

Master Lease Agreement

Master Lease Agreement No.: 076298439L

15.2 Renew the Lease

At the end of the Term of the Lease, so long as no Default or Event of Default has occurred and is continuing, Lessee may elect to renew the Lease on terms and conditions mutually agreed to between the Parties. In the event Lessee provides its End of Lease Notice in accordance with Section 15.1 selecting a mutually agreeable renewal option, the Lease will be renewed at the end of the applicable Term on such mutually agreed to terms and conditions. If Lessee and Lessor do not agree on the renewal option, then Lessee shall continue to pay Rent to Lessor in accordance with Section 15.1.

15.3 Return the Equipment

At the end of the Term of the Lease, Lessee may elect to return Equipment on the applicable End of Lease Date under the terms and conditions described in this Section 15 and Section 16. If Lessee provides its End of Lease Notice in accordance with Section 15.1 selecting this option but fails to return the Equipment at the end of the Term, or, in the case of the Initial Term or Renewal Term, within 14 days of the end of such Term, then Lessee shall pay Rent for such Equipment equal to the Average Rent from the End of Lease Date until the date such Equipment is received by Lessor. If Lessee returns the Equipment on or after the End of Lease Date without providing such End of Lease Notice, then Lessee shall continue to pay Rent for such Equipment equal to the Average Rent from the End of Lease Date until the date that is thirty (30) days following the date on which the Equipment is received by Lessor in accordance with Section 16.

15.4 Purchase

At the end of each Term of the Lease and so long as no Default or Event of Default has occurred and is continuing, if the Equipment has an End of Lease Purchase Option specified, then Lessee may elect to purchase the Equipment under the terms and conditions of such End of Lease Purchase Option. If Lessee provides its End of Lease Notice in accordance with Section 15.1 selecting such End of Lease Purchase Option, Lessee shall pay all amounts due under the Lease to Lessor, including any charges related to the End of Lease Purchase Option. Upon receipt of all such amounts, no further Rent will be payable for Equipment and Lessor shall transfer to Lessee WITHOUT RECOURSE OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY AGAINST INTERFERENCE OR INFRINGEMENT OR THE LIKE, all of Lessor's right, title and interest in such Equipment, except that Lessor shall warrant the Equipment is free and clear of any liens or encumbrances created by or through Lessor.

16. Equipment Return

16.1 Upon expiration, termination or cancellation of the Lease, the exact item of Equipment (i.e., manufacturer, type/model and serial no.) shall be returned to Lessor at Lessee's expense, fully insured against risk of loss or damage, to the nearest IBM Credit LLC consolidation center for that type of Equipment located in the contiguous United States. Lessee shall be responsible for deinstallation, packing, and return of the Equipment and any associated costs. Risk of loss or damage remains with Lessee until receipt of Equipment by Lessor at such consolidation center location.

16.2 Lessee is responsible for the removal of all information and data contained within the Equipment prior to its return. Lessor shall have no obligation or liability in respect of any such information or data.

16.3 The Equipment shall be complete and in such condition as will qualify the Equipment for the manufacturer's maintenance agreement service, if available, or, if not available, then in good condition and working order (ordinary wear and tear excepted). Lessee shall pay all costs and expenses incurred by Lessor to restore the Equipment to the condition described above.

16.4 The return of the Equipment to Lessor at any time shall constitute a full release by Lessee, and a transfer to Lessor, of any interest Lessee may have in the Equipment, including any leasehold rights or possessory interests. The foregoing shall not relieve Lessee of any of its Payment obligations under the Agreement.

