCOUNT OF THOSE ISSUES SOLELY AGAINST SUPPLIER AND WILL NEVERTHELESS PAY ALL SUMS DUE WITH RESPECT TO EACH LEASE.

7. NONAPPROPRIATION. Notwithstanding anything contained in this Master Agreement to the contrary, in the event that sufficient funds are not appropriated and budgeted by Lessee's governing body or are not otherwise available from other legally available sources in any fiscal period for the payment of Rent and other amounts due under any Lease, the Lease shall terminate on the last day of the fiscal period for which appropriations were received or other amounts are available to pay amounts due under the Lease without penalty or expense to Lessee of any kind whatsoever, except as to the portions of Rent payments or other amounts herein agreed upon for which funds shall have been appropriated or are otherwise available. Lessee will immediately notify the Lessor or its assignee of such occurrence. In the event of such termination, Lessee shall immediately cease all use of the Equipment, and shall immediately de-install, disassemble, pack, crate, and return the Equipment subject to such Lease to Lessor (all in accordance with Section 10 of this Master Agreement). Such Equipment shall be in the same condition as when received by Lessee (reasonable wear, tear and depreciation resulting from normal and proper use excepted), shall be in good operating order and maintenance as required by this Lease, shall be free and clear of any liens (except Lessor's lien) and shall comply with all applicable laws and regulations. Lessee agrees to execute and deliver to Lessor all documents reasonably requested by Lessor or evidence the transfer of legal and beneficial title to such Equipment to Lessor and to evidence the termination of Lessee's interest in such Equipment. Lessor will have all legal and equitable rights and remedies to take possession of the Equipment. At Lessor's request, Lessee shall promptly provide supplemental documentation as to such Non-Appropriation satisfactory to Lessor. Lessee's exercise of its rights pursuant to this Section 7 shall not affect the survival of any indemnity and other provisions (other than the obligation to lease the Equipment and pay amounts due under the Lease) which survive the termination of the Lease.

8. ASSIGNMENT OF PURCHASE DOCUMENTS. Lessee assigns to Lessor all of Lessee's right, title and interest in and to (a) the Equipment described in each Schedule, and (b) the Purchase Documents relating to such Equipment. Such assignment of the Purchase Documents is an assignment of rights only; nothing in this Master Agreement shall be deemed to have relieved Lessee of any obligation or liability under any of the Purchase Documents, except that, as between Lessee and Lessor, Lessor shall pay the Contractor for the Equipment in accordance with Section 2(d) hereof. Lessee represents and warrants that it has reviewed and approved the Purchase Documents. In addition, if Lessor shall so request, Lessee shall deliver to Lessor a document acceptable to Lessor whereby Seller acknowledges and provides any required consent to such assignment. For the avoidance of doubt, Lessee covenants and agrees that it shall at all times during the Term of each Lease comply in all respects with the terms of any License Agreement relating to any Equipment leased thereunder. **IT IS ALSO SPECIFICALLY UNDERSTOOD AND AGREED THAT NEITHER SUPPLIER NOR ANY SALESPERSON OF SUPPLIER IS AN AGENT OF LESSOR, NOR ARE THEY AUTHORIZED TO WAIVE OR ALTER ANY TERMS OF THIS MASTER AGREEMENT OR ANY SCHEDULE.**

9. ASSIGNMENT OF SUPPLIER WARRANTIES. To the extent permitted, Lessor hereby assigns to Lessee all Equipment warranties provided by any Supplier in the applicable Purchase Documents. Lessee shall have the right to take any action it deems appropriate to enforce such warranties provided such enforcement is pursued in Lessee's name and at its expense. In the event Lessee is precluded from enforcing any such warranty in its name and to the extent Lessor retains title to the Equipment, Lessor shall, upon Lessee's request, take reasonable steps to enforce such warranty. Any recovery resulting from any such enforcement efforts shall be divided between Lessor and Lessee as their interests may appear.

10. RESERVED.

11. EQUIPMENT USE, MAINTENANCE AND ADDITIONS. Lessee is solely responsible for the selection, and operation of the Equipment and all costs related thereto. Lessee shall at all times operate and maintain the Equipment in good working order, repair, condition and appearance, and in accordance with the manufacturer's specifications and recommendations. On reasonable prior notice to Lessee, Lessor and Lessor's agents shall have the right, during Lessee's normal business hours and subject to Lessee's reasonable, standard security procedures, to enter the premises where the Equipment is located for the purpose of inspecting the Equipment and observing its use. Except in the case of Software, Lessee shall, at its expense, enter into and maintain and enforce at all times during the Term of each Lease a maintenance agreement to service and maintain the related Equipment, upon terms, and with a provider, reasonably acceptable to Lessor. Lessee shall make no alterations or additions to the Equipment, except those that (a) will not void any

warranty made by the Supplier of the Equipment, result in the creation of any security interest, lien or encumbrance on the Equipment or impair the value or use of the Equipment either at the time made or at the end of the Term of the applicable Lease, and are readily removable without damage to the Equipment (“Optional Additions”), or (b) are required by any applicable law, regulation or order. All additions to the Equipment or repairs made to the Equipment, except Optional Additions, become a part of the Equipment and Lessor’s property at the time made; Optional Additions which have not been removed in the event of the return of the Equipment shall become Lessor’s property upon such return.

12. EQUIPMENT OWNERSHIP; LIENS; LOCATION. Upon acceptance of the Equipment by Lessee hereunder, title to the Equipment will vest in Lessee; provided, however, that (i) in the event of termination of this Lease by Lessee pursuant to Section 7 hereof, or (ii) upon the occurrence of a Lessee Default as defined in Section 22 hereof, and as long as such Lessee Default is continuing, title to the Equipment (including Substitute Equipment) will immediately vest in Lessor or its assignee. Lessee covenants with respect to each Lease that: (i) it will not pledge or encumber the Equipment or Lessor’s interest in the Equipment in any manner whatsoever nor create or permit to exist any levy, lien or encumbrance thereof or thereon except those created by or through Lessor; (ii) the Equipment shall remain personal property whether or not affixed to realty and shall not become a fixture or be made to become a part of any real property on which it is placed without Lessor’s prior written consent; and (iii) Lessee shall maintain the Equipment so that it does not become essential to and may be removed from any building in which it is placed without any damage to the building or the Equipment. Provided Lessee remains in possession and control of the Equipment, Lessee may relocate any Equipment from the Equipment Location specified in the applicable Schedule to another of its locations within the State of the Equipment Location upon prior written notice to Lessor specifying the new Equipment Location or to another of its locations within the United States after receiving the written consent of Lessor to such relocation. Lessee shall not locate or relocate any Equipment such that any third party comes into possession or control thereof without Lessor’s prior written consent; provided, however, that Lessor shall not unreasonably withhold its consent to the location or relocation of Equipment to a third party co-location or hosting facility if such third party shall have executed and delivered to Lessor a waiver agreement in form and substance acceptable to Lessor pursuant to which, among other things, such third party shall have waived any rights to the Equipment and agreed to surrender the Equipment to Lessor in the event of a Lessee Default under this Master Agreement. Notwithstanding the foregoing, Lessor agrees that equipment usable outside of a fixed office environment, may be relocated on a non-permanent basis from the Equipment Location originally specified in the applicable Schedule without Lessor’s prior written consent, provided that (i) such relocation is made by Lessee’s primary employee in the custody and control of such Equipment; (ii) the primary employee remains in possession and control of the Equipment, and (iii) the primary employee’s principal office is the Equipment Location.

13. SECURITY INTEREST; MAXIMUM RATE. In order to secure all of its obligations hereunder, Lessee hereby, to the extent permitted by law and to secure payment and performance of Lessee’s obligations under this Master Agreement and all Leases, grants Lessor a purchase money security interest in the related Equipment and in all attachments, accessories, additions, substitutions, products, replacements, rentals and proceeds (including, without limitation, insurance proceeds) thereto as well as a security interest in any other Equipment financed pursuant to this Master Agreement or any other agreement between Lessor and Lessee (collectively, the “Collateral”). In any such event, notwithstanding any provisions contained in this Master Agreement or in any Schedule, neither Lessor nor any Assignee shall be entitled to receive, collect or apply as interest any amount in excess of the maximum rate or amount permitted by applicable law. In the event Lessor or any Assignee ever receives, collects or applies as interest any amount in excess of the maximum amount permitted by applicable law, such excess amount shall be applied to the unpaid principal balance and any remaining excess shall be refunded to Lessee. In determining whether the interest paid or payable under any specific contingency exceeds the maximum rate or amount permitted by applicable law, Lessor and Lessee shall, to the maximum extent permitted under applicable law, characterize any non-principal payment as an expense or fee rather than as interest, exclude voluntary prepayments and the effect thereof, and spread the total amount of interest over the entire term of this Master Agreement and all Leases. Lessee agrees that Lessor may file this Lease as a financing statement evidencing such security interest or any other financing statement deemed necessary by Lessor and agrees to execute and deliver all certificates of title and other instruments necessary or appropriate to evidence such security interest.

14. RISK OF LOSS AND INSURANCE. Lessee assumes any and all risk of loss or damage to the Equipment from the time such Equipment is in Lessee’s possession until such Equipment is returned to and is received by Lessor in accordance with the terms and conditions of this Master Agreement. Lessee shall self-insure against such risks, provided that Lessor’s interests are protected to the same extent as if the insurance had been obtained by third party insurance carriers and provided further that such self-insurance program is consistent with prudent business practices with respect with such insurance risk. Lessee shall provide to Lessor (a) on or prior to the Acceptance Date for each Lease, and from time to time thereafter, certificates of insurance evidencing such insurance coverage throughout the Term of each Lease, and (b) upon Lessor’s request, copies of the insurance policies.

15. CASUALTY LOSS. Lessee shall notify Lessor of any Casualty Loss or repairable damage to any Equipment as soon as reasonably practicable after the date of any such occurrence but in no event later than 30 days after such occurrence. In the event any Casualty Loss shall occur, on the next Rent payment date Lessee shall (a) at Lessee’s option provided no Lessee Default has occurred nor an event that with the passage of time or provision of notice would constitute a Lessee Default has occurred and is continuing or (b) at Lessor’s option if a Lessee Default has occurred or an event that with the passage of time or provision of notice would constitute a Lessee Default has occurred and is continuing, (1) subject to Section 7 hereof, pay Lessor the Stipulated Loss Value of the Equipment suffering the Casualty Loss, or (2) substitute and replace each item of Equipment suffering the Casualty Loss with an item of Substitute Equipment. If Lessee shall pay the Stipulated Loss Value of the Equipment suffering a Casualty Loss, upon Lessor’s receipt in full of such payment the applicable Lease shall terminate as it relates to such Equipment and, except as provided in Section 28, Lessee shall be relieved of all obligations under the applicable Lease as it relates to such Equipment. If Lessee shall replace Equipment suffering a Casualty Loss with items of Substitute Equipment the applicable Lease shall continue in full force and effect without any abatement of Rent with such Substitute Equipment thereafter being deemed to be Equipment leased thereunder. Upon Lessor’s receipt of such payment of Stipulated Loss Value in full or replacement of the Equipment suffering the Casualty Loss with Substitute Equipment, Lessor shall transfer to Lessee all of Lessor’s interest in the Equipment suffering the Casualty Loss “AS IS, WHERE IS,” without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor. In the event of any repairable damage to any Equipment, the Lease shall continue with respect to such Equipment without any abatement of Rent and Lessee shall, at its expense, from insurance

proceeds or other funds legally available, promptly cause such Equipment to be repaired to the condition it is required to be maintained pursuant to Section 11.

16. TAXES. Lessee is not responsible for and will not pay local, state, or federal taxes. Lessee sales tax exemption number is E-2001. Lessee will furnish certificates of exemption upon request by Lessor.

17. GENERAL LIABILITY. As between Lessor and Lessee, to the extent permitted by law, Lessee shall bear sole liability for any and all Claims arising solely as a result of Lessee's negligence or willful misconduct under this Master Agreement. Notwithstanding the foregoing, Lessee shall have no liability for any Claim arising solely as a result of Lessor's negligence or willful misconduct under this Master Agreement.

18. TAX REPRESENTATIONS AND COVENANTS AND TAX PAYMENTS. (a) Lessee represents that: (i) Lessee is a political subdivision or agency or department of the State in which it is located; (ii) Lessee will be the only entity to own, use and operate the Equipment during the Lease Term; (iii) Lessee has never failed to appropriate funds for payment of any amount due pursuant to a lease purchase agreement, a conditional sales agreement or any similar type of obligation; and (iv) Lessee is not and has never been in default under any bond, note, lease purchase agreement or other type of financial obligation to which it has been a party.

(b) This Master Agreement has been entered into on the basis that Lessor or any Assignee of Lessor shall claim that the interest paid hereunder is exempt from federal income tax under Section 103(a) of the Code. Upon a breach by Lessee of any of its representations, warranties and covenants in Section 18(a) above and as a result thereof, the United States Government disallows, eliminates, reduces, recaptures, or disqualifies, in whole or in part, any benefits of such exemption, Lessee shall then pay to Lessor, at Lessor's election, either: (i) supplemental payment(s) to Lessor during the remaining period of the Term(s) in an amount necessary to permit Lessor to receive (on an after tax basis over the full term of the Master Agreement) the same rate of return that Lessor would have realized had there not been a loss or disallowance of such benefits, together with the amount of any interest or penalty which may be assessed by the governmental authority with respect to such loss or disallowance; or (ii) a lump sum payable upon demand to Lessor which shall be equal to the amount necessary to permit Lessor to receive (on an after tax basis over the full term of the Master Agreement) the same rate of return that Lessor would have realized had there not been a loss or disallowance of such benefits together with the amount of any interest or penalty which may be assessed by the governmental authority with respect to such loss or disallowance.

19. COVENANT OF QUIET ENJOYMENT. So long as no Lessee Default exists, and no event shall have occurred and be continuing which, with the giving of notice or the passage of time or both, would constitute a Lessee Default, neither Lessor nor any party acting or claiming through Lessor, by assignment or otherwise, will disturb Lessee's quiet enjoyment of the Equipment during the Term of the related Lease.

