

State and Local Government Master Agreement



Number: 1008606

CUSTOMER:
Full Legal Name: Hidalgo County
Address: 100 E. Combs 4th Floor Adm. Bldg.
City: Edinburg State: Tx Zip: 78539 Contact: Laura Renteria Phone: 956-318-2626
Facsimile Number: 956-318-2629 E-mail Address: _____

This Master Agreement ("Master Agreement") has been written in clear, easy to understand English. When we use the words "you", "your" or "Customer" in this Master Agreement, we mean you, our customer, as indicated above. When we use the words "we", "us", or "our" in this Master Agreement, we mean IKON Office Solutions, Inc. Our corporate office is located at 70 Valley Stream Parkway, Malvern, PA 19355.

- Agreement.** We agree to rent to you, and you agree to rent from us, subject to the terms of this Master Agreement, the personal and intangible property described in any equipment schedule (a "Schedule") executed by you and us and incorporating the terms of this Master Agreement by reference. Each Schedule shall be separately enforceable as a complete and independent agreement, independent of all other Schedules to this Master Agreement. The personal and intangible property described on a Schedule (together with all attachments, replacements, parts, substitutions, additions, repairs, and accessories incorporated in or affixed to the property and any license or subscription rights associated with the property) will be collectively referred to as "Product". The manufacturer and/or vendor of the tangible Product shall be referred to as the "Vendor." To the extent the Product includes intangible property or associated services such as periodic software licenses and prepaid data base subscription rights, such intangible property shall be referred to as the "Software."
- Schedules: Delivery and Acceptance.** Each Schedule that incorporates this Master Agreement shall be governed by the terms and conditions of this Master Agreement, as well as the terms and conditions set forth in such individual Schedule. The termination of this Master Agreement will not affect any Schedules executed prior to the effective date of such termination. When you receive the Product, you agree to inspect it to determine it is in good working order. Scheduled Payments (as specified in the applicable Schedule) will begin on the Product delivery and acceptance date ("Effective Date"). You agree to sign and return to us a delivery and acceptance certificate (which, at our request, may be done electronically) within three business days after any Product is installed.
- Term: Payments.** The first scheduled Payment (as specified in the applicable Schedule) ("Payment") will be due on the Effective Date. The remaining Payments will be due on the same day of each subsequent month, unless otherwise specified on the applicable Schedule. If any Payment or other amount payable under any Schedule is not paid within ten days of the due date, you will pay to us, in addition to that payment, a one-time late charge of 5% of the overdue payment (but in no event greater than the maximum amount allowed by applicable law). You also agree that, except as expressly stated in Section 19 below, THIS IS AN UNCONDITIONAL, NON-CANCELABLE AGREEMENT FOR THE MINIMUM TERM INDICATED ON ANY SCHEDULE TO THIS MASTER AGREEMENT. All payments to us are "net" and are not subject to set off or reduction.
- Product Location, Use and Repair.** You will keep and use the Product only at the Product Location shown in the applicable Schedule. You will not move the Product from the location specified in the applicable Schedule or make any alterations, additions or replacements to the Product without our prior written consent, which consent will not be unreasonably withheld. At your own cost and expense, you will keep the Product eligible for any manufacturer's certification as to maintenance and in compliance with applicable laws and in good condition, except for ordinary wear and tear. You may elect to separately engage us to provide maintenance and support services pursuant to a separate agreement for such purpose ("Maintenance Agreement"). All alterations, additions or replacements will become part of the Product and our property at no cost or expense to us. We may inspect the Product at any reasonable time.
- Taxes and Fees.** In addition to the payments under this Master Agreement, to the extent you are not exempt under applicable law, you agree to pay all applicable taxes, fees, and filing costs related to the use of the Product, even if billed after the end of the term of this Master Agreement or any Schedules. If we are required to file and pay property tax, you agree to reimburse us. If you are required to file and pay the taxes directly to the tax collector, we will notify you.
- Warranties.** We transfer to you, without recourse, for the term of each Schedule, any written warranties made by the Vendor or Software Supplier (as defined in Section 10 of this Master Agreement) with respect to the Product rented pursuant to such Schedule. YOU ACKNOWLEDGE THAT WE DO NOT MANUFACTURE OR DESIGN THE PRODUCT; YOU ACKNOWLEDGE THAT WE DO NOT REPRESENT THE MANUFACTURER, AND THAT YOU HAVE SELECTED THE PRODUCT BASED ON YOUR OWN JUDGMENT AND YOU HEREBY AFFIRMATIVELY DISCLAIM RELIANCE ON ANY ORAL REPRESENTATION CONCERNING THE PRODUCT MADE TO YOU. However, if you enter into a Maintenance Agreement with us with respect to any Product, no provision, clause or paragraph of this Master Agreement shall alter, restrict, diminish or waive the rights, remedies or benefits that you may have against us under such Maintenance Agreement. WE MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AS TO US, YOU RENT THE PRODUCTS "AS-IS". YOU AGREE THAT, NOTWITHSTANDING ANYTHING TO THE CONTRARY, WE ARE NOT RESPONSIBLE FOR, AND YOU WILL NOT MAKE ANY CLAIM AGAINST US FOR, ANY CONSEQUENTIAL, SPECIAL, OR INDIRECT DAMAGES.
- Loss or Damage.** You are responsible for any theft, destruction of, or damage to, the Product (collectively, "Loss") from any cause at all, whether or not insured, from the time of Product delivery to you until it is delivered to us at the end of the Schedule. You