17. This Section intentionally left blank

18. Events of Default

18.1 If any of the following events occur it shall be an "Event of Default" by Lessee:

- a. Lessee fails to pay in full any amount under the Agreement when due and such failure continues for a period of seven days or, if under a direct debit arrangement, a direct debit entry from Lessee's specified business deposit account is refused for any reason;
- b. Lessee fails to perform or breaches any obligation, term or condition under the Agreement (to the extent not otherwise an Event of Default under any of the other provisions in this Section 18.1) and such non-performance or breach continues for a period of fifteen (15) days after Lessee receives written notice thereof from Lessor;
- c. any information provided, or representation made, by or on behalf of Lessee or any Guarantor is inaccurate, false, or misleading in any material respect;
- d. Lessee sells, assigns, transfers, relocates, subleases or disposes of an item of Equipment or a Part, or makes an Assignment in violation of the terms of the Agreement;

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- e. any guarantee of the Agreement required by and provided to Lessor shall cease to be, or shall be asserted by Guarantor not to be, in full force and effect;
- f. (i) any petition or proceeding is filed by or against Lessee or any Guarantor under any bankruptcy, liquidation, insolvency, receivership or similar law, and, if such petition or proceeding is filed against Lessee or Guarantor, is not dismissed within sixty (60) days after such filing, or (ii) Lessee or any Guarantor admits in writing its insolvency or inability to pay its debts as they come due;
- g. Lessee or Guarantor becomes insolvent, or suspends or threatens to suspend payment of its debts, or fails to pay its debts generally as they become due, or is deemed to be unable to do so;
- h. Lessee or Guarantor takes any action in connection with its dissolution, liquidation or the winding up of its affairs, including, without limitation, the commencement of any proceeding therefor, ceases doing business as a going concern, or sells or disposes of all or substantially all its assets or makes a bulk transfer of its assets, makes an assignment for the benefit of creditors, or consents to the appointment of a trustee or receiver or if either shall be appointed for Lessee or Guarantor or for a substantial part of its property without its consent; or
- i. Lessee or Guarantor defaults under any agreement with Lessor or under any other Lease under this Master Agreement beyond any applicable cure period.

19. Remedies

19.1 Following the occurrence of an Event of Default, Lessor may:

- a. terminate any and all agreements with Lessee and declare all amounts then due and to become due hereunder and thereunder, including any applicable End of Lease Purchase Option for each item of Equipment not returned to Lessor by Lessee, immediately due and payable; provided, however, that following the occurrence of an Event of Default pursuant to Section 18.1(f), the Agreement and any and all other Agreements with Lessee under this Master Agreement shall automatically terminate and all amounts then due and to become due shall automatically become immediately due and payable;
- b. demand the return of or take or recover immediate possession of each item of Equipment together with all related software (embedded therein or otherwise) and all additions, attachments, accessories, accessions and upgrades thereto and any and all substitutions, replacements or exchanges for any such Equipment or software and any and all proceeds of any of the foregoing, including, without limitation, payments under insurance or any indemnity or warranty relating to loss or damage to such Equipment, and remove any software and data from such Equipment, without any liability for this action; and
- c. pursue any remedy at law or equity.

No right or remedy is exclusive of any other provided herein or permitted by law or equity; all such rights and remedies shall be cumulative and may be enforced concurrently or individually. Lessee shall pay all costs and expenses, including reasonable legal fees, costs and expenses, incurred by Lessor in enforcing the terms and conditions of the Agreement.

19.2 Upon repossession or return of any item of Equipment, Lessor may retain, sell, lease or dispose of such item of Equipment, with or without notice and on public or private bid. Any net proceeds thereof shall be applied by Lessor to amounts due by Lessee under the Lease, but only after deducting: (i) in the case of sale, the estimated fair market sales value of the Equipment as of the scheduled expiration of the Lease, or (ii) in the case of any replacement lease, the rent due for any period beyond the scheduled expiration of the Lease, and (iii) in either case, all reasonable expenses, including reasonable legal fees and expenses, incurred in connection therewith. Any excess proceeds shall be retained by Lessor. If under applicable law, Lessor is required to comply with standards of commercial reasonableness applicable to secured financings in disposing of the Equipment, Lessee agrees that 10 days prior written notice shall constitute adequate notice of disposition, and any disposition of the Equipment may be conveyed on an "AS IS" basis and Lessor may disclaim any and all warranties.