20. DISCLAIMERS AND LESSEE WAIVERS. LESSEE LEASES THE EQUIPMENT FROM LESSOR "AS IS, WHERE IS." IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT (A) EXCEPT AS EXPRESSLY SET FORTH IN SECTION 19, LESSOR MAKES ABSOLUTELY NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY, OPERATION, OR CONDITION OF ANY EQUIPMENT (OR ANY PART THEREOF), THE MERCHANTABILITY OR FITNESS OF EQUIPMENT FOR A PARTICULAR PURPOSE, OR ISSUES REGARDING PATENT INFRINGEMENT, TITLE AND THE LIKE; (B) LESSOR SHALL NOT BE DEEMED TO HAVE MADE, BE BOUND BY OR LIABLE FOR, ANY REPRESENTATION, WARRANTY OR PROMISE MADE BY THE SUPPLIER OF ANY EQUIPMENT (EVEN IF LESSOR IS AFFILIATED WITH SUCH SUPPLIER); (C) LESSOR SHALL NOT BE LIABLE FOR ANY FAILURE OF ANY EQUIPMENT OR ANY DELAY IN THE DELIVERY OR INSTALLATION THEREOF; (D) LESSEE HAS SELECTED ALL EQUIPMENT WITHOUT LESSOR'S ASSISTANCE; AND (E) LESSOR IS NOT A MANUFACTURER OF ANY EQUIPMENT. IT IS FURTHER AGREED THAT, EXCEPT FOR DIRECT DAMAGES THAT CANNOT BE LIMITED UNDER N.D.C.C. § 32-12.2-15, LESSOR SHALL HAVE NO LIABILITY TO LESSEE, OR ANY THIRD PARTIES FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS MASTER AGREEMENT OR ANY SCHEDULE OR CONCERNING ANY EQUIPMENT, OR FOR ANY DAMAGES BASED ON STRICT OR ABSOLUTE TORT LIABILITY OR LESSOR'S NEGLIGENCE; PROVIDED, HOWEVER, THAT NOTHING IN THIS MASTER AGREEMENT SHALL DEPRIVE LESSEE OF ANY RIGHTS IT MAY HAVE AGAINST ANY PERSON OTHER THAN LESSOR. LESSOR AND LESSEE AGREE THAT THE LEASES SHALL BE GOVERNED BY THE EXPRESS PROVISIONS OF THIS MASTER AGREEMENT AND THE OTHER FUNDAMENTAL AGREEMENTS AND NOT BY THE CONFLICTING PROVISIONS OF ANY OTHERWISE APPLICABLE LAW. ACCORDINGLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, LESSEE WAIVES ANY RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY STATUTE OR OTHERWISE, IN EITHER CASE THAT ARE INCONSISTENT WITH OR THAT WOULD LIMIT OR MODIFY LESSOR'S RIGHTS SET FORTH IN THIS MASTER AGREEMENT.

21. LESSEE REPRESENTATIONS. Lessee represents to Lessor with respect to each Lease that: (a) Lessee has the power and authority to enter into each of the Fundamental Agreements; (b) all Fundamental Agreements are legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with their terms and do not violate or create a default under any instrument or agreement binding on Lessee; (c) there are no pending or threatened actions or proceedings before any court or administrative agency that could have a material adverse effect on Lessee or any Fundamental Agreement, unless such actions have been disclosed to Lessor and consented to in writing by Lessor; (d) Lessee shall comply in all material respects with all laws and regulations the violation of which could have a material adverse effect upon the Equipment or Lessee's performance of its obligations under any Fundamental Agreement; (e) each Fundamental Agreement shall be effective against all creditors of Lessee under applicable law, including fraudulent conveyance and bulk transfer laws, and shall raise no presumption of fraud; (f) all financial statements, certificates or summaries relating to Lessee's financial condition, fiscal budget or the assessment and collection of taxes and other related information furnished by Lessee shall be prepared in accordance with generally accepted accounting principles in the United States in effect at that time and shall fairly present Lessee's financial position as of the dates given on such statements; (g) since the date of the most recent annual financial statement,

there has been no material adverse change in the financial condition of, or the level of assessment or collection of taxes by, the Lessee; (h) the Equipment, subject to any Lease, is essential to the immediate performance of a governmental or proprietary function by Lessee within the scope of its authority and will be used during the Term of such Lease only by Lessee and only to perform such function; (i) Lessee intends to use the Equipment for the entire Term of such Lease and all Equipment will be used for business purposes only and not for personal, family or household purposes; (j) Lessee has complied fully with all applicable law governing open meetings, public bidding and appropriations required in connection with this Lease and the acquisition of the Equipment; (k) there has been no material change in the budget for Lessee's current Fiscal Period since its adoption; (l) Lessee's obligations to pay Rent and any other amounts due under this Lease constitute a current expense and not a debt of Lessee under applicable state law; (m) no provision of this Lease constitutes a pledge of the tax or general revenues of Lessee; (n) Lessee does not export, re-export, or transfer any Equipment, Software, system software or source code or any direct product thereof to a prohibited destination, or to nationals of proscribed countries wherever located, without prior authorization from the United States government and other applicable governments; (o) Lessee does not use any Equipment, Software or system software or technology, technical data, or technical assistance related thereto or the products thereof in the design, development, or production of nuclear, missile, chemical, or biological weapons or transfer the same to a prohibited destination, or to nationals of proscribed countries wherever located, without prior authorization from the United States and other applicable governments; and (p) Lessee is not an entity designated by the United States government or any other applicable government with which transacting business without the prior consent of such government is prohibited.

22. DEFAULT. Any of the following shall constitute a default by Lessee (a "Lessee Default") under this Master Agreement and all Leases: (a) Lessee fails to pay any Rent payment or any other amount payable to Lessor under this Master Agreement or any Schedule within 45 days after its due date; or (b) Lessee defaults on or breaches any of the other terms and conditions of any Material Agreement, and fails to cure such breach within 45 days after written notice thereof from Lessor; or (c) any representation or warranty made by Lessee in any Material Agreement proves to be incorrect in any material respect when made or reaffirmed; or (d) any change occurs in relation to Lessee's financial condition that, in Lessor's opinion, would have a material adverse effect on Lessee's ability to perform its obligations under this Master Agreement or under any Schedule or (e) Lessee becomes insolvent or fails generally to pay its debts as they become due; or (f) a proceeding under any bankruptcy, reorganization, arrangement of debt, insolvency or receivership law is filed by or against Lessee (and, if such is proceeding is involuntary, it is not dismissed within 60 days after the thereof) or Lessee takes any action to authorize any of the foregoing matters; (g) any Equipment is levied against, seized or attached; or (h) any letter of credit or guaranty issued in support of a Lease is revoked, breached, canceled or terminated (unless consented to in advance by Lessor).

23. REMEDIES. If a Lessee Default occurs, Lessor may, in its sole discretion, exercise one or more of the following remedies: (a) declare all amounts due and to become due during Lessee's current fiscal year to be immediately due and payable; or (b) terminate this Master Agreement; or (c) take possession of, or render unusable, the Equipment without demand or notice and without any court order or other process of law in accordance with Lessee's reasonable security procedures, and no such action shall constitute a termination of any Lease; or (d) require Lessee to deliver the Equipment to a location specified by Lessor; or (e) require Lessee to immediately pay to Lessor a sum equal to: (1) All past due payments, and (2) require Lessee to promptly return the Equipment, or (f) exercise any other right or remedy available to Lessor at law or in equity. Upon repossession or surrender of any Equipment, Lessor will lease, sell or otherwise dispose of the Equipment in a commercially reasonable manner, with or without notice and at public or private sale, and apply the net proceeds thereof to the amounts owed to Lessor under this Master Agreement; provided, however, that Lessee will remain liable to Lessor for any deficiency that remains from all past due payments after any sale or lease of such Equipment. Any proceeds of any sale or lease of such Equipment in excess of the amounts owed to Lessor under this Master Agreement will be retained by Lessor. Lessee agrees that with respect to any notice of a sale required by law to be given, 10 days' notice will constitute reasonable notice. With respect to any exercise by Lessor of its right to recover and/or dispose of any Equipment securing Lessee's obligations under the applicable lease Schedule, Lessee acknowledges and agrees as follows: (i) Lessor shall cause Contractor to clean-up or otherwise prepare the Equipment for disposition, (ii) Lessor may comply with any applicable state or federal law requirements in connection with any disposition of the Equipment, and any actions taken in connection therewith shall not be deemed to have adversely affected the commercial reasonableness of any such disposition, and (iii) Lessor may convey the Equipment on an "AS IS, WHERE IS" basis, and without limiting the generality of the foregoing, may specifically exclude or disclaim any and all warranties, including any warranty of title or the like with respect to the disposition of the Equipment, and no such conveyance or such exclusion or such disclaimer of any warranty shall be deemed to have adversely affected the commercial reasonableness of any such disposition. These remedies are cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

24. PERFORMANCE OF LESSEE'S OBLIGATIONS.

25. PURCHASE OPTIONS. Lessee may elect, by delivering to Lessor at least 30 days' prior written notice, to purchase on any Rent payment date not less than all Units of Equipment then subject to the Lease (other than items of Software that may not be sold by Lessor under the terms of any applicable License Agreement) for an amount equal to the sum of the Rent then due, all other amounts due under the Lease and the Concluding Payment for such Equipment as of the designated Rent payment date; provided no Lessee Default shall have occurred and be continuing or no event has occurred which with notice or lapse of time could constitute a Lessee Default. In the event of such an election, Lessee shall pay such amount to Lessor, in immediately available funds, on or before the designated Rent payment date. If Lessee shall have elected to purchase the Equipment, shall have so paid the purchase price and shall have fulfilled the terms and conditions of this Master Agreement and the related Schedule, then (1) the Lease with respect to such Equipment shall terminate on the designated Rent payment date and, except as provided in Section 28, Lessee shall be relieved of all of its obligations in favor of Lessor with respect to such Equipment, and (2) Lessor shall transfer all of its interest in such Equipment to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor.

26. ASSIGNMENT. Lessor shall have the unqualified right to sell, assign, grant a security interest in or otherwise convey any part of its interest in this Master Agreement, any Lease or any Equipment, in whole or in part, with prior notice to Lessee. If any Lease is sold, assigned, or otherwise conveyed, Lessee agrees that Lessor's purchaser, assignee or transferee, as the case may be ("Assignee") shall

(a) have the same rights, powers and privileges that Lessor has under the applicable Lease, (b) have the right to receive from Lessee all amounts due under the applicable Lease; and (c) shall be required to perform any obligations of Lessor. Lessee agrees to execute such acknowledgements to such assignment as may be reasonably requested by Lessor or the Assignee. Unless otherwise specified by Lessor and the Assignee, Lessee shall continue to pay all amounts due under the applicable Lease to Lessor; provided, however, that upon notification from Lessor and the Assignee, Lessee covenants to pay all amounts due under the applicable Lease to such Assignee when due and as directed in such notice. Lessee may not assign, transfer, sell, sublease, pledge or otherwise dispose of this Master Agreement, any Lease, any Equipment or any interest therein. Lessee shall acknowledge each such assignment in writing if so requested and keep a complete and accurate record of all such assignments in a manner that complies with Section 149 of the Code, and regulations promulgated thereunder without the prior written consent of Lessor, which consent shall not be unreasonably withheld so long as any such proposed assignee is of equal or better creditworthiness than Lessee, and appropriate documentation has been signed and provided to Lessor, all as Lessor shall determine. Lessor shall remain liable for all of its obligations under this Master Agreement, or any Schedule not otherwise assigned to Assignee pursuant to this Section 26 unless Lessee otherwise agrees in writing. Lessor agrees that Lessee shall have the right to terminate this Master Agreement or any applicable Lease in the event Lessor should assign such agreement to an entity with whom Lessee is prohibited from conducting business.

27. FURTHER ASSURANCES. Lessee agrees to promptly execute and deliver to Lessor such further documents and take such further action as Lessor may require in order to more effectively carry out the intent and purpose of this Master Agreement and any Schedule. Without limiting the generality of the foregoing, Lessee agrees (a) to furnish to Lessor from time to time, its certified financial statements, officer's certificates and appropriate resolutions, opinions of counsel and such other information and documents as Lessor may reasonably request, and (b) to execute and timely deliver to Lessor such documents that Lessor deems necessary to perfect or protect Lessor's security interest in the Collateral or to evidence Lessor's interest in the Equipment. It is also agreed that Lessor or Lessor's agent may file as a financing statement, any lease document (or copy thereof, where permitted by law) or other financing statement that Lessor deems appropriate to perfect or protect Lessor's security interest in the Collateral or to evidence Lessor's interest in the Equipment. Upon demand, Lessee will promptly reimburse Lessor for any filing or recordation fees or expenses (including legal fees and costs) incurred by Lessor in perfecting or protecting its interests in any Collateral. Lessee represents and warrants that Lessee's name as set forth in the signature block below is Lessee's full and accurate legal name and that the information set forth on the first page hereof regarding its organization number, tax identification number and location is true and correct as of the date hereof. Lessee further agrees to provide Lessor advance written notice of any change in the foregoing.

28. TERM OF MASTER AGREEMENT; SURVIVAL. This Master Agreement shall commence and be effective upon the execution hereof by both parties and shall continue in effect until terminated by either party by 30 days' prior written notice to the other, provided that the effective date of the termination is after all obligations of Lessee arising hereunder and pursuant to any Schedule have been fully satisfied. Notwithstanding the foregoing, all representations made by Lessee hereunder shall survive the termination of this Master Agreement and shall remain in full force and effect. All of Lessor's rights, privileges and indemnities under this Master Agreement or any Lease, to the extent they are fairly attributable to events or conditions occurring or existing on or prior to the expiration or termination of such Lease, shall survive such expiration or termination and be enforceable by Lessor and Lessor's successors and assigns.

29. WAIVER OF JURY TRIAL. LESSEE DOES NOT WAIVE ANY RIGHT TO A JURY TRIAL.

30. NOTICES. All notices, requests, demands, waivers and other communications required or permitted to be given under this Master Agreement or any other Fundamental Agreement shall be in writing and shall be deemed to have been received upon receipt if delivered personally or by a nationally recognized overnight courier service, or by confirmed facsimile transmission, or 3 days after deposit in the United States mail, certified, postage prepaid with return receipt requested, addressed as follows (or such other address or fax number as either party shall so notify the other):

If to Lessor:

Hewlett-Packard Financial Services Company
200 Connell Drive, Suite 5000
Berkeley Heights, NJ 07922
Attn: Director of Operations North America
Fax: (908) 898-4882

If to Lessee:

Attn: _____
("Authorized Lessee Representative")
Fax: _____

31. MISCELLANEOUS

(a) Governing Law. THIS MASTER AGREEMENT AND EACH LEASE SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF NORTH DAKOTA.

(b) Credit Review. Lessee consents to a reasonable credit review by Lessor for each Lease.