are required to make all Payments even if there is a Loss. You must notify us in writing immediately of any Loss. Then, at our option, you will either (a) repair the Product so that it is in good condition and working order, eligible for any manufacturer's certification, (b) pay us the amount specified in Section 13 below, or (c) replace the Product with equipment of similar age and capability from us.

- Claims, Liability and Insurance.** (a) To the extent permitted by applicable law, the parties to this Master Agreement will defend and hold each other harmless from all claims arising out of the death or bodily injury of any agent, employee or business invitee of the indemnified party or the damage, loss or destruction of any tangible property of the indemnified party to the extent caused by the negligence or intentional acts or omissions of the indemnifying party; (b) Because you have sole possession and control of the Product, you are responsible for any damage, injury or loss caused by (or to) the Product resulting from the use, misuse or possession of the Product or any accident or other casualty relating to the Product. We are responsible for damage or injury to third persons to the extent the damage or injury is caused by our negligent acts or omissions. You agree to maintain insurance in cover the Product for all types of loss, including, without limit, theft, in an amount not less than the full replacement value and you will name us as an additional insured and loss payee on your insurance policy. Such insurance will provide that we will be given thirty (30) days' advance notice of any cancellation. You agree to provide us with evidence of such insurance in a form reasonably satisfactory to us. If you are self-insured with respect to the Product(s), you shall maintain during the term of each Schedule to this Master Agreement a self-insurance program reasonably satisfactory to us and shall provide to us evidence of such program. In the event of loss or damage to the Product, you agree to remain responsible for the payment obligations under this Master Agreement until the payment obligations are fully satisfied.
- Title: Recording.** We are the owner of and will hold title to the Product (except for any Software). You will keep the Product free of all liens and encumbrances. Except as reflected on any Schedule, you agree that this Master Agreement is a true rental. However, if any Schedule is deemed to be intended for security, you hereby grant to us a purchase money security interest in the Product covered by the applicable Schedule (including any replacements, substitutions, additions, attachments and proceeds) as security for the payment of the amounts under each Schedule. You authorize us to file a copy of this Master Agreement and/or any schedule as a financing statement and you agree to promptly execute and deliver to us any financing statements covering the Product that we may reasonably require; provided, however, that you hereby authorize us to file any such financing statement without your authentication to the extent permitted by applicable law.
- Software or Intangibles.** To the extent that the Product includes Software or other Intangibles, you understand and agree that we have no right, title or interest in the Software and you will comply throughout the term of this Master Agreement with any license and/or other agreement ("Software License") entered into with the supplier of the Software ("Software Supplier"). You are responsible for entering into any Software License with the Software Supplier no later than the Effective Date.
- Default.** Each of the following is a "Default" under this Master Agreement and all Schedules: (a) you fail to pay any Payment or any other payment within 30 days of its due date; (b) any representation or warranty made by you in this Master Agreement is false or incorrect and/or you do not perform any of your other obligations under this Master Agreement or any Schedule and/or in any other agreement with us or with any of our affiliates and this failure continues for 10 days after we have notified you of it; or (c) you become insolvent, you dissolve or are dissolved, or you assign your assets for the benefit of your creditors, or you file or have filed against you any bankruptcy or reorganization proceeding.
- Remedies.** If a Default occurs, we may do one or more of the following: (a) we may cancel or terminate this Master Agreement and/or any or all Schedules, or any or all other agreements that we have entered into with you; (b) we may require you to immediately pay to us, as compensation for loss of our bargain and not as a penalty, a sum equal to (i) all past due Payments and all other amounts then due and payable under this Master Agreement or any Schedule; and (ii) all unpaid Payments for the remainder of the term of each Schedule plus our anticipated value of the Product at the end of the initial term of any Schedule (or any renewal of such Schedule), such unpaid Payments and anticipated value to be discounted to present value at a rate equal to 6% per year to the date of default. We agree to apply the net proceeds (as specified below in this Section) of any disposition of the Product to the amounts that you owe us; (c) we may require you to deliver the Product to us as set forth in Section 14; (d) we or our representative may peacefully repossess the Product without court order and you will not make any claims against us for damages or trespass or any other reason; (e) we may exercise any and all other rights or remedies available to a lender, secured party or lessor under the Uniform Commercial Code ("UCC"), including without limit, Article 9A of the UCC, and at law or in equity; (f) immediately terminate your right to use the Software including the disabling (on-site or by remote communication) of any Software; (g) demand the immediate return and obtain possession of the Software and release the Software as a public or private sale; (h) cause the Software Supplier to terminate the Software License, support and