20. General

20.1 Exclusions

EXCEPT WITH RESPECT TO SECTION 20.11 INDEMNITY, IN NO EVENT SHALL EITHER PARTY HAVE ANY LIABILITY FOR, NOR SHALL LESSEE HAVE ANY REMEDY AGAINST LESSOR FOR, INDIRECT OR CONSEQUENTIAL DAMAGES, ANY LOSS OF PROFITS, BUSINESS, REVENUE OR ANTICIPATED SAVINGS, LOSS OF USE, OR ANY OTHER COMMERCIAL LOSS. THE FOREGOING DOES NOT LIMIT, AMEND, MODIFY OR ALTER LESSEE'S OBLIGATIONS TO PAY RENT, TAXES OR ANY OTHER PAYMENT OBLIGATIONS (INCLUDING WITHOUT LIMITATION, LESSEE'S INDEMNITY OBLIGATIONS) UNDER THE AGREEMENT. The limitation of liability in this Section shall in no way affect Lessee's rights under the Supply Agreement against Supplier or the manufacturer of the Equipment. The foregoing shall not exclude any liability in respect of death or personal injury resulting from the negligence of either Party, its employees or agents. Lessor shall not be liable for any claim, damage or loss arising from the Products. Under no circumstances shall Lessor be liable for loss of, or damage to, Lessee's records or data.

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20.2 Lessee Representations and Warranties

Lessee represents and warrants to Lessor that as of the date it enters into any Agreement:

- a. it has obtained the necessary internal and external approvals, consents and authorizations to enable it to enter into this Agreement;
- b. the Lessee's signatory to the Agreement has the authority to bind the Lessee and does so by its signature;
- c. the Agreement is a legally valid and binding obligation of Lessee, enforceable in accordance with its terms;
- d. all representations made, and any information supplied to Lessor (including those related to its financial status, and each Product, including the prices thereof) are true, accurate and complete;
- e. there exists no material default as to any other agreement to which Lessee is a party, and no potential liability of Lessee, legal or otherwise, that might impair its ability to comply with the Agreement;
- f. the execution and delivery of the Agreement by Lessee and performance of its obligations hereunder will not violate any judgment, order, law, or governmental regulation affecting Lessee or any provision of Lessee's documents or organization, nor result in a breach or default of any instrument or agreement to which Lessee is a party or to which Lessee may be bound;
- g. Lessee has selected each Product and accepts responsibility for its use and the results obtained therefrom; and
- h. Lessee is a public body corporate and politic duly organized and existing under the constitution and laws of the State with full power and authority to enter into this Master Agreement and the Schedule and the transactions contemplated thereby and to perform all of its obligations thereunder. Lessee has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) the police power.

20.3 Security

As a condition of entering into the Agreement, Lessor may require security with respect to Lessee's obligations as specified in the Schedule, which security must be in form and substance acceptable to Lessor. As it relates to any security deposit, Lessor may apply such deposit against any payment default or hold it until all of Lessee's obligations hereunder are satisfied.

20.4 Survival

All of Lessee's representations and warranties shall survive execution and delivery of the Agreement and commencement of any Lease under the Agreement. Lessee's obligations under the Agreement, which by their nature would continue beyond the expiration of the Agreement, shall survive the expiration or termination of the Agreement.

20.5 Notices

Any notice shall be in writing, signed on behalf of the Party giving it and served by delivering it in person or by courier, by certified or registered mail, or regular mail to the office of the other Party, as listed in the Schedule or as otherwise agreed in writing. Notices shall be deemed to be delivered, if personally at the time of delivery or within three Business Days after being deposited in the U.S. mail. Notices of an Event of Default shall be delivered by certified or registered mail.

20.6 Waiver and Severability

Any failure or delay in exercising a right or remedy at law or in equity shall not constitute a waiver of that right or remedy, nor a waiver of any other rights or remedies, in or under the Agreement, at any time. To be effective, any waiver of a right or remedy is required to be in writing signed by the Party waiving such right or remedy. If any provision of the Agreement is or becomes illegal, invalid or unenforceable in any respect, the legality, validity or enforceability of the remaining provisions of the Agreement shall not be affected or impaired.