(c) Captions and References. The captions contained in this Master Agreement and any Schedule are for convenience only and shall not affect the interpretation of this Master Agreement or any Lease. All references in this Master Agreement to Sections and Exhibits refer to Sections hereof and Exhibits hereto unless otherwise indicated.

(d) Entire Agreement; Amendments. This Master Agreement and all other Fundamental Agreements executed by both Lessor and Lessee supersede all prior agreements relating thereto, whether written or oral, and may not be amended or modified except in a writing signed by the parties hereto.

(e) No Waiver. Any failure of Lessor to require strict performance by Lessee, or any written waiver by Lessor of any provision hereof, shall not constitute consent or waiver of any other breach of the same or any other provision hereof.

(f) Lessor Affiliates. Lessee understands and agrees that Hewlett-Packard Financial Services Company or any affiliate or subsidiary thereof may, as lessor, execute Schedules under this Master Agreement, in which event the terms and conditions of the applicable

Schedule and this Master Agreement as it relates to the lessor under such Schedule shall be binding upon and shall inure to the benefit of such entity executing such Schedule as lessor, as well as any successors or assigns of such entity.

(g) Invalidity. If any provision of this Master Agreement or any Schedule shall be prohibited by or invalid under law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Master Agreement or such Schedule.

(h) Counterparts. This Master Agreement may be executed in identical counterparts, which collectively shall constitute one document.

(i) Lessor Reliance. Lessor may act in reliance upon any instruction, instrument or signature reasonably believed by Lessor in good faith to be genuine.

32. DEFINITIONS. All capitalized terms used in this Master Agreement have the meanings set forth below or in the Sections of this Master Agreement referred to below:

“Acceptance Certificate” means an Acceptance Certificate in substantially the form of Exhibit B, executed by Lessee and delivered to Lessor in accordance with Section 3.

“Acceptance Date” means, as to any Lease, the date Lessee shall have accepted the Equipment subject to such Lease in accordance with Section 3.

“Assignee” means any assignee of all or any portion of Lessor’s interest in this Master Agreement, any Schedule or any Equipment, whether such assignee received the assignment of such interest from Lessor or a previous assignee of such interest.

“Authorized Lessee Representative” has the meaning specified in Section 30.

“Casualty Loss” means, with respect to any Equipment, the condemnation, taking, loss, destruction, theft or damage beyond repair of such Equipment.

“Casualty Value” means, as to any Equipment, an amount determined as of the date of the Casualty Loss or Lessee Default in question (“Calculation Date”) pursuant to a “Table of Casualty Values” attached to the applicable Schedule or, if no “Table of Casualty Values” is attached to the applicable Schedule, an amount equal to the sum of (a) the present value (as of the Calculation Date and discounted at the Discount Rate compounded monthly) of all Rent payments payable after the Calculation Date through the scheduled date of expiration of the Then Applicable Term, plus (b) an amount determined by multiplying the applicable casualty percentage specified below by the Total Cost of such Equipment. The “Discount Rate” shall mean a rate equal to the 2 year inter-bank swap rate quoted by Bloomberg L.P. (or, where not available, such other 2 year inter-bank swap rate quoted by a commercially available publication reasonably designated by us) at the Acceptance Date of the applicable Lease. The applicable casualty percentage will be 50% for Equipment having an Initial Term of less than 24 months; 40% for Equipment having an Initial Term of 24 months or greater, but less than 36 months; 30% for Equipment having an Initial Term of 36 months or greater, but less than 48 months; and 25% for Equipment having an Initial Term of 48 months or greater.

“Claims” means all claims, actions, suits, proceedings, costs, expenses (including, without limitation, court costs, witness fees and attorneys’ fees), damages, obligations, judgments, orders, penalties, fines, injuries, liabilities and losses, including, without limitation, actions based on Lessor’s strict liability in tort.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” has the meaning specified in Section 13.

“Concluding Payments” means the list of concluding payments on the attachment to the applicable Schedule.

“Daily Rent” means, as to any Lease, an amount equal to the per diem Rent payable under the applicable Schedule (calculated on the basis of a 360 day year and 30 day months).

“Equipment” has the meaning specified in Section 1.

“Equipment Location” means, as to any Equipment, the address at which such Equipment is located from time to time, as originally specified in the applicable Schedule and as subsequently specified in a notice delivered to Lessor pursuant to Section 12, if applicable.

“Fair Market Value” means the total price that would be paid for any specified Equipment in an arm’s length transaction between an informed and willing buyer (other than a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell. Such total price shall not be reduced by the costs of removing such Equipment from its current location or moving it to a new location.

“Final Invoice Amount” has the meaning set forth in Section 2(c).

“First Payment Date” means, as to any Lease, the date the first Rent payment with respect to such Lease is due, as determined pursuant to the terms of the applicable Schedule.

“Fiscal Period” shall mean the fiscal year of Lessee, as it may be more particularly described in a Schedule.

“Fundamental Agreements” means, collectively, this Master Agreement, each Schedule and Acceptance Certificate as part of the Participating Addendum Number _____ to Contract for the NASPO ValuePoint Master Agreement Number 140596 with Lessee as the Participating Entity and all other related instruments and documents.

“Hardware” means items of tangible equipment and other property.

“Lease” has the meaning specified in Section 2(a).

“Lessee” has the meaning specified in the preamble hereof.

“Lessee Default” has the meaning specified in Section 22.

“Lessor” has the meaning specified in the preamble hereof.

“License Agreement” means any license agreement or other document granting the purchaser the right to use Software or any technical information, confidential business information or other documentation relating to Hardware or Software, as amended, modified or supplemented by any other agreement between the licensor and Lessor.

“Master Agreement” has the meaning specified in the preamble hereof.

“Material Agreements” means, collectively, all Fundamental Agreements, all other material agreements by and between Lessor and Lessee, and any application for credit, financial statement, or financial data required to be provided by Lessee in connection with any Lease.

“Non-Appropriation” has the meaning specified in Section 7.

“Optional Additions” has the meaning specified in Section 11.

“Purchase Documents” means, as to any Equipment, any purchase order, contract, bill of sale, License Agreement, invoice and/or other documents that Lessee has, at any time, approved, agreed to be bound by or entered into with any Supplier of such Equipment relating to the purchase, ownership, use or warranty of such Equipment.

“Rent” has the meaning specified in Section 4.

“Schedule” means, unless the context shall otherwise require a Schedule executed by Lessor and Lessee pursuant to Section 2(a).

“Seller” means, as to any Equipment, the seller of such Equipment as specified in the applicable Schedule.

“Software” means copies of computer software programs owned or licensed by Lessor, and any disks, CDs, or other media on which such programs are stored or written.

“State” means any of the states of the United States, its territories and possessions.

“Stipulated Loss Value” means, as to any Equipment, an amount equal to the sum of (a) all Rent (including the Daily Rent from the Rent payment date immediately preceding the date of the Casualty Loss or Lessee Default to the date of the Casualty Loss or Lessee Default) and other amounts due and owing with respect to such Equipment as of the date of payment of such amount, plus (b) the Casualty Value of such Equipment.

“Substitute Equipment” means, as to any item of Hardware or Software subject to a Lease, a substantially equivalent or better item of Hardware or Software having equal or greater capabilities and equal or greater Fair Market Value manufactured or licensed by the same manufacturer or licensor as such item of Hardware or Software subject to a Lease. The determination of whether any item of Equipment is substantially equivalent or better than an item of Equipment subject to a Lease shall be based on all relevant facts and circumstances.

“Supplier” means as to any Equipment, the Seller and the manufacturer or licensor of such Equipment collectively, or where the context requires, any of them.

“System Software” means an item of Software that is pre-loaded on an item of Hardware purchased by Lessor for lease hereunder for which the relevant Purchase Documents specify no purchase price separate from the aggregate purchase price specified for such items of Hardware and Software.

“Taxes” means all license and registration fees and all taxes (local, state and federal), fees, levies, imposts, duties, assessments, charges and withholding of any nature whatsoever, however designated (including, without limitation, any value added, transfer, sales, use, gross receipts, business, occupation, excise, personal property, real property, stamp or other taxes) other than taxes measured by Lessor’s income.

“Term” means the term thereof as specified in the related Schedule.

“Total Cost” means as to any Lease, the total acquisition cost to Lessor of the Equipment subject to such Lease as set forth in the applicable Purchase Documents, including related delivery, installation, taxes and other charges which Lessor has agreed to pay and treat as a portion of such acquisition cost, if any.

“UCC” means the Uniform Commercial Code as enacted and in effect in any applicable jurisdiction.

“Unit of Equipment” means, as to the Equipment leased pursuant to any Schedule (a) each individual item Equipment leased pursuant to such Schedule, and (b) all Equipment taken as a whole leased pursuant to such Schedule.

IN WITNESS WHEREOF, LESSEE AND LESSOR HAVE EXECUTED THIS MASTER AGREEMENT ON THE DATES SPECIFIED BELOW.

LESSEE:

LESSOR:

HEWLETT-PACKARD FINANCIAL SERVICES COMPANY²

By: _____

By: _____

Name and Title

Name and Title

Date

Date

² Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

Master Agreement Number _____
Schedule Number _____

COUNTERPART NO. _____ OF _____. TO THE EXTENT THAT THIS SCHEDULE CONSTITUTES CHATTEL PAPER (AS DEFINED ON THE UCC), NO SECURITY INTEREST IN THIS SCHEDULE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

**STATE AND LOCAL GOVERNMENT MASTER LEASE PURCHASE AGREEMENT
SCHEDULE**

Hewlett-Packard Financial Services Company¹ ("Lessor") and _____, an agency, department or political subdivision of the State of _____ ("Lessee") are parties to the State and Local Government Master Lease Purchase Agreement identified by the Master Agreement Number specified above (the "Master Agreement"). This Schedule (which shall be identified by the Schedule Number specified above) and the Master Agreement together comprise a separate Lease between the parties. The terms and conditions of the Master Agreement are hereby incorporated by reference into this Schedule. All capitalized terms used in this Schedule without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE.

A. Description of Items of Leased Equipment **Total Cost**
\$ _____

B. Term: _____ Months.

2. RENT. See Attachment A. **ANNUAL RATE OF INTEREST** _____

3. LATEST COMMENCEMENT DATE: _____. Lessor's obligation to purchase and lease the Equipment is subject to the Acceptance Date being on or before the Latest Commencement Date.

4. EQUIPMENT LOCATION: _____

5. SELLER: _____

6. APPROPRIATIONS: Monies for all Rent and other payments due under the Lease for the Fiscal Period ending _____ are available from Lessee's appropriated funds for such Fiscal Period and that appropriations or other funds have been encumbered or designated for the payment of all Rent and other payments that shall become due under the Lease in such Fiscal Period.

7. NON-ASSIGNABILITY BY LESSOR: Notwithstanding any other terms or conditions set forth in the Master Agreement to the contrary, Lessor hereby agrees that it shall not and will not sell, discount, factor, hypothecate or otherwise dispose of its interest in the Equipment or this Schedule or any Lease, except to a Lessor Affiliate in connection with a merger, reorganization, sale of assets or substantial portfolio sale.

8. ADDITIONAL PROVISIONS:

9. FISCAL PERIOD: _____

LESSOR AGREES TO LEASE TO LESSEE AND LESSEE AGREES TO LEASE FROM LESSOR THE EQUIPMENT DESCRIBED IN SECTION 1.A ABOVE. SUCH LEASE WILL BE GOVERNED BY THE MASTER AGREEMENT AND THIS SCHEDULE, INCLUDING THE IMPORTANT ADDITIONAL TERMS AND CONDITIONS SET FORTH ABOVE. LESSEE HEREBY REPRESENTS AND WARRANTS THAT ON AND AS OF THE DATE HEREOF EACH OF THE REPRESENTATIONS MADE BY LESSEE IN THE MASTER AGREEMENT ARE TRUE, CORRECT AND COMPLETE.

LESSEE:

LESSOR:

¹ Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

By: _____

Name and Title

Date

By: _____

Name and Title

Date

² Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

Master Agreement Number _____
Schedule Number _____

ATTACHMENT A

TO

SCHEDULE TO STATE AND LOCAL GOVERNMENT MASTER LEASE PURCHASE AGREEMENT

The first payment of Rent will be due [__ days after][on] the Acceptance Date and all payments will be due [monthly][quarterly][semi-annually][annually] thereafter.

Rent Payment No.	Rent	Interest	Principal	Principal Balance	Prepayment Premium	Concluding Payments
1						
2						
3						
4						
Totals						

Lessee **Please Initial and date:** _____



Master Agreement Number _____
Schedule Number _____

**STATE AND LOCAL GOVERNMENT MASTER LEASE PURCHASE AGREEMENT
ACCEPTANCE CERTIFICATE**

Hewlett-Packard Financial Services Company¹ (“Lessor”) and «Name_of_Lessee», an agency, department or political subdivision of the State of _____ (“Lessee”) are parties to the State and Local Government Master Lease Purchase Agreement (the “Master Agreement”) and Schedule under such Master Agreement (the “Schedule”) identified by the Master Agreement Number and Schedule Number, respectively, specified above. The Master Agreement and Schedule together comprise a separate Lease that is being accepted and commenced pursuant to this Acceptance Certificate. All capitalized terms used in this Acceptance Certificate without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE ACCEPTANCE. Lessee hereby acknowledges that the Equipment described in Section 1 of the Schedule, or if different, the Equipment described in the attached invoice or other attachment hereto, has been delivered to the Equipment Location specified below, inspected by Lessee and found to be in good operating order and condition, and has been unconditionally and irrevocably accepted by Lessee under the Lease evidenced by the Master Agreement and the Schedule as of the Acceptance Date set forth below. Lessee authorizes Lessor to reduce the Rent payments on the Schedule to reflect the Final Invoice Amount set forth on the attached invoice(s) if such amount is lower than the Total Cost on the Schedule.

2. LESSEE ACKNOWLEDGEMENTS. Lessee hereby agrees to faithfully perform all of its obligations under the Master Agreement and the Schedule and reaffirms, as of the date hereof, its representations and warranties as set forth in the Master Agreement. Lessee hereby acknowledges its agreement to pay Lessor Rent payments, as set forth in the Schedule, together with all other costs, expenses and charges whatsoever which Lessee is required to pay pursuant to the Master Agreement and the Schedule, in each instance at the times, in the manner and under the terms and conditions set forth in the Master Agreement and the Schedule, respectively.

3. EQUIPMENT LOCATION. The Equipment has been installed and is located at the following Equipment Location:

4. REPRESENTATIONS AND WARRANTIES. Lessee hereby represents and warrants that on and as of the date hereof each of the representations and warranties made by Lessee in the Master Agreement are true, correct and complete.