other services under the Software License, and/or (i) at our option, to sell, re-lease, or otherwise dispose of the Product under such terms and conditions as may be acceptable to us in our discretion. You agree to pay all of our costs of enforcing our rights against you, including reasonable attorneys' fees, and all costs related to the sale or disposition of the Product including, without limit, incidental damages expended in the repossession, repair, preparation, and advertisement for sale or lease or other disposition of the Product. If we take possession of the Product (or any Software, if applicable), we agree to sell or otherwise dispose of it with or without notice, at a public or private disposition, and to apply the net proceeds (after we have deducted all costs, including reasonable attorneys' fees) to the amounts that you owe us. You agree that if notice of sale is required by law to be given, 5 days' notice shall constitute reasonable notice. You will remain responsible for any deficiency that is due after we have applied any such net proceeds.

13. **Assignment.** YOU HAVE NO RIGHT TO SELL, TRANSFER, ENCUMBER, SUBLET OR ASSIGN THE PRODUCT OR THIS MASTER AGREEMENT OR ANY SCHEDULE WITHOUT OUR PRIOR WRITTEN CONSENT (such consent shall not be unreasonably withheld). You agree that we may sell or assign any of our interests without notice to you. In that event, the assignee will have such rights as we assign to them but none of our obligations (we will keep any such obligations) and the rights of the assignee will not be subject to any claims, defenses or set-offs that you may have against us. If you have entered into a maintenance, service or supply agreement with us, such agreement will remain in full force and effect with us and will not be affected by any such assignment. You agree to acknowledge any such assignment in writing if so requested and to keep a complete and accurate record of all such assignments in a manner that complies with Section 149(f) of the Internal Revenue Code, and the regulations promulgated thereunder.
14. **Renewal/Return of Product.** After the minimum term of any Schedule to this Master Agreement, such Schedule will renew on a month-to-month basis unless either party notifies the other in writing at least 30 days prior to the expiration of the minimum term of such Schedule. At the end of or upon termination of each Schedule, you will immediately return the Product subject to such expired Schedule to us (or our designee), to the location designated by us, in as good condition as when you received it, except for ordinary wear and tear. We will bear the shipping charges so long as replacement equipment is selected from IKON. Otherwise, you will bear all expenses of deinstalling, crating and shipping the Product. You will insure the Product for its full replacement value during shipping. You must pay additional monthly payments, at the same rate as then in effect under a Schedule, until the Product is returned by you and it is received in good condition and working order by our designee or us.