20.7 Benefit of Agreement (Third Party Rights)

Except in the event of a permitted assignment, no term of the Agreement is intended to confer a benefit on, or be enforceable by, any third party or person.

20.8 Further Assurance

Each Party will, at its own cost and expense, use reasonable efforts to do such further acts and execute such documents as may be necessary to give effect to the provisions of the Agreement.

20.9 Announcements and Publicity

Neither Party will make any public announcement relating to the Agreement, or the subject matter therein, without the prior written approval of the other Party, except as required by law or by any legal or regulatory authority, in which case it shall notify the other Party of the announcement as soon as reasonably practicable.

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20.10 Accounting

Neither IBM nor Lessor makes any representation whatsoever regarding Lessee's accounting treatment applicable to this Agreement. IBM accounts for the Agreement under local accounting standards and under U.S. generally accepted accounting principles ("GAAP") for U.S. reporting purposes.

20.11 Indemnity

Lessee shall not be required to indemnify or hold Lessor harmless against liabilities arising from the Agreement. However, as between Lessor and Lessee, and to the extent permitted by law, Lessee shall defend Lessor in full against any losses, claims, settlement payments, interest, awards, judgments, damages (including consequential or special damages), fines, fees (including reasonable legal fees and disbursements), expenses and penalties (collectively, "Losses") arising out of or relating to the Agreement or from Lessee's possession and use of the Products that are (i) ordered to be paid by Lessor to a third party by a court, governmental agency, or regulatory body, (ii) incurred or paid by Lessor in connection with legal proceedings in respect of third party claims, (iii) incurred or paid by Lessor in connection with any settlement by Lessor that has been consented to by Lessee, or (iv) incurred or paid by Lessor in connection with any environmental claim or liability. This indemnity shall not apply to Losses caused solely by the gross negligence or willful misconduct of Lessor. Lessee agrees that upon written demand by Lessor, Lessee shall assume full responsibility for the defense of such claim.

20.12 Tax Indemnification

Lessor and Lessee agree that Lessor shall be entitled to certain federal and state tax benefits available to an owner of Equipment, including, under the Internal Revenue Code of 1986, as amended (the "Code"), the maximum Modified Accelerated Cost Recovery System deductions for 5-year property and deductions for interest expense incurred to finance the purchase of the Equipment ("Tax Benefits"). Lessee represents and warrants that: (a) at no time will Lessee take or omit to take any action which would result in a loss, reduction, disallowance, recapture or other unavailability ("Loss") to Lessor (or the consolidated group with which Lessor files tax returns) of the Tax Benefits, and (b) Lessee will take no position inconsistent with the assumption that Lessor is the owner of the Equipment for federal income tax purposes. Upon Lessor's written notice to Lessee that a Loss of Tax Benefits has occurred, Lessee shall reimburse Lessor an amount that shall make Lessor's after-tax rate of return and cash flows ("Financial Returns") over the Term of the Lease equal to the expected Financial Returns that would have been otherwise available. Lessee shall have no obligation to reimburse Lessor for a Loss of Tax Benefits resulting from: (i) a determination that a Lease does not constitute a true lease for federal income tax purposes provided such determination is not the result of an act of Lessee, or (ii) a change in the tax law after the applicable Commencement Date.

20.13 Business Contact Information

Lessee agrees that IBM and Lessor may process the business contact information of Lessee's employees and contractors and information about Lessee as a legal entity ("Contact Information") in connection with IBM's products and services or in furtherance of IBM's or Lessor's business relationship with Lessee. This Contact Information can be stored, disclosed internally and processed by IBM and its subsidiaries, business partners and subcontractors wherever they do business, solely for the purpose described above provided that these companies comply with applicable data privacy laws related to this processing. Where required by applicable law, Lessee has notified and obtained the consent of the individuals whose Contact Information may be stored, disclosed internally and processed and will forward their requests to access, update, correct or delete their Contact Information to IBM who will then comply with those requests.