By: _____

Name and Title

Acceptance Date: _____

¹ Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

ATTACHMENT B, HP MASTER FMV LEASE AGREEMENT

Master Agreement Number _____

Lessee's Organization Number _____

Lessee's Tax Identification Number _____

Lessee's UCC Section 9-307 Location _____

STATE AND LOCAL GOVERNMENT MASTER FAIR MARKET VALUE (FMV) LEASE AGREEMENT

This State and Local Government Master FMV Lease Agreement (together with Exhibits A and B attached hereto and hereby made a part hereof, (this "Master Agreement"), dated as of _____, is entered into by and between Hewlett-Packard Financial Services Company¹, a Delaware corporation ("Lessor"), and _____, _____, an agency, department or political subdivision of the State of ____ ("Lessee"). Capitalized terms used in this Master Agreement without definition have the meanings ascribed to them in Section 30.

1. PURPOSE OF MASTER AGREEMENT. The purpose of this Master Agreement is to set forth the general terms and conditions upon which Lessor shall lease to Lessee, and Lessee shall lease from Lessor, items of Hardware, Software or both (such Hardware and Software being collectively referred to as "Equipment").

2. COMMENCEMENT PROCEDURES. Subject to the other terms and conditions contained in this Master Agreement and the applicable Schedule, Lessee shall enter into individual Leases (hereinafter defined) with Lessor as follows:

(a) Execution of Schedule. Lessor and Lessee mutually agree to enter into a Lease by executing a Schedule in the form of Exhibit A with such changes as Lessor and Lessee shall have agreed to as conclusively evidenced by their execution thereof. Each such Schedule shall specifically identify (by serial number or other identifying characteristics) the items of Equipment to be leased under such Schedule (other than items of System Software, which shall be deemed to be items of Software leased under the Schedule pursuant to which the related items of Hardware are leased). Each Schedule, when executed by both Lessee and Lessor, together with this Master Agreement, shall constitute a separate and distinct lease ("Lease"), enforceable according to its terms.

(b) Acceptance; Initial Term of Leases. Lessee shall accept the Equipment subject to a Lease in accordance with Section 3. The Initial Term of each Lease shall begin on the Acceptance Date of the Equipment subject to such Lease and shall continue for the period described in the applicable Schedule unless a Non-appropriation shall have occurred.

(c) Adjustments to Schedule. Lessee acknowledges that the Total Cost of Equipment and the related Rent payments set forth in any Schedule may be estimates, and if the final invoice from the Seller attached to the related Acceptance Certificate(s) specifies a Total Cost that is less than the estimated Total Cost set forth in the Schedule, Lessee hereby authorizes Lessor to reduce the applicable Total Cost and Rent payment on the Schedule by up to ten percent (10%) to reflect such final invoice amount (the "Final Invoice Amount"). All references in this Master Agreement and any Schedule to Total Cost and Rent shall mean the amounts thereof specified in the applicable Schedule, as adjusted pursuant to this paragraph.

(d) Payment by Lessor. Within 30 days after Lessee's delivery to Lessor of a properly completed and executed Acceptance Certificate and all other documentation necessary to establish Lessee's acceptance of such Equipment under the related Lease and Lessor's acceptance of such Acceptance Certificate, Lessor shall pay the Contractor for the Equipment. Lessor shall not accept the Acceptance Certificate until it has received from Lessee (1) evidence of insurance with respect to the Equipment in compliance with Section 13 hereof, (2) an opinion of Lessee's counsel, if required by Lessor, in form and substance reasonably satisfactory to Lessor and (3) any other documents or items reasonably required by Lessor. Notwithstanding the foregoing, Lessor shall not be obligated to pay to the Contractor for the Equipment if a Lessee Default has occurred or an event has occurred and is continuing that with the passage of time or provision of notice would constitute a Lessee Default.

3. ACCEPTANCE OF EQUIPMENT.

(a) Inspection of Equipment. Lessee agrees to inspect all Equipment as soon as reasonably practicable after the delivery thereof to Lessee.

(b) Acceptance Certificate. Upon the satisfactory inspection of the Equipment by Lessee, or if acceptance requirements for such Equipment are specified in the applicable Purchase Documents, as soon as such requirements are met, Lessee shall unconditionally and irrevocably accept the Equipment by executing and delivering to Lessor a properly completed Acceptance Certificate in substantially the form of Exhibit B.

4. LESSEE'S END-OF-LEASE-TERM OPTIONS. Lessee shall have the following options in respect of each Lease at the end of each of the Initial Term, any Renewal Term and any optional extension of the Initial Term or any Renewal Term:

¹ Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

a. Purchase Option. As an accommodation to Lessee, Lessor agrees to provide Lessee with notice ninety (90) days prior to the expiration of the Initial Term that an End-of-Term Notice from Lessee is due; provided, however, that Lessor's failure to provide Lessee with said notice shall not be deemed to have relieved Lessee of any of Lessee's obligations or liabilities under this Schedule or the Master Agreement. Lessee may elect, by delivering to Lessor an End-of-Term Notice at least 30 days prior to the expiration of the Initial Term, any Renewal Term or any optional extension of the Initial Term or any Renewal Term, to purchase any or all Units of Equipment then subject to such Lease (other than items of Software that may not be sold by Lessor under the terms of any applicable License Agreement) for an amount equal to the Fair Market Value of such Units of Equipment as of the end of the Then Applicable Term, provided no Lessee Default shall have occurred and be continuing. In the event of such an election, Lessee shall pay such amount to Lessor, in immediately available funds, on or before the last day of the Then Applicable Term. If Lessee shall have so elected to purchase any of the Units of Equipment, shall have so paid the applicable purchase price and shall have fulfilled the terms and conditions of this Master Agreement, then on the last day of the Then Applicable Term (1) the Lease with respect to such Units of Equipment shall terminate and, except as provided in Section 26, Lessee shall be relieved of all of its obligations in favor of Lessor with respect to such Units of Equipment, and (2) Lessor shall transfer all of its interest in such Units of Equipment to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor. In the event Lessor and Lessee are unable to agree on the Fair Market Value of any Units of Equipment, Lessor shall, at Lessee's expense, select an independent appraiser to conclusively determine such amount.

b. Renewal Option. Lessee may elect, by delivering to Lessor an End-of-Term Notice at least 30 days prior to the expiration of the Initial Term, any Renewal Term, or any optional extension of the Initial Term or any Renewal Term, to renew the Lease with respect to any or all Units of Equipment then subject to such Lease (other than items of Software that may not be re-released by Lessor under the terms of any applicable License Agreement). In the event of such an election, Lessee shall enter into a mutually agreeable renewal agreement with Lessor ("Renewal Agreement") on or before the last day of the Then Applicable Term confirming the Units of Equipment as to which the Lease is to be renewed, the period for which the Lease is to be renewed (the "Renewal Term"), at the same amount of Rent as the Initial Term.

c. Return. Lessee may elect, by delivering to Lessor an End-of-Term Notice at least 30 days prior to the expiration of the Initial Term, any Renewal Term or any optional extension of the Initial Term or any Renewal Term, to return any or all of the Units of Equipment then subject to such Lease in accordance with Section 10 of this Master Agreement.

IF LESSEE SHALL HAVE DELIVERED TO LESSOR AN END-OF-TERM NOTICE BY THE DATE SET FORTH HEREIN WITH RESPECT TO A LEASE, BUT SHALL HAVE SUBSEQUENTLY FAILED TO COMPLY WITH ITS OBLIGATIONS ARISING FROM ITS ELECTIONS SPECIFIED THEREIN (E.G., LESSEE SHALL HAVE FAILED, ON OR BEFORE THE LAST DAY OF THE THEN APPLICABLE TERM (1) TO PAY LESSOR THE PURCHASE PRICE FOR EQUIPMENT TO BE PURCHASED IN ACCORDANCE WITH SECTION 4(A) ABOVE, (2) TO EXECUTE A RENEWAL AGREEMENT WITH RESPECT TO EQUIPMENT AS TO WHICH THE LEASE IS TO BE RENEWED IN ACCORDANCE WITH SECTION 4(B) ABOVE, OR (3) TO RETURN TO LESSOR EQUIPMENT TO BE RETURNED IN ACCORDANCE WITH SECTION 4(C) ABOVE), THEN LESSEE SHALL CONTINUE TO PAY TO LESSOR RENT IN AN AMOUNT EQUAL TO THE MONTHLY RENT PAYMENT IN EFFECT DURING THE INITIAL TERM (OR THE APPROPRIATE PRO RATA PORTION OF THE RENT PAYMENT THEN IN EFFECT IN THE CASE OF RENT PAYABLE OTHER THAN ON A MONTHLY BASIS), ON A MONTH TO MONTH BASIS WITHOUT ANY ADDITIONAL NOTICE OR DOCUMENTATION UNTIL THE MUTUALLY AGREED UPON RETURN DATE OF THE EQUIPMENT. ALL OTHER PROVISIONS OF THIS MASTER AGREEMENT AND THE APPLICABLE SCHEDULE SHALL CONTINUE TO APPLY. NOTWITHSTANDING ANY OF THE PROVISIONS OF THIS SECTION 4 TO THE CONTRARY, IF ANY LESSEE DEFAULT SHALL HAVE OCCURRED AND BE CONTINUING AT ANY TIME DURING THE LAST 90 DAYS OF THE THEN APPLICABLE TERM OF ANY LEASE, LESSOR MAY CANCEL ANY RENEWAL TERM OR OPTIONAL EXTENSION OF THE THEN APPLICABLE TERM IMMEDIATELY UPON WRITTEN NOTICE TO LESSEE.

5. RENT; LATE CHARGES. As lease payments ("Rent") for the Equipment under any Lease, Lessee agrees to pay the amounts specified in the applicable Schedule on the due dates specified in the applicable Schedule. Lessee agrees to pay Lessor interest on any Rent payment or other amount due hereunder that is not paid within 15 days of its due date, at the rate of 1% per month (or such lesser rate as is the maximum rate allowable under applicable law). Lessee will make provision for such payments in budgets submitted to its governing body for the purpose of obtaining funding for the payments.

6. LEASES NON-CANCELABLE; NET LEASES; WAIVER OF DEFENSES TO PAYMENT. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT EACH LEASE HEREUNDER SHALL BE NON-CANCELABLE (EXCEPT AS SET FORTH IN SECTION 7 HEREOF), AND THAT EACH LEASE HEREUNDER IS A NET LEASE (SO THAT AMONG OTHER THINGS LESSEE SHALL PAY IN ADDITION TO THE RENT, TAXES, INSURANCE AND MAINTENANCE CHARGES RELATED TO THE EQUIPMENT). LESSEE AGREES THAT IT HAS AN ABSOLUTE AND UNCONDITIONAL OBLIGATION TO PAY ALL RENT AND OTHER AMOUNTS WHEN DUE. LESSOR AND LESSEE HEREBY AGREE TO BE GOVERNED BY APPLICABLE STATE LAW WITH RESPECT TO ANY RECOUPMENT, CROSS-CLAIM, COUNTERCLAIM OR ANY OTHER DEFENSE AT LAW OR IN EQUITY TO ANY RENT OR OTHER AMOUNT DUE WITH RESPECT TO ANY LEASE, WHETHER ANY SUCH DEFENSE ARISES OUT OF THIS MASTER AGREEMENT, ANY SCHEDULE, ANY CLAIM BY LESSEE AGAINST LESSOR, LESSOR'S ASSIGNEES OR SUPPLIER OR OTHERWISE. IF THE EQUIPMENT IS NOT PROPERLY INSTALLED, DOES NOT OPERATE OR INTEGRATE AS REPRESENTED OR WARRANTED BY SUPPLIER OR IS UNSATISFACTORY FOR ANY REASON WHATSOEVER, LESSEE WILL MAKE ANY CLAIM ON ACCOUNT OF THOSE ISSUES SOLELY AGAINST SUPPLIER AND WILL NEVERTHELESS PAY ALL SUMS DUE WITH RESPECT TO EACH LEASE..

7. NONAPPROPRIATION. Notwithstanding anything contained in this Master Agreement to the contrary, in the event that sufficient funds are not appropriated and budgeted by Lessee's governing body or are not otherwise available from other legally available sources in any fiscal period for the payment of Rent and other amounts due under any Lease, the Lease shall terminate on the last day of the

fiscal period for which appropriations were received or other amounts are available to pay amounts due under the Lease without penalty or expense to Lessee of any kind whatsoever, except as to the portions of Rent payments or other amounts herein agreed upon for which funds shall have been appropriated or are otherwise available. Lessee will immediately notify the Lessor or its assignee of such occurrence. In the event of such termination, Lessee shall immediately cease all use of the Equipment, and shall immediately de-install, disassemble, pack, crate, and return the Equipment subject to such Lease to Lessor (all in accordance with Section 10 of this Master Agreement). Such Equipment shall be in the same condition as when received by Lessee (reasonable wear, tear and depreciation resulting from normal and proper use excepted), shall be in good operating order and maintenance as required by this Lease, shall be free and clear of any liens (except Lessor's lien) and shall comply with all applicable laws and regulations. Lessee agrees to execute and deliver to Lessor all documents reasonably requested by Lessor or evidence the transfer of legal and beneficial title to such Equipment to Lessor and to evidence the termination of Lessee's interest in such Equipment. Lessor will have all legal and equitable rights and remedies to take possession of the Equipment. At Lessor's request, Lessee shall promptly provide supplemental documentation as to such Non-Appropriation reasonably satisfactory to Lessor. Lessee's exercise of its rights pursuant to this Section 7 shall not affect the survival of any indemnity and other provisions (other than the obligation to lease the Equipment and pay amounts due under the Lease) which survive the termination of the Lease.