15. **Miscellaneous.** You agree that the terms and conditions contained in this Master Agreement and in each Schedule make up the entire agreement between us regarding the rental of the Product and supersede all prior written or oral communications, understandings or agreements between the parties relating to the subject matter contained herein, including without limitation, purchase orders. Any purchase order, or other ordering document, will not modify or effect this Master Agreement or any Schedule, nor have any other legal effect and shall serve only the purpose of identifying the equipment ordered. You authorize us to supply any missing "configure to order" number ("CTO"), other equipment identification numbers (including, without limit, serial numbers), agreement/schedule identification numbers and/or dates in this Master Agreement or any Schedule. You acknowledge that you have not been induced to enter into this Master Agreement by any representation or warranty not expressly set forth in this Master Agreement. Neither this Master Agreement nor any Schedule is binding on us until we sign it. Any change in any of the terms and conditions of this Master Agreement or any Schedule must be in writing and signed by us. If we delay or fail to enforce any of its rights under this Master Agreement with respect to any or all Schedules, we will still be able to enforce those rights at a later time. All notices shall be given in writing and sent either (a) by certified mail or recognized overnight delivery service, postage prepaid, addressed to the party receiving the notice at the address shown on the front of this Agreement, or (b) by facsimile transmission, with oral confirmation, to the facsimile number shown below such party's signature on this Agreement. Either party may change its address or facsimile number by giving written notice of such change to the other party. Notices shall be effective on the date sent. Each of our respective rights and indemnities will survive the termination of this Master Agreement and each Schedule. If more than one customer has signed this Master Agreement or any Schedule, each customer agrees that its liability is joint and several. It is the express intent of the parties not to violate any applicable usury laws or to exceed the maximum amount of time, price differential or interest, as applicable, permitted to be charged or collected by applicable law, and any such excess payment will be applied to Payments in the order of maturity, and any remaining excess will be refunded to you.
16. **Governing Law, Jurisdiction, Waiver of Trial By Jury and Certain Rights and Remedies Under The Uniform Commercial Code.** YOU AGREE THAT THIS MASTER AGREEMENT AND ANY SCHEDULES WILL BE GOVERNED UNDER THE APPLICABLE LAW FOR THE COMMONWEALTH OF PENNSYLVANIA. YOU ALSO CONSENT TO THE VENUE AND NON-EXCLUSIVE JURISDICTION OF ANY COURT LOCATED IN EACH OF THE COMMONWEALTH OF PENNSYLVANIA AND THE STATE WHERE YOUR PRINCIPAL PLACE OF BUSINESS IS LOCATED TO RESOLVE ANY CONFLICT UNDER THIS MASTER AGREEMENT. THE PARTIES TO THIS MASTER AGREEMENT EACH WAIVE THE RIGHT TO A TRIAL BY JURY IN THE EVENT OF A LAWSUIT. TO THE EXTENT PERMITTED BY APPLICABLE LAW, YOU WAIVE

ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON A CUS-TOMER OR LESSEE BY ARTICLE 2A OF THE UCC THAT YOU MAY HAVE AGAINST US (BUT NOT AGAINST THE MANUFACTURER), ANY VENDOR OF THE PRODUCT).