20.14 Financial Statements

Upon request, if not publicly available, Lessee agrees to provide to Lessor annual audited financial statements or, with Lessor's approval, unaudited financial statements, in each case, prepared in accordance with U.S. GAAP.

20.15 Direct Debit

When Lessor requires or Lessee requests a direct debit arrangement, Lessee shall execute applicable documentation requested by Lessor to effect such arrangement.

20.16 Copies

This Master Agreement, any Schedule, any Certificate of Acceptance, and any documents related thereto may be sent to Lessee by Lessor in soft copy format, such as a PDF file. Where Lessee has printed any such document for signature from such soft copy format, Lessee represents and warrants that no changes have been made to the text (including dates and charges). Any such changes are void.

Any copy of this Master Agreement, any Schedule, any Certificate of Acceptance, and any documents related thereto made by reliable means (for example photocopy, image or facsimile) shall in all respects be considered equivalent to an original.

20.17 Primary Use

Products will be used by Lessee primarily for its business purposes and not for personal, family or household purposes.

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20.18 Counterparts

The Master Agreement, any Schedule, any Certificate of Acceptance, and any documents related thereto may be executed in any number of counterparts, each of which shall constitute an original, but all of the counterparts shall constitute only one and the same document.

20.19 Lessor Assignment

Lessor may assign or otherwise transfer in whole or part its right, title and interest in the Agreement and the Equipment under the Agreement to any third party. Lessee shall not assert against any such assignee or transferee any setoff, defense or counterclaim that Lessee may have against Lessor or any other entity.

20.20 Lessor's Payment

If Lessee fails to pay taxes as required under the Agreement, discharge any liens or encumbrances on the Equipment (other than those created by or through Lessor), or otherwise fails to perform any other obligation under the Agreement, Lessor may act in Lessee's stead so as to protect Lessor's interests, in which case Lessee shall immediately reimburse Lessor the cost thereof.

20.21 Finance Lease

The parties agree that each Lease is a "finance lease" as defined in Article 2A of the Uniform Commercial Code and shall be construed as such for all purposes under law. Lessee hereby waives any and all rights and remedies under Sections 508 through 522 of such Article 2A.

20.22 Authorization to File Financing Statements; Security Interest

Lessee hereby authorizes Lessor to file Uniform Commercial Code financing statements relating to, and hereby grants Lessor a security interest in, the Equipment and all additions, attachments, accessions, accessories and upgrades thereto, any software imbedded therein, and any and all replacements, substitutions and exchanges for any item of Equipment and all proceeds of the foregoing, including without limitation, payments under insurance or any indemnity or warranty relating to loss or damage to such Equipment to secure Lessee's obligations to Lessor under the Agreement.

21. Governing Law; Compliance with Laws

21.1 The Agreement will be governed by, and construed in accordance with Lessee's state laws.

21.2 Each Party will comply with applicable United States import and export control and sanctions laws and regulations, including those that prohibit or limit export or services for certain uses or to certain end users.

22. Amendments and Modifications

THE PARTIES AGREE THAT NO TERM OF THIS MASTER AGREEMENT OR ANY AGREEMENT MAY BE AMENDED, CHANGED, MODIFIED OR WAIVED, EXCEPT IN WRITING SIGNED BY THE PARTIES THERETO.

[Signature]
Lessee initial

P.B.C.
Lessor initial

By signing below, the Parties agree to the terms of this Master Agreement.

Agreed to: COUNTY OF MONTEREY
By: [Signature]
Authorized Signature

Agreed to: IBM Credit LLC
By: [Signature]
Authorized Signature

Name (type or print): Deputy Purchasing Agent
Title (type or print):
Date: 5/23/16
Email Address:

Name (type or print): Pamela R. Coleman
Title (type or print): Commercial Financing Ops. Manager
Date: 3/18/16

APPROVED AS TO FORM AND LEGALITY

[Signature]

2126-5754-US-01 (09/2013)
DEPUTY COUNTY COUNSEL
COUNTY OF MONTEREY

Reviewed as to fiscal provisions

[Signature]
Auditor-Controller
County of Monterey 4-11-16