8. ASSIGNMENT OF PURCHASE DOCUMENTS. Lessee assigns to Lessor all of Lessee's right, title and interest in and to (a) the Equipment described in each Schedule, and (b) the Purchase Documents relating to such Equipment. Such assignment of the Purchase Documents is an assignment of rights only; nothing in this Master Agreement shall be deemed to have relieved Lessee of any obligation or liability under any of the Purchase Documents, except that, as between Lessee and Lessor, Lessor shall pay the Contractor for the Equipment in accordance with Section 2(d) hereof. Lessee represents and warrants that it has reviewed and approved the Purchase Documents. In addition, if Lessor shall so request, Lessee shall deliver to Lessor a document acceptable to Lessor whereby Seller acknowledges and provides any required consent to such assignment. For the avoidance of doubt, Lessee covenants and agrees that it shall at all times during the Total Term of each Lease comply in all respects with the terms of any License Agreement relating to any Equipment leased thereunder. **IT IS ALSO SPECIFICALLY UNDERSTOOD AND AGREED THAT NEITHER SUPPLIER NOR ANY SALESPERSON OF SUPPLIER IS AN AGENT OF LESSOR, NOR ARE THEY AUTHORIZED TO WAIVE OR ALTER ANY TERMS OF THIS MASTER AGREEMENT OR ANY SCHEDULE.**

9. ASSIGNMENT OF SUPPLIER WARRANTIES. To the extent permitted, Lessor hereby assigns to Lessee, for the Total Term of any Lease, all Equipment warranties provided by any Supplier in the applicable Purchase Documents. Lessee shall have the right to take any action it deems appropriate to enforce such warranties. In the event Lessee is precluded from enforcing any such warranty in its name, Lessor shall, upon Lessee's request, take reasonable steps to enforce such warranty. In such circumstances, Lessee shall, promptly upon demand, reimburse Lessor for all pre-approved expenses incurred by Lessor in enforcing the Supplier warranty. Any recovery resulting from any such enforcement efforts shall be divided among Lessor and Lessee as their interests may appear.

10. EQUIPMENT RETURN REQUIREMENTS. At any time Lessee is required to return Equipment to Lessor under the terms of this Master Agreement or any Schedule, Lessee shall cause the Contractor to de-install and make the Equipment available for pick-up pursuant to the terms and conditions stated in the applicable Schedule. In the case of any item of Software or License Agreement subject to a Schedule, at the time of the occurrence of a Non-Appropriation or a Lessee Default, Lessee shall also be automatically deemed to have reassigned any License Agreement, and all Software.

11. EQUIPMENT USE, MAINTENANCE, AND ADDITIONS. Lessee is solely responsible for the selection, and operation of the Equipment and all costs related thereto. Lessee shall at all times operate and maintain the Equipment in good working order, repair, condition and appearance, and in accordance with the manufacturer's specifications and recommendations. On reasonable prior notice to Lessee, Lessor and Lessor's agents shall have the right, during Lessee's normal business hours and subject to Lessee's reasonable, standard security procedures, to enter the premises where the Equipment is located for the purpose of inspecting the Equipment and observing its use. If Lessor shall have provided to Lessee any tags or identifying labels, Lessor shall affix and maintain in a prominent position on each item of Equipment such tags or labels to indicate Lessor's ownership of the Equipment. Except in the case of Software, Lessee shall, at its expense, enter into and maintain and enforce at all times during the Total Term of each Lease a maintenance agreement to service and maintain the related Equipment, upon terms, and with a provider reasonably acceptable to Lessor. Lessee shall make no alterations or additions to the Equipment, except those that (a) will not void any warranty made by the Supplier of the Equipment, result in the creation of any security interest, lien or encumbrance on the Equipment or impair the value or use of the Equipment either at the time made or at the end of the Term of the applicable Lease, and are readily removable without damage to the Equipment ("Optional Additions"), or (b) are required by any applicable law, regulation or order. All additions to the Equipment or repairs made to the Equipment, except Optional Additions, become a part of the Equipment and Lessor's property at the time made; Optional Additions which have not been removed in the event of the return of the Equipment shall become Lessor's property upon such return.

12. EQUIPMENT OWNERSHIP; LIENS; LOCATION. As between Lessor and Lessee, Lessor is the sole owner of the Equipment and has sole title thereto, Lessee shall not make any representation to any third party inconsistent with Lessor's sole ownership of the Equipment. Lessee covenants with respect to each Lease that: (i) it will not pledge or encumber the Equipment or Lessor's interest in the Equipment in any manner whatsoever nor create or permit to exist any levy, lien or encumbrance thereof or thereon except those created by or through Lessor; (ii) the Equipment shall remain personal property whether or not affixed to realty and shall not become a fixture or be made to become a part of any real property on which it is placed without Lessor's prior written consent; and (iii) Lessee shall maintain the Equipment so that it does not become essential to and may be removed from any building in which it is placed without any damage to the building or the Equipment. Lessee may permit use of the Equipment by its affiliates or independent contractors at the Equipment Location provided it does not relinquish possession and control of the Equipment. Provided Lessee remains in possession and control of the Equipment, Lessee may relocate any Equipment from the Equipment Location specified in the applicable Schedule to

another of its locations within the State of the Equipment Location upon prior written notice to Lessor specifying the new Equipment Location or to another of its locations within the United States after receiving the written consent of Lessor to such relocation. Lessee shall not locate or relocate any Equipment such that any third party comes into possession or control thereof without Lessor's prior written consent; provided, however, that Lessor shall not unreasonably withhold its consent to the location or relocation of Equipment to a third party co-location or hosting facility if such third party shall have executed and delivered to Lessor a waiver agreement in form and substance acceptable to Lessor pursuant to which, among other things, such third party shall have waived any rights to the Equipment and agreed to surrender the Equipment to Lessor in the event of a Lessee Default under this Master Agreement. Notwithstanding the foregoing, Lessor agrees that equipment usable outside of a fixed office environment, may be relocated on a non-permanent basis from the Equipment Location originally specified in the applicable Schedule without Equipment; (ii) the primary employee remains in possession and control of the Equipment, and (iii) the primary employee's principal office is the Equipment Location.

13. RISK OF LOSS AND INSURANCE. Lessee assumes any and all risk of loss or damage to the Equipment from the time such Equipment is in Lessee's possession until such Equipment is returned to and is received by Lessor in accordance with the terms and conditions of this Master Agreement. Lessee agrees to self-insure against such risks, provided that if Lessee elects to purchase third-party insurance, Lessee agrees to keep the Equipment insured at Lessee's expense against all risks of loss from any cause whatsoever, including without limitation, loss by fire (including extended coverage), theft and damage. Lessee agrees that such insurance shall name Lessor as a loss payee and cover not less than the replacement value of the Equipment. Lessee also agrees that it shall carry commercial general liability insurance in an amount not less than \$2,000,000 total liability per occurrence and cause Lessor and its affiliates and its and their successors and assigns, to be named additional insureds under such insurance. Each policy shall provide that the insurance cannot be canceled without at least 30 days' prior written notice to Lessor, and no policy shall contain a deductible in excess of \$25,000. Lessee shall provide to Lessor (a) from time to time upon Lessor's request, applicable letters certifying self-insurance or certificates of insurance evidencing coverage throughout the Total Term of each Lease, and (b) upon Lessor's request, copies of the insurance policies

14. CASUALTY LOSS. Lessee shall notify Lessor of any Casualty Loss or repairable damage to any Equipment as soon as reasonably practicable after the date of any such occurrence but in no event later than 30 days after such occurrence. In the event any Casualty Loss shall occur, on the next Rent payment date Lessee shall (a) at Lessee's option provided no Lessee Default has occurred nor an event that with the passage of time or provision of notice would constitute a Lessee Default has occurred and is continuing or (b) at Lessor's option if a Lessee Default has occurred or an event that with the passage of time or provision of notice would constitute a Lessee Default has occurred and is continuing (1) subject to Section 7 hereof, pay Lessor the Stipulated Loss Value of the Equipment suffering the Casualty Loss, or (2) substitute and replace each item of Equipment suffering the Casualty Loss with an item of Substitute Equipment. If Lessee shall pay the Stipulated Loss Value of the Equipment suffering a Casualty Loss, upon Lessor's receipt in full of such payment the applicable Lease shall terminate as it relates to such Equipment and, except as provided in Section 26, Lessee shall be relieved of all obligations under the applicable Lease as it relates to such Equipment. If Lessee shall replace Equipment suffering a Casualty Loss with items of Substitute Equipment (i) the applicable Lease shall continue in full force and effect without any abatement of Rent with such Substitute Equipment thereafter being deemed to be Equipment leased thereunder, and (ii) Lessee shall deliver to Lessor a bill of sale or other documentation, in either case in form and substance satisfactory to Lessor, in which Lessee shall represent and warrant that it has transferred to Lessor good and marketable title to all Substitute Equipment, free and clear of all liens, encumbrances and claims of others. Upon Lessor's receipt of such payment of Stipulated Loss Value in full, or such bill of sale or other documentation, as the case may be, Lessor shall transfer to Lessee all of Lessor's interest in the Equipment suffering the Casualty Loss "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor. In the event of any repairable damage to any Equipment, the Lease shall continue with respect to such Equipment without any abatement of Rent and Lessee shall, at its expense, from insurance proceeds or other funds legally available, promptly cause such Equipment to be repaired to the condition it is required to be maintained pursuant to Section 11.

15. TAXES. Lessor shall report and pay all Taxes now or hereafter imposed or assessed by any governmental body, agency or taxing authority upon the purchase, ownership, delivery, installation, leasing, rental, use or sale of the Equipment, the Rent or other charges payable hereunder, or otherwise upon or in connection with any Lease, whether assessed on Lessor or Lessee, other than any such Taxes required by law to be reported and paid by Lessee. Lessee shall promptly reimburse Lessor for all such Taxes paid by Lessor, together with any penalties or interest in connection therewith attributable to Lessee's acts or failure to act, excluding (a) Taxes on or measured by the overall gross or net income or items of tax preference of Lessor, (b) as to any Lease the related Equipment, Taxes attributable to the period after the return of such Equipment to Lessor, and (c) Taxes imposed as a result of a sale or other transfer by Lessor of any portions of its interest in any Lease or in any Equipment except for a sale or other transfer to Lessee or a sale or other transfer occurring after and during the continuance of any Lessee Default. Lessee may provide Lessor a sales tax exemption number (E-2001) or certificate of exemption, which Lessor will submit to the taxing authority. However, Lessee may remain liable for all Taxes set forth in this Section 15 in the event the taxing authority does not exempt Lessee.

16. GENERAL LIABILITY. As between Lessor and Lessee, to the extent permitted by law, Lessor disclaims any liability for any and all Claims arising directly or indirectly out of or in connection with any matter involving this Master Agreement, the Equipment or any Lease, including but not limited to the selection, manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, maintenance, use (including any patent, trademark or copyright infringement), condition, return or operation of any Equipment or the enforcement of Lessor's rights under any Lease. Lessor assumes liability only for Claims arising out of its sole negligence or willful misconduct under this Master Agreement.

17. COVENANT OF QUIET ENJOYMENT. So long as no Lessee Default exists, and no event shall have occurred and be continuing which, with the giving of notice or the passage of time or both, would constitute a Lessee Default, neither Lessor nor any party acting or

claiming through Lessor, by assignment or otherwise, will disturb Lessee's quiet enjoyment of the Equipment during the Total Term of the related Lease.

18. DISCLAIMERS AND LESSEE WAIVERS. LESSEE LEASES THE EQUIPMENT FROM LESSOR "AS IS, WHERE IS". IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT (A) EXCEPT AS EXPRESSLY SET FORTH IN SECTION 17, LESSOR MAKES ABSOLUTELY NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY, OPERATION, OR CONDITION OF ANY EQUIPMENT (OR ANY PART THEREOF), THE MERCHANTABILITY OR FITNESS OF EQUIPMENT FOR A PARTICULAR PURPOSE, OR ISSUES REGARDING PATENT INFRINGEMENT, TITLE AND THE LIKE; (B) LESSOR SHALL NOT BE DEEMED TO HAVE MADE, BE BOUND BY OR LIABLE FOR, ANY REPRESENTATION, WARRANTY OR PROMISE MADE BY THE SUPPLIER OF ANY EQUIPMENT (EVEN IF LESSOR IS AFFILIATED WITH SUCH SUPPLIER); (C) LESSOR SHALL NOT BE LIABLE FOR ANY FAILURE OF ANY EQUIPMENT OR ANY DELAY IN THE DELIVERY OR INSTALLATION THEREOF; (D) LESSEE HAS SELECTED ALL EQUIPMENT WITHOUT LESSOR'S ASSISTANCE; AND (E) LESSOR IS NOT A MANUFACTURER OF ANY EQUIPMENT. IT IS FURTHER AGREED THAT, EXCEPT FOR DIRECT DAMAGES THAT CANNOT BE LIMITED UNDER N.D.C.C. § 32-12.2-15, LESSOR SHALL HAVE NO LIABILITY TO LESSEE, LESSEE'S CUSTOMERS, OR ANY THIRD PARTIES FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS MASTER AGREEMENT OR ANY SCHEDULE OR CONCERNING ANY EQUIPMENT, OR FOR ANY DAMAGES BASED ON STRICT OR ABSOLUTE TORT LIABILITY OR LESSOR'S NEGLIGENCE; PROVIDED, HOWEVER, THAT NOTHING IN THIS MASTER AGREEMENT SHALL DEPRIVE LESSEE OF ANY RIGHTS IT MAY HAVE AGAINST ANY PERSON OTHER THAN LESSOR. LESSOR AND LESSEE AGREE THAT THE LEASES SHALL BE GOVERNED BY THE EXPRESS PROVISIONS OF THIS MASTER AGREEMENT AND THE OTHER FUNDAMENTAL AGREEMENTS AND NOT BY THE CONFLICTING PROVISIONS OF ANY OTHERWISE APPLICABLE LAW. ACCORDINGLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, LESSEE WAIVES ANY RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY ARTICLE 2A OF THE UCC (INCLUDING, BUT NOT LIMITED TO, LESSEE'S RIGHTS, CLAIMS AND DEFENSES UNDER UCC SECTIONS 2A-303 AND 2A-508 THROUGH 2A-522) AND THOSE RIGHTS NOW OR HEREAFTER CONFERRED BY STATUTE OR OTHERWISE, IN EITHER CASE THAT ARE INCONSISTENT WITH OR THAT WOULD LIMIT OR MODIFY LESSOR'S RIGHTS SET FORTH IN THIS MASTER AGREEMENT.