17. **Counterparts, Facsimiles.** Each Schedule may be executed in counterparts. The counterpart which has our original signature and/or is in our possession shall constitute chattel paper as that term is defined in the Uniform Commercial Code ("UCC") and shall constitute the original agreement for all purposes, including, without limitation, (i) any hearing, trial or proceeding with respect to such Schedule, and (ii) any determination as to which version of such Schedule constitutes the single true original item of chattel paper under the Uniform Commercial Code. If you sign and transmit a Schedule to us by facsimile, the facsimile copy, upon execution by us, shall be binding upon the parties. You agree that the facsimile of a Schedule manually signed by us, when attached to the facsimile copy signed by you, shall constitute the original agreement for all purposes, including, without limitation, those outlined above in this Section. You agree to deliver to us upon our request the counterpart of such Schedule containing your original manual signature.
18. **Essentiality.** During the term of this Master Agreement and any Schedules, the Product(s) will be used solely for the purpose of performing one or more governmental or proprietary functions consistent with the permissible scope of your authority. You represent and warrant that the use of the Product(s) is essential to performing such governmental or proprietary functions.
19. **Non-Appropriation/Non-Substitution.** (a) If all of the following shall occur: (i) your governing body fails to appropriate sufficient monies in any fiscal year for rentals or other payments due under any Schedule to this Master Agreement for any equipment which will perform services and functions which in whole or in part are essentially the same services and functions performed by the Product(s) covered by any such Schedule, (ii) other funds are not available for such payments, and (iii) the non-appropriation of funds did not result from any act or failure to act on your part, then a "Non-Appropriation" shall be deemed to have occurred. (b) If a Non-Appropriation occurs, then: (i) you must give us immediate notice of such Non-Appropriation and provide written notice of such failure by your governing body at least 60 days prior to the end of the then current fiscal year or if Non-Appropriation has not occurred by such date, immediately upon Non-Appropriation, (ii) no later than the last day of the fiscal year for which appropriations were made for the rental due under any Schedule to this Master Agreement (the "Return Date"), you shall return to us all, but not less than all, of the Product(s) covered by such Schedule to this Master Agreement, at your sole expense, in accordance with the terms hereof; and (iii) any Schedule to this Master Agreement shall terminate on the Return Date without penalty or expense to you and you shall not be obligated to pay the rentals beyond such fiscal year, provided that (A) you shall pay any and all rentals and other payments due up through the end of the last day of the fiscal year for which appropriations were made and (B) you shall pay month-to-month rent at the rate set forth in any such Schedule for each month or part thereof that you fail to return the Product(s) as required herein. (c) Upon any such Non-Appropriation, upon our request, you will provide, upon our request, an opinion of independent counsel (who shall be reasonably acceptable to us), in form reasonably acceptable to us, confirming the Non-Appropriation and providing reasonably sufficient proof of such Non-Appropriation.
20. **Funding Intent.** You represent and warrant to us that you presently intend to continue this Master Agreement and any Schedules hereto for the entire term of such Schedules and to pay all rentals relating to such Schedules and to do all things lawfully within your power to obtain and maintain funds from which the rentals and all other payments owing under such Schedules may be made. The parties acknowledge that appropriation for rentals is a governmental function to which you cannot contractually commit yourself in advance and this Master Agreement shall not constitute such a commitment. To the extent permitted by law, the person or entity in charge of preparing your budget will include in the budget request for each fiscal year during the term of each Schedule, respectively, to this Master Agreement an amount equal to the rentals (to be used for such rentals) to become due in such fiscal year, and will use all reasonable and lawful means available to secure the appropriation of money for such fiscal year sufficient to pay all rentals coming due during such fiscal year.
21. **Authority and Authorization.** (a) You represent and warrant to us that: (i) you are a State or political subdivision of a State, as those terms are defined in Section 101 of the Internal Revenue Code; (ii) you have the power and authority to enter into this Master Agreement and all Schedules to this Master Agreement; (iii) this Master Agreement and all Schedules to this Master Agreement have been duly authorized, executed and delivered by you and constitute valid, legal and binding agreements; (iv) enforceable against you in accordance with their terms; and (v) no further approval, consent or withholding of objections is required from any governmental authority with respect to this Master Agreement or any Schedules to this Master Agreement; (b) If and to the extent required by us, you agree to provide us with an opinion of independent counsel (who shall be reasonably acceptable to us), substantially in the form attached hereto as Exhibit A, confirming the foregoing and other related matters. (c) You agree to take all required actions and to file all necessary forms, including IRS Forms 8018-G or 8018-GC, as applicable, to preserve the tax exempt status of this Master Agreement and all Schedules thereto. (d) You agree to provide us with any other documents that we may reasonably request in connection with the foregoing and this Master Agreement.

IN WITNESS WHEREOF, the parties have executed this Master Agreement as of the dates set forth below.

<p>CUSTOMER</p> <p>By: <u><i>Ramon Garcia</i></u> Authorized Signer Signature</p> <p>Name & Title: <u>RAMON GARCIA, HIDALGO CO JUDGE</u></p> <p>Date: <u>5-12-04</u></p> <p>Facsimile Number: <u>(956) 318-2629</u></p>	<p>IRON OFFICE SOLUTIONS, INC.</p> <p>By: _____ Authorized Signer Signature</p> <p>Date: <u>JUN 30 2004</u></p> <p>Facsimile Number: _____</p>
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