19. LESSEE REPRESENTATIONS. Lessee represents to Lessor with respect to each Lease that: (a) Lessee is an agency or department of, or a political subdivision of the state in which it is located; (b) Lessee has the power and authority to enter into each of the Fundamental Agreements; (c) all Fundamental Agreements are legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with their terms and do not violate or create a default under any instrument or agreement binding on Lessee; (d) there are no pending or threatened actions or proceedings before any court or administrative agency that could reasonably be expected to have a material adverse effect on Lessee or any Fundamental Agreement, unless such actions have been disclosed to Lessor and consented to in writing by Lessor; (e) Lessee shall comply in all material respects with all laws and regulations the violation of which could have a material adverse effect upon the Equipment or Lessee's performance of its obligations under any Fundamental Agreement; (f) each Fundamental Agreement shall be effective against all creditors of Lessee under applicable law, including fraudulent conveyance and bulk transfer laws, and shall raise no presumption of fraud; (g) all financial statements, certificates or summaries relating to Lessee's financial condition, fiscal budget or the assessment and collection of taxes and other related information furnished by Lessee shall be prepared in accordance with generally accepted accounting principles in the United States in effect at that time and shall fairly present Lessee's financial position as of the dates given on such statements; (h) since the date of the most recent annual financial statement, there has been no material adverse change in the financial condition of, or the level of assessment or collection of taxes by, the Lessee; (i) the Equipment, subject to the Lease, is essential to the immediate performance of a governmental or proprietary function by Lessee within the scope of its authority and will be used during the Term of the Lease only by Lessee and only to perform such function; (j) Lessee intends to use the Equipment for the entire Term of the Lease and all Equipment will be used for business purposes only and not for personal, family or household purposes; (k) Lessee has complied fully with all applicable law governing open meetings, public bidding and appropriations required in connection with the Lease and the acquisition of the Equipment; (l) there has been no material change in the budget for Lessee's current Fiscal Period since its adoption; (m) Lessee's obligations to pay Rent and any other amounts due under the Lease constitute a current expense and not a debt of Lessee under applicable state law; (n) no provision of the Lease constitutes a pledge of the tax or general revenues of Lessee; (o) Lessee does not export, re-export, or transfer any Equipment, Software, system software or source code or any direct product thereof to a prohibited destination, or to nationals of proscribed countries wherever located, without prior authorization from the United States government and other applicable governments; (p) Lessee does not use any Equipment, Software or system software or technology, technical data, or technical assistance related thereto or the products thereof in the design, development, or production of nuclear, missile, chemical, or biological weapons or transfer the same to a prohibited destination, or to nationals of proscribed countries wherever located, without prior authorization from the United States and other applicable governments; and (q) Lessee is not an entity designated by the United States government or any other applicable government with which transacting business without the prior consent of such government is prohibited.

20. DEFAULT. Any of the following shall constitute a default by Lessee (a "Lessee Default") under this Master Agreement and all Leases: (a) Lessee fails to pay any Rent payment or any other amount payable to Lessor under this Master Agreement or any Schedule within 45 days after its due date; or (b) Lessee defaults on or breaches any of the other terms and conditions of any Material Agreement, and fails to cure such breach within 45 days after written notice thereof from Lessor; or (c) any representation or warranty made by Lessee in any Material Agreement proves to be incorrect in any material respect when made or reaffirmed; or (d) any change occurs in relation to Lessee's financial condition that, in Lessor's opinion, would have a material adverse effect on Lessee's ability to perform its obligations under this Master Agreement or under any Schedule; or (e) Lessee becomes insolvent or fails generally to pay its debts as they become due; or (f) a proceeding under any bankruptcy, reorganization, arrangement of debt, insolvency or receivership law is filed by or against Lessee (and if such proceeding is involuntary, it is not dismissed within 60 days after the filing thereof) or Lessee takes any action to

authorize any of the foregoing matters; or (g) any letter of credit or guaranty issued in support of a Lease is revoked, breached, canceled or terminated (unless consented to in advance by Lessor); or (h) any Equipment is levied against, seized or attached.

21. REMEDIES. If a Lessee Default occurs, Lessor may, in its sole discretion, exercise one or more of the following remedies: (a) declare all amounts due and to become due during Lessee's current fiscal year to be immediately due and payable; or (b) terminate this Master Agreement; or (c) take possession of, or render unusable, the Equipment without demand or notice and without any court order or other process of law in accordance with Lessee's reasonable security procedures, and no such action shall constitute a termination of any Lease; or (d) require Lessee to immediately pay to Lessor, as compensation for loss of Lessor's bargain and not as a penalty, a sum equal to: (1) All past due payments and all other amounts payable under the Lease, and (2) pay all unpaid payments for the remainder of the lease term, discounted at a rate equal to three percent (3%) per year to the date of default; and require Lessee to make the Equipment available to return as specified in Section 10 above or (e) exercise any other right or remedy available to Lessor at law or in equity. Also, Lessee shall pay Lessor (i) all court awarded costs and expenses that Lessor may incur to maintain, safeguard or preserve the Equipment, and other expenses incurred by Lessor in enforcing any of the terms, conditions or provisions of this Master Agreement (limited to any court awarded legal fees and court awarded collection agency costs) and (ii) all costs incurred by Lessor in exercising any of its remedies hereunder (including any court awarded legal fees). Upon repossession or surrender of any Equipment, Lessor will lease, sell or otherwise dispose of the Equipment in a commercially reasonable manner, with or without notice and at public or private sale, and apply the net proceeds thereof to the amounts owed to Lessor under this Master Agreement; provided, however, that Lessee will remain liable to Lessor for any deficiency from all past due payments that remains after any sale or lease of such Equipment. Any proceeds of any sale or lease of such Equipment in excess of the amounts owed to Lessor under this Master Agreement will be retained by Lessor. Lessee agrees that with respect to any notice of a sale required by law to be given, 10 days' notice will constitute reasonable notice. With respect to any exercise by Lessor of its right to recover and/or dispose of any Equipment securing Lessee's obligations under the applicable lease Schedule, Lessee acknowledges and agrees as follows: (i) Lessee shall cause Contractor to prepare the Equipment for disposition, (ii) Lessor may comply with any applicable state or federal law requirements in connection with any disposition of the Equipment, and any actions taken in connection therewith shall not be deemed to have adversely affected the commercial reasonableness of any such disposition, and (iii) Lessor may convey the Equipment on an "AS IS, WHERE IS" basis, and without limiting the generality of the foregoing, may specifically exclude or disclaim any and all warranties, including any warranty of title or the like with respect to the disposition of the Equipment, and no such conveyance or such exclusion or such disclaimer of any warranty shall be deemed to have adversely affected the commercial reasonableness of any such disposition. These remedies are cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time provided, however, that the intent of the cumulative remedy provisions hereunder is to make Lessor whole, as if no Lessee Default has occurred, and not to penalize Lessee with duplicative remedies.

22. PERFORMANCE OF LESSEE'S OBLIGATIONS. If Lessee fails to perform any of its obligations hereunder, Lessor may perform any act or make any payment that Lessor deems reasonably necessary for the maintenance and preservation of the Equipment and Lessor's interests therein; provided, however, that the performance of any act or payment by Lessor shall not be deemed a waiver of, or release Lessee from, the obligation at issue. All sums pre-approved by Lessee and paid by Lessor, together with court awarded expenses (including legal fees and costs) incurred by Lessor in connection therewith, shall be paid to Lessor by Lessee immediately upon demand.

23. TRUE LEASE; SECURITY INTEREST; MAXIMUM RATE. Each Lease is intended to be a "Finance Lease" as defined in Article 2A of the UCC, and Lessee hereby authorizes Lessor to file a financing statement to give public notice of Lessor's ownership of the Equipment. The parties' intent that each Lease be a "Finance Lease" within the meaning of Article 2A and the UCC shall have no effect on the characterization of any Lease for accounting purposes, which characterization shall be made by each party independently on the basis of generally accepted accounting principles in the United States in effect at the time. Lessee, by its execution of each Schedule, acknowledges that Lessor has informed it that (a) the identity of Seller is set forth in the applicable Schedule, (b) Lessee is entitled under Article 2A of the UCC to the promises and warranties, including those of any third party, provided to Lessor in connection with, or as a part of, the applicable Purchase Documents, and (c) Lessee may communicate with Seller and receive an accurate and complete statement of the promises and warranties, including any disclaimers and limitations of them or of remedies. If (1) notwithstanding the express intention of Lessor and Lessee to enter into a true lease, any Lease is ever deemed by a court of competent jurisdiction to be a lease intended for security, or (2) Lessor and Lessee enter into a Lease with the intention that it be treated as a lease intended as security by so providing in the applicable Schedule, then to secure payment and performance of Lessee's obligations under this Master Agreement and all Leases, Lessee hereby grants Lessor a purchase money security interest in the related Equipment and in all attachments, accessories, additions, substitutions, products, replacements, rentals and proceeds (including, without limitation, insurance proceeds) thereto as well as a security interest in any other equipment financed pursuant to this Master Agreement or any other agreement between Lessor and Lessee (collectively, the "Collateral"). In any such event, notwithstanding any provisions contained in this Master Agreement or in any Schedule, neither Lessor nor any Assignee shall be entitled to receive, collect or apply as interest any amount in excess of the maximum rate or amount permitted by applicable law. In the event Lessor or any Assignee ever receives, collects or applies as interest any amount in excess of the maximum amount permitted by applicable law, such excess amount shall be applied to the unpaid principal balance and any remaining excess shall be refunded to Lessee. In determining whether the interest paid or payable under any specific contingency exceeds the maximum rate or amount permitted by applicable law, Lessor and Lessee shall, to the maximum extent permitted under applicable law, characterize any non-principal payment as an expense or fee rather than as interest, exclude voluntary prepayments and the effect thereof, and spread the total amount of interest over the entire term of this Master Agreement and all Leases.

24. ASSIGNMENT. Upon 15 days prior written notice to Lessee, Lessor shall have the unqualified right to sell, assign, grant a security interest in or otherwise convey any part of its interest in this Master Agreement, any Lease or any Equipment, in whole or in part, with prior notice to Lessee, except such notice shall not be required if Lessor assigns such Lease into a pooled securitization of leases managed by Lessor. Lessee will immediately notify the Lessor or its assignee of any objection to such assignment. In the event such

assignment is completed by Lessor, Lessee may terminate such Lease and Lessee shall immediately cease all use of the Equipment, and shall immediately de-install, disassemble, pack, crate, and return the Equipment subject to such Lease to Lessor (all in accordance with Section 10 of this Master Agreement). Lessee agrees to execute and deliver to Lessor all documents reasonably requested by Lessor or evidence the transfer of legal and beneficial title to such Equipment to Lessor and to evidence the termination of Lessee's interest in such Equipment. If such Equipment is not returned as required above, Lessee shall immediately pay Lessor the Stipulated Loss Value for the Equipment. Upon Lessee's payment, Lessor agrees to execute and deliver to Lessee all documents reasonably requested by Lessee or evidence the transfer of legal and beneficial title to such Equipment to Lessee and to evidence the termination of Lessor's interest in such Equipment. If any Lease is sold, assigned, or otherwise conveyed, Lessee agrees that Lessor's purchaser, assignee or transferee, as the case may be ("Assignee") shall (a) have the same rights, powers and privileges that Lessor has under the applicable Lease, (b) have the right to receive from Lessee all amounts due under the applicable Lease; and (c) not be required to perform any obligations of Lessor, other than those that are expressly assumed in writing by such Assignee. Lessee agrees to execute such acknowledgements to such assignment as may be reasonably requested by Lessor or the Assignee. Lessee further agrees that, in any action brought by such Assignee against Lessee to enforce Lessor's rights hereunder, Lessee will not assert against such Assignee any set off, defense or counterclaim that Lessee may have against Lessor or any other person. Unless otherwise specified by Lessor and the Assignee, Lessee shall continue to pay all amounts due under the applicable Lease to Lessor; provided, however, that upon notification from Lessor and the Assignee, Lessee covenants to pay all amounts due under the applicable Lease to such Assignee when due and as directed in such notice. Lessee further agrees that any Assignee may further sell, assign, grant a security interest in or otherwise convey its rights and interest under the applicable Lease with the same force and effect as the assignment described herein. Lessee may not assign, transfer, sell, sublease, pledge or otherwise dispose of this Master Agreement, any Lease, any Equipment or any interest therein without the prior written consent of Lessor, which consent shall not be unreasonably withheld so long as any such proposed assignee is of equal or better creditworthiness than Lessee, and appropriate documentation has been signed and provided to Lessor, all as Lessor shall determine. Lessor shall remain liable for all of its obligations under this Master Agreement, or any Schedule not otherwise assigned to Assignee pursuant to this Section 24 unless Lessee otherwise agrees in writing.

25. FURTHER ASSURANCES. Lessee agrees to promptly execute and deliver to Lessor such further documents and take such further action as Lessor may require in order to more effectively carry out the intent and purpose of this Master Agreement and any Schedule. Without limiting the generality of the foregoing, Lessee agrees (a) to furnish to Lessor from time to time, its certified financial statements, officer's certificates and appropriate resolutions, opinions of counsel and such other information and documents as Lessor may reasonably request, and (b) to execute and timely deliver to Lessor such documents that Lessor deems necessary to perfect or protect Lessor's security interest in the Collateral or to evidence Lessor's interest in the Equipment. It is also agreed that Lessor or Lessor's agent may file as a financing statement, any lease document (or copy thereof, where permitted by law) or other financing statement that Lessor deems appropriate to perfect or protect Lessor's security interest in the Collateral or to evidence Lessor's interest in the Equipment. Upon demand, Lessee will promptly reimburse Lessor for any filing or recordation fees or expenses (including legal fees and costs) incurred by Lessor in perfecting or protecting its interests in any Collateral. Lessee represents and warrants that Lessee's name as set forth in the signature block below is Lessee's full and accurate legal name and that the information set forth on the first page hereof regarding its organization number, tax identification number and location is true and correct as of the date hereof. Lessee further agrees to provide Lessor advance written notice of any change in the foregoing.

26. TERM OF MASTER AGREEMENT; SURVIVAL. This Master Agreement shall commence and be effective upon the execution hereof by both parties and shall continue in effect until terminated by either party by 30 days prior written notice to the other, provided that the effective date of the termination is after all obligations of Lessee arising hereunder and pursuant to any Schedule have been fully satisfied. Notwithstanding the foregoing, all representations made by Lessee hereunder shall survive the termination of this Master Agreement and shall remain in full force and effect. All of Lessor's rights, privileges and indemnities under this Master Agreement or any Lease, to the extent they are fairly attributable to events or conditions occurring or existing on or prior to the expiration or termination of such Lease, shall survive such expiration or termination and be enforceable by Lessor and Lessor's successors and assigns.

27. WAIVER OF JURY TRIAL. LESSEE AND LESSOR HEREBY EXPRESSLY WAIVE ANY RIGHT TO DEMAND A JURY TRIAL WITH RESPECT TO ANY ACTION OR PROCEEDING INSTITUTED BY LESSOR OR LESSEE IN CONNECTION WITH THIS MASTER AGREEMENT OR ANY FUNDAMENTAL AGREEMENT.

28. NOTICES. All notices, requests, demands, waivers and other communications required or permitted to be given under this Master Agreement or any other Fundamental Agreement shall be in writing and shall be deemed to have been received upon receipt if delivered personally or by a nationally recognized overnight courier service, or by confirmed facsimile transmission, or 3 days after deposit in the United States mail, certified, postage prepaid with return receipt requested, addressed as follows (or such other address or fax number as either party shall so notify the other):

If to Lessor:

Hewlett-Packard Financial Services Company
200 Connell Drive, Suite 5000
Berkeley Heights, NJ 07922
Attn: Director of Operations North America
Fax: (908) 898-4109

If to Lessee:

Attn: _____ ("Authorized Lessee Representative")
Fax: _____

29. MISCELLANEOUS

(a) Governing Law. THIS MASTER AGREEMENT AND EACH LEASE SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF NORTH DAKOTA.

(b) Credit Review. Lessee consents to a reasonable credit review by Lessor for each Lease.

(c) Captions and References. The captions contained in this Master Agreement and any Schedule are for convenience only and shall not affect the interpretation of this Master Agreement or any Lease. All references in this Master Agreement to Sections and Exhibits refer to Sections hereof and Exhibits hereto unless otherwise indicated.

(d) Entire Agreement; Amendments. This Master Agreement and all other Fundamental Agreements executed by both Lessor and Lessee supersede all prior agreements relating thereto, whether written or oral, and may not be amended or modified except in a writing signed by the parties hereto.

(e) No Waiver. Any failure of Lessor to require strict performance by Lessee, or any written waiver by Lessor of any provision hereof, shall not constitute consent or waiver of any other breach of the same or any other provision hereof.

(f) Lessor Affiliates. Lessee understands and agrees that Hewlett-Packard Financial Services Company or any affiliate or subsidiary thereof may, as lessor, execute Schedules under this Master Agreement, in which event the terms and conditions of the applicable Schedule and this Master Agreement as it relates to the lessor under such Schedule shall be binding upon and shall inure to the benefit of such entity executing such Schedule as lessor, as well as any successors or assigns of such entity. Lessee agrees that Lessor may disclose any information provided by Lessee to Lessor or created by Lessor in the course of administering the Material Agreements to any parent or affiliate of Lessor.

(g) Invalidity. If any provision of this Master Agreement or any Schedule shall be prohibited by or invalid under law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Master Agreement or such Schedule.

(h) Counterparts. This Master Agreement may be executed in counterparts, which collectively shall constitute one document.

(i) Lessor Reliance. Lessor may act in reliance upon any instruction, instrument or signature reasonably believed by Lessor in good faith to be genuine. Lessor may assume that any employee of Lessee who executes any document or gives any written notice, request or instruction has the authority to do so.

30 DEFINITIONS. All capitalized terms used in this Master Agreement have the meanings set forth below or in the Sections of this Master Agreement referred to below:

"Acceptance Certificate" means an Acceptance Certificate in substantially the form of Exhibit B executed by Lessee and delivered to Lessor in accordance with Section 3.

"Acceptance Date" means, as to any Lease, the date Lessee shall have accepted the Equipment subject to such Lease in accordance with Section 3.

"Authorized Lessee Representative" has the meaning specified in Section 28.

"Assignee" means any assignee of all or any portion of Lessor's interest in this Master Agreement, any Schedule or any Equipment, whether such assignee received the assignment of such interest from Lessor or a previous assignee of such interest.

"Casualty Loss" means, with respect to any Equipment, the condemnation, taking, loss, destruction, theft or damage beyond repair of such Equipment.

"Casualty Value" means, as to any Equipment, an amount determined as of the date of the Casualty Loss or Lessee Default in question ("Calculation Date") pursuant to a "Table of Casualty Values" attached to the applicable Schedule or, if no "Table of Casualty Values" is attached to the applicable Schedule, an amount equal to the sum of (a) the present value (as of the Calculation Date and discounted at the Discount Rate compounded monthly) of all Rent payments payable after the Calculation Date through the scheduled date of expiration of the Then Applicable Term, plus (b) an amount determined by multiplying the applicable casualty percentage specified below by the Total Cost of such Equipment. The "Discount Rate" shall mean a rate equal to the 2 year inter-bank swap rate quoted by Bloomberg L.P. (or, where not available, such other 2 year inter-bank swap rate quoted by a commercially available publication reasonably designated by us) at the Acceptance Date of the applicable Lease. The applicable casualty percentage will be 50% for Equipment having an Initial Term of less than 24 months; 40% for Equipment having an Initial Term of 24 months or greater, but less than 36 months; 30% for Equipment having an Initial Term of 36 months or greater, but less than 48 months; and 25% for Equipment having an Initial Term of 48 months or greater.

"Claims" means all claims, actions, suits, proceedings, costs, expenses (including, without limitation, court costs, witness fees and attorneys' fees), damages, obligations, judgments, orders, penalties, fines, injuries, liabilities and losses, including, without limitation, actions based on Lessor's strict liability in tort.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" has the meaning specified in Section 23.

"Daily Rent" means, as to any Lease, an amount equal to the per diem Rent payable under the applicable Schedule (calculated on the basis of a 360 day year and 30 day months).

"End-of-Term Notice" means, as to any Lease, a written notice delivered by Lessee to Lessor at least 30 days prior to the end of the Initial Term, any Renewal Term or any optional extension of the Initial Term or any Renewal Term setting forth Lessee's elections pursuant to Section 4 with respect to the Equipment subject to such Lease. Each End-of-Term Notice shall specify on a line item basis and in the same format as the Equipment is described in the applicable Schedule (or if different, in the applicable Acceptance Certificate) the Units of Equipment to be purchased by Lessee (if any), as to which the Lease is to be renewed (if any) and that are to be returned to Lessor (if any).

"Equipment" has the meaning specified in Section 1.

"Equipment Location" means, as to any Equipment, the address at which such Equipment is located from time to time, as originally specified in the applicable Schedule and as subsequently specified in a notice delivered to Lessor pursuant to Section 12, if applicable.

“Fair Market Value” means the total price that would be paid for any specified Equipment in an arm’s length transaction between an informed and willing buyer (other than a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell. Such total price shall not be reduced by the costs of removing such Equipment from its current location or moving it to a new location.

“Final Invoice Amount” has the meaning set forth in Section 2(c).

“First Payment Date” means, as to any Lease, the date the first Rent payment with respect to the Initial Term of such Lease is due, as determined pursuant to the terms of the applicable Schedule.

“Fiscal Period” shall mean the fiscal year of Lessee, as it may be more particularly described in a Schedule.

“Fundamental Agreements” means, collectively, this Master Agreement, each Schedule and Acceptance Certificate as part of the Participating Addendum Number _____ to Contract for the NASPO ValuePoint Master Agreement Number 140596 with Lessee as the Participating Entity and all other related instruments and documents.

“Hardware” means items of tangible equipment and other property.

“Initial Term” means, as to any Lease, the initial term thereof as specified in the related Schedule.

“Lease” has the meaning specified in Section 2(a).

“Lessee” has the meaning specified in the preamble hereof.

“Lessee Default” has the meaning specified in Section 20.

“Lessor” has the meaning specified in the preamble hereof.

“License Agreement” means any license agreement or other document granting the purchaser the right to use Software or any technical information, confidential business information or other documentation relating to Hardware or Software, as amended, modified or supplemented by any other agreement between the licensor and Lessor.

“Master Agreement” has the meaning specified in the preamble hereof.

“Material Agreements” means, collectively, all Fundamental Agreements, all other material agreements by and between Lessor and Lessee, and any application for credit, financial statement, or financial data required to be provided by Lessee in connection with any Lease.

“Non-Appropriation” has the meaning specified in Section 7.

“Optional Additions” has the meaning specified in Section 11.

“Purchase Documents” means, as to any Equipment, any purchase order, contract, bill of sale, License Agreement, invoice and/or other documents that Lessee has, at any time, approved, agreed to be bound by or entered into with any Supplier of such Equipment relating to the purchase, ownership, use or warranty of such Equipment.

“Renewal Agreement” has the meaning specified in Section 4.

“Renewal Term” has the meaning specified in Section 4.

“Rent” has the meaning specified in Section 5.

“Schedule” means, unless the context shall otherwise require a Schedule executed by Lessor and Lessee pursuant to Section 2(a).

“Seller” means, as to any Equipment, the seller of such Equipment as specified in the applicable Schedule.

“Software” means copies of computer software programs owned or licensed by Lessor, and any disks, CDs, or other media on which such programs are stored or written.

“State” means any of the states of the United States, its territories and possessions.

“Stipulated Loss Value” means, as to any Equipment, an amount equal to the sum of (a) all Rent and other amounts due and owing with respect to such Equipment as of the date of payment of such amount, plus (b) the Casualty Value of such Equipment.

“Substitute Equipment” means, as to any item of Hardware or Software subject to a Lease, a substantially equivalent or better item of Hardware or Software having equal or greater capabilities and equal or greater Fair Market Value manufactured or licensed by the same manufacturer or licensor as such item of Hardware or Software subject to a Lease. The determination of whether any item of Equipment is substantially equivalent or better than an item of Equipment subject to a Lease shall be based on all relevant facts and circumstances.

“Supplier” means as to any Equipment, the Seller and the manufacturer or licensor of such Equipment collectively, or where the context requires, any of them.

“System Software” means an item of Software that is pre-loaded on an item of Hardware purchased by Lessor for lease hereunder for which the relevant Purchase Documents specify no purchase price separate from the aggregate purchase price specified for such items of Hardware and Software.

“Taxes” means all license and registration fees and all taxes (local, state and federal), fees, levies, imposts, duties, assessments, charges and withholding of any nature whatsoever, however designated (including, without limitation, any value added, transfer, sales, use, gross receipts, business, occupation, excise, personal property, real property, stamp or other taxes) other than taxes measured by Lessor’s income.

“Term” means the term thereof as specified in the related Schedule.

“Then Applicable Term” means, as to any Lease, the term of the Lease in effect at the time of determination, whether it be the Initial Term, any Renewal Term or any optional or other automatic extension of the Initial Term or any Renewal Term pursuant to Section 4.

“Total Cost” means as to any Lease, the total acquisition cost to Lessor of the Equipment subject to such Lease as set forth in the applicable Purchase Documents, including related delivery, installation, taxes and other charges which Lessor has agreed to pay and treat as a portion of such acquisition cost, if any.

“Total Term” means, as to any Lease, the aggregate term of such Lease, including the Initial Term, any Renewal Term and any optional extension of the Initial Term or any Renewal Term pursuant to Section 4.

“UCC” means the Uniform Commercial Code as enacted and in effect in any applicable jurisdiction.

“Unit of Equipment” means, as to the Equipment leased pursuant to any Schedule (a) each individual item Equipment leased pursuant to such Schedule, and (b) all Equipment taken as a whole leased pursuant to such Schedule.

IN WITNESS WHEREOF, LESSEE AND LESSOR HAVE EXECUTED THIS MASTER AGREEMENT ON THE DATES SPECIFIED BELOW.

LESSEE:

LESSOR:

HEWLETT-PACKARD FINANCIAL SERVICES COMPANY²

By: _____

By: _____

Name and Title

Name and Title

Date

Date

² Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

Master Agreement Number _____

Schedule Number _____

COUNTERPART NO. _____ OF _____. TO THE EXTENT THAT THIS SCHEDULE CONSTITUTES CHATTEL PAPER (AS DEFINED ON THE UCC), NO SECURITY INTEREST IN THIS SCHEDULE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE AND LOCAL GOVERNMENT MASTER FMV LEASE AGREEMENT SCHEDULE

Hewlett-Packard Financial Services Company³ ("Lessor") and _____, an agency, department or political subdivision of the State of _____ ("Lessee") are parties to the State and Local Government Master Operating Lease Agreement identified by the Master Agreement Number specified above (the "Master Agreement"). This Schedule (which shall be identified by the Schedule Number specified above) and the Master Agreement together comprise a separate Lease between the parties. The terms and conditions of the Master Agreement are hereby incorporated by reference into this Schedule. All capitalized terms used in this Schedule without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE.

A. Description of Items of Leased Equipment Total Cost \$

B. Initial Term: _____ Months.

2. RENT: \$ _____

RENT is payable: «Frequency» in «Advance_or_Arrears»

If the Rent is due in advance, then the first Rent payment shall be due on the Acceptance Date. If the Rent is due in arrears, then the first Rent payment shall be due at the end of the first payment frequency period as selected above.

3. LATEST COMMENCEMENT DATE: _____. Lessor's obligation to purchase and lease the Equipment is subject to the Acceptance Date being on or before the Latest Commencement Date.

4. EQUIPMENT LOCATION: _____

5. SELLER: _____

6. APPROPRIATIONS: Monies for all Rent and other payments due under the Lease for the Fiscal Period ending _____ are available from Lessee's appropriated funds for such Fiscal Period and that appropriations or other funds have been encumbered or designated for the payment of all Rent and other payments that shall become due under the Lease in such Fiscal Period.

ADDITIONAL PROVISIONS: With respect to this Schedule only, Section 10 of the Master Agreement is hereby replaced in its entirety with the following:

"10. EQUIPMENT RETURN REQUIREMENTS. As soon as practical following the last day of the Total Term of any Schedule (and any other time Lessee is required to return Equipment to Lessor), but in no event later than thirty (30) days thereafter, Lessee shall cause the Contractor to (a) remove any Lessee labels, tags or other identifying marks and all hard drives or external drives containing identifying data of Lessee on or attached to the Equipment (b) carefully de-install the Equipment in accordance with the manufacturer's specifications and guidelines, and (c) make all of the Equipment available for Lessor's pick-up at a loading dock at Lessee's facilities, which must be accessible to a full size tractor trailer (individually each a "Designated Pick-up Location" and collectively the "Designated Pick-up Locations"). In the case of any item of Software to be returned to Lessor, Lessee shall also deliver to Lessor the original certificate of authenticity issued by the licensor of such Software, if any, the end user license

³ Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

agreement, any CD-ROM, diskettes or other media relating to such Software and any other materials originally delivered to Lessee with such Software. Tender of Equipment for return to Lessor shall be made at a mutually agreeable time during normal business hours and Lessee shall provide Lessor with not less than five (5) business days advance notice for any requested pick up. Lessor shall cause its authorized carrier to pack the Equipment, pick up the Equipment at the applicable Designated Pick-up Location, and to ship the Equipment, insured, to Lessor's designated return facility. So long as the Designated Pick-up Location is within the State Lessee is located, and Lessee tenders Equipment under the Schedule for pick-up of Equipment at each Designated Pick-up Location ("Minimum Pickup"), all actual charges from the Designated Pick-up Locations to Lessor's return facility(ies) shall be borne by Lessor; provided, however, that, Lessee shall pay further return charges if any one or more of the foregoing assumptions in this sentence are not applicable as follows: a) in the event Lessee fails to tender the Minimum Pickup, Lessee shall pay a minimum charge of \$_____) which shall be payable by Lessee promptly upon Lessor's demand therefor after the return of the Equipment into Lessor's possession. All Equipment shall be returned to Lessor in the same condition and working order as when delivered to Lessee, reasonable wear and tear excepted.

7. **FISCAL PERIOD:** [Annual]

LESSOR AGREES TO LEASE TO LESSEE AND LESSEE AGREES TO LEASE FROM LESSOR THE EQUIPMENT DESCRIBED IN SECTION 1.A ABOVE. SUCH LEASE WILL BE GOVERNED BY THE MASTER AGREEMENT AND THIS SCHEDULE, INCLUDING THE IMPORTANT ADDITIONAL TERMS AND CONDITIONS SET FORTH ABOVE. LESSEE HEREBY REPRESENTS AND WARRANTS THAT ON AND AS OF THE DATE HEREOF EACH OF THE REPRESENTATIONS AND WARRANTIES MADE BY LESSEE IN THE MASTER AGREEMENT ARE TRUE, CORRECT AND COMPLETE.

LESSEE:

**LESSOR:
HEWLETT-PACKARD FINANCIAL SERVICES
COMPANY⁴**

By: _____

By: _____

Name and Title

Name and Title

Date

Date

⁴ Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

Master Agreement Number _____

Schedule Number _____

**STATE AND LOCAL GOVERNMENT MASTER FAIR MARKET VALUE (FMV) LEASE AGREEMENT
ACCEPTANCE CERTIFICATE**

Hewlett-Packard Financial Services Company⁵ ("Lessor") and _____, an agency, department or political subdivision of the State of _____ ("Lessee") are parties to the State and Local Government Master FMV Lease Agreement (the "Master Agreement") and Schedule under such Master Agreement (the "Schedule") identified by the Master Agreement Number and Schedule Number, respectively, specified above. The Master Agreement and Schedule together comprise a separate Lease that is being accepted and commenced pursuant to this Acceptance Certificate. All capitalized terms used in this Acceptance Certificate without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE ACCEPTANCE. Lessee hereby acknowledges that the Equipment described in Section 1 of the Schedule, or if different, the Equipment described in the attached invoice or other attachment hereto, has been delivered to the Equipment Location specified below, inspected by Lessee and found to be in good operating order and condition, and has been unconditionally and irrevocably accepted by Lessee under the Lease evidenced by the Master Agreement and the Schedule as of the Acceptance Date set forth below. Lessee authorizes Lessor to adjust the Rent payments on the Schedule to reflect the Final Invoice Amount set forth on the attached invoice(s) if such amount is lower than the Total Cost on the Schedule.

2. LESSEE ACKNOWLEDGEMENTS. Lessee hereby agrees to faithfully perform all of its obligations under the Master Agreement and the Schedule and reaffirms, as of the date hereof, its representations as set forth in the Master Agreement. Lessee hereby acknowledges its agreement to pay Lessor Rent payments, as set forth in the Schedule, plus any applicable taxes, together with all other costs, expenses and charges whatsoever which Lessee is required to pay pursuant to the Master Agreement and the Schedule, in each instance at the times, in the manner and under the terms and conditions set forth in the Master Agreement and the Schedule, respectively.

3. EQUIPMENT LOCATION. The Equipment has been installed and is located at the following Equipment Location:

4. REPRESENTATIONS AND WARRANTIES. Lessee hereby represents and warrants that on and as of the date hereof each of the representations and warranties made by Lessee in the Master Agreement are true, correct and complete.

By: _____

Name and Title

Acceptance Date: _____

⁵ Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.



ATTACHMENT C, HP SOFTWARE LICENSING AND MAINTENANCE AGREEMENT

HP INC. SOFTWARE LICENSING AND MAINTENANCE-SUPPORT AGREEMENT

1. **Parties.** These terms represent the agreement (“Software Licensing Agreement”) that governs the purchase of software product licences, support, and related services from HP Inc. (“HP”) by the Customer entity identified below (“Customer”).
2. **Orders.** Orders, Statements of Work, and Supporting Material are defined in NASPO ValuePoint Master Agreement 140596 §2, and governed by §5, Administration of Orders.
3. **Scope and Order Placement.** These terms may be used by Customer either for a single Order or as a framework for multiple Orders. The parties can confirm their agreement to these terms either by signature where indicated at the end or by referencing these terms on Orders.
4. **Prices and Taxes.** Prices are governed by NASPO ValuePoint Master Agreement §3.1, Price and Rate Guarantee Period and will be as quoted in writing by HP or, in the absence of a written quote, as set out on HP’s website or customer-specific portal, based upon the NASPO ValuePoint Master Agreement price at the time an order is submitted to HP. If a withholding tax is required by law, please contact the HP order representative to discuss appropriate procedures.
5. **Invoices and Payment.** This paragraph is governed by NASPO ValuePoint Master Agreement §5, Administration of Orders.
6. **Software.**
 - (a) Delivery. HP will use all commercially reasonable efforts to deliver software products in a timely manner. HP may elect to deliver software and related software product/license information by electronic transmission or via download.
 - (b) Product Warranty Claims. NASPO ValuePoint Master Agreement §4.11, Warranty Requirements, will govern valid warranty claims for HP software products.
 - (c) License Grant. HP grants Customer a non-exclusive license to use the version or release of the HP-branded software listed in the Order. Permitted use is for internal purposes only (and not for further commercialization) and is subject to any specific software licensing information that is in the software product or its Supporting Material. For non-HP branded software, the third party’s license terms will govern its use.
 - (d) Updates. NASPO ValuePoint Master Agreement §4.3.3, Device Standards, governs this section.
 - (e) License Restrictions. HP may monitor use/license restrictions remotely and, if HP makes a license management program available, Customer agrees to install and use it within a reasonable period of time. Customer may make a copy or adaptation of a licensed software product only for archival purposes or when it is an essential step in the authorized use of the software. Customer may use this archival copy without paying an additional license only when the primary system is inoperable. Customer may not copy licensed software onto or otherwise use or make it available on any public external distributed network. Licenses that allow use over Customer’s intranet require restricted access by authorized users only. Customer will also not modify, reverse engineer, disassemble, decrypt, decompile or make derivative works of any software licensed to Customer under this Software Licensing Agreement unless permitted by statute, in which case Customer will provide HP with reasonably detailed information about those activities.
 - (f) License Term and Termination. Unless otherwise specified, any license granted is perpetual, provided however that if Customer fails to comply with the terms of this Software Licensing Agreement, HP may terminate the license upon written notice. Immediately upon termination, or in the case of a limited-term license, upon expiration, Customer will either destroy all copies of the software or return them to HP, except that Customer may retain one copy for archival purposes only.
 - (g) License Transfer. Customer may not sublicense, assign, transfer, rent or lease the software or software license except as permitted by HP. HP-branded software licenses are generally transferable subject to HP’s prior written authorization and payment to HP of any applicable fees. Upon such transfer, Customer’s rights shall terminate, and Customer shall transfer all copies of the software to the transferee. Transferee must agree in writing to be bound by the applicable software license terms. Customer may transfer firmware only upon transfer of associated hardware.



- (h) **Software Performance.** HP warrants that its branded software products will conform materially to their specifications and be free of malware at the time of delivery. HP warranties for software products will begin on the date of delivery and unless otherwise specified in Supporting Material, will last for ninety (90) days. HP does not warrant that the operation of software products will be uninterrupted or error-free or that software products will operate in hardware and software combinations other than as authorized by HP in Supporting Material.
- (i) **US Federal Government Use.** If software is licensed to Customer for use in the performance of a US Government prime contract or subcontract, Customer agrees that consistent with FAR 12.211 and 12.212, commercial computer software, documentation and technical data for commercial items are licensed under HP's standard commercial license.

7. Services.

- (a) **Support Services.** HP's support services will be described in the applicable Statement(s) of Work or other agreements, which will cover the description of HP's offering, eligibility requirements, service limitations and Customer responsibilities, as well as the Customer systems supported.
- (b) **Professional Services.** HP will deliver any ordered IT consulting, training or other services as described in the NASPO ValuePoint Master Agreement, Participating Addenda, or Statement(s) of Work.
- (c) **Professional Services Acceptance.** The acceptance process (if any) will be described in the Statement of Work, will apply only to the deliverables specified, and shall not apply to other products or services to be provided by HP.
- (d) **Services Performance.** Services are performed using generally recognized commercial practices and standards. Customer agrees to provide prompt notice of any such service concerns and HP will re-perform any service that fails to meet this standard.
- (e) **Services with Deliverables.** If Statement(s) of Work for services defines specific deliverables, HP warrants those deliverables will conform materially to their written specifications for 30 days following delivery. If Customer notifies HP of such a non-conformity during the 30-day period, HP will promptly remedy the impacted deliverables or refund to Customer the fees paid for those deliverables and Customer will return those deliverables to HP.
- (f) **Dependencies.** HP's ability to deliver services will depend on Customer's reasonable and timely cooperation and the accuracy and completeness of any information from Customer needed to deliver the services.
- (g) **Change Orders.** Requests to change the scope of services or deliverables will require a change order signed by both parties.

8. Eligibility. NASPO ValuePoint Master Agreement §4.11.8, governs when claims for HP's Service, Maintenance and warranty obligations are excluded from coverage.

9. Remedies. The NASPO ValuePoint Master Agreement, Participating Addenda, and this Software Licensing Agreement states all remedies for warranty claims. To the extent permitted by law, HP disclaims all other warranties.

10. Intellectual Property Rights. No transfer of ownership of any intellectual property will occur under this Agreement. Customer grants HP a non-exclusive, worldwide, royalty-free right and license to any intellectual property that is necessary for HP and its designees to perform the ordered services. If deliverables are created by HP specifically for Customer and identified as such in Supporting Material, HP hereby grants Customer a worldwide, non-exclusive, fully paid, royalty-free license to reproduce and use copies of the deliverables internally. The License of Pre-Existing Intellectual Property is governed by NASPO ValuePoint Master Agreement §6.4.

11. Indemnification.

- (a) **Indemnification – Intellectual Property.** Customer's Participating Addendum to NASPO ValuePoint Master Agreement and NASPO ValuePoint Master Agreement §6.13.2 shall govern Intellectual Property Indemnification.
- (b) **General.** NASPO ValuePoint Master Agreement §6.13.1 shall govern General Indemnification.
- (c) **Limitation of Liability.** NASPO ValuePoint Master Agreement §6.13 shall govern Limitation of Liability.



12. **Confidentiality.** Customer's Participating Addendum to NASPO ValuePoint Master Agreement and the NASPO ValuePoint Master Agreement's §6.3, Confidentiality, Non-Disclosure, and Injunctive Relief, shall govern Purchasing Entity's or Purchasing Entity's clients' confidential information.

Information provided by HP to Purchasing Entity's or Purchasing Entity's clients under this Software Licensing Agreement will be treated as confidential if identified as such at disclosure or if the circumstances of disclosure would reasonably indicate such treatment. HP's confidential information may only be used for the purpose of fulfilling obligations or exercising rights under this Software Licensing Agreement, and shared with employees, agents or contractors of Purchasing Entity's or Purchasing Entity's clients with a need to know such information to support that purpose. HP's confidential information will be protected using a reasonable degree of care to prevent unauthorized use or disclosure for three (3) years from the date of receipt or (if longer) for such period as the information remains confidential. These obligations do not cover information that: (i) was known or becomes known to the receiving party without obligation of confidentiality; (ii) is independently developed by the receiving party; or (iii) where disclosure is required by law or a governmental agency.

13. **Personal Information.** Each party shall comply with their respective obligations under applicable data protection legislation. HP does not intend to have access to personally identifiable information ("PII") of Customer in providing services. To the extent HP has access to Customer PII stored on a system or device of Customer, such access will likely be incidental and Customer will remain the data controller of Customer PII at all times. HP will use any PII to which it has access strictly for purposes of delivering the services ordered.

14. **Termination.** NASPO ValuePoint Master Agreement §6.10, Defaults and Remedies, shall govern Purchasing Entity's or Purchasing Entity's termination rights and obligation.

HP may terminate this Software Licensing Agreement on written notice if Purchasing Entity or Purchasing Entity fails to meet any material obligation and fails to remedy the breach within a reasonable period after being notified in writing of the details. If Purchasing Entity or Purchasing Entity becomes insolvent, unable to pay debts when due, files for or is subject to bankruptcy or receivership or asset assignment, HP may terminate this Software Licensing Agreement and cancel any unfulfilled obligations.

15. **General.**

- (a) **Entire Agreement.** The NASPO ValuePoint Master Agreement, the Participating Addenda, and this Software Licensing Agreement represents the parties' entire understanding with respect to its subject matter and supersedes any previous communication or agreements that may exist.
- (b) **Amendments.** Modifications to the Software Licensing Agreement will be made only through a written amendment signed by both parties.
- (c) **Governing Law.** The construction and effect of this Software Licensing Agreement shall be governed by the laws of the Participating State/Entity, excluding rules as to choice and conflict of law. Venue shall be determined in accordance with the Participating Addenda.
- (d) **Disputes.** HP's process for resolving disputed invoices, issuing refunds and/or credit, and addressing over-payments, as well as software product returns, is governed by NASPO ValuePoint Master Agreement §5.1.20. If Customer is dissatisfied with any services purchased under these terms and disagrees with HP's proposed resolution, we both agree to promptly escalate the issue to a Vice President (or equivalent executive) in each party's respective organizations for an amicable resolution without prejudice to the right to later seek a legal remedy.
- (e) **Force Majeure.** NASPO ValuePoint Master Agreement §6.9, Force Majeure, will govern this section.
- (f) **Global Trade Compliance.** Products and services provided under these terms are for Customer's internal use and not for further commercialization. If Customer exports, imports or otherwise transfers products and/or deliverables provided under these terms, Customer will be responsible for complying with applicable laws and regulations and for obtaining any required export or import authorizations. HP may suspend its performance under this Agreement to the extent required by laws applicable to either party.
- (g) **Assignment.** NASPO ValuePoint Master Agreement §6.6, Assignment/Subcontracts, will govern this section.
- (h) **Survivability.** Any terms in the Software Licensing Agreement which by their nature extend beyond termination or expiration of the Agreement will remain in effect until fulfilled and will apply to both parties' respective successors and permitted assigns.