

C L SYSTEMS, INC.  
81 Norwood Avenue  
Newtonville, Massachusetts 02160

Date: June 15, 1977

SYSTEM LEASE AGREEMENT

C L SYSTEMS, INC ("CLSI"), by its acceptance and execution hereof, hereby agrees to let to the undersigned lessee (the "Customer"), and the Customer hereby agrees to hire from CLSI the system described below (the "System") upon the terms and conditions set forth herein:

Customer:

Name: BOARD OF LIBRARY DIRECTORS OF THE CITY  
OF DECATUR, ILLINOIS

Address: 247 East North Street

Decatur, Illinois 62523

Description of System:

2 Remote keyboard/display stations  
1 remote lightpen station  
1 remote composite station

Term of Lease: Five (5) years.

Delivery Date: July 5, 1977

Original Value of the System: \$40,000.00

Basic Monthly Rent: \$870.00

Executed by:

BOARD OF LIBRARY DIRECTORS OF THE

Form-S-L-702

TERMS AND CONDITIONS OF LEASE

1. Term

The term of this System Lease Agreement commences upon installation of the System to the satisfaction of the Customer, which shall be sufficiently evidenced by the execution by the Customer of the Receipt Acknowledgement in the form which is attached hereto as Exhibit A. The Term shall continue for the Lease Term set forth on page one hereof, or until such earlier date as shall result from termination in accordance with ~~Paragraph 11~~ Paragraph 11 hereof, or as a result of exercise by the Customer of the Option to Purchase in accordance with Paragraph 14 hereof.

2. Rent; Net Lease; Taxes

The Customer shall pay to CLSI as rent the amount of the Basic Monthly Rent set forth on page one hereof on each monthly anniversary of the date of installation of the System during the term of this System Lease Agreement. A portion of each payment is paid as, and represents payment of, interest as set forth in Exhibit B attached hereto.

The payments of rent under this System Lease Agreement are intended to be net to CLSI. All freight and delivery charges will be billed separately and shall be payable by the Customer upon receipt. The Customer shall pay all sales, use, or excise taxes, licenses, assessments, and similar charges imposed upon the ownership, possession, or use of the System during the term of this System Lease Agreement.

3. Equipment and Software

CLSI shall furnish to the Customer for the term of this System Lease Agreement the data processing and other electronic equipment (the "Equipment") and the computer instructions and programs (the "Software") required to implement the System. Electrical generating and/or regulating equipment shall be provided by the Customer.

4. Site Preparation

The Customer shall prepare a location or locations for the installation of the Equipment at its premises. Such location(s) shall be prepared in accordance with site preparation specifications provided by CLSI. The Customer shall advise CLSI when all required preparations are completed, and with sufficient notice to permit a CLSI representative to inspect said installation location(s) at least one week prior to the scheduled date for the delivery of the Equipment.

5. Delivery Schedule

The estimated delivery date is set forth on page one of this System Lease Agreement. In the event of delay or inability to deliver or install caused by any reason beyond CLSI's control, including, but not limited to, any delay or inability caused by sub-contractors or suppliers, CLSI may without penalty or liability extend delivery and/or installation schedules to the earliest time deemed feasible by CLSI.

6. Installation

CLSI shall be responsible for the installation of the Equipment and shall connect the same to the power lines which are installed by the Customer pursuant to Paragraph 2, above. The Customer shall make all necessary arrangements to allow CLSI personnel access to the installation location(s) during normal business hours and at such other times as may be mutually agreed upon. Where applicable, CLSI shall connect the Equipment to telephone company supplied lines or equipment; however, CLSI shall be in no way responsible

at CLSI's option, defective parts or programs. CLSI further warrants that the System will be merchantable and fit for the purpose of automated library circulation control. This warranty shall not extend to damage or malfunction of the System due to acts of God, fires, floods, explosions, wars, acts of sabotage, riots, or accidents, or due to any failure to operate the System in a safe and reasonable manner and in accordance with any of CLSI's instructions.

8. Maintenance

CLSI shall provide an agreement for maintenance of the System, covering parts, labor, and travel expenses for all corrective and preventive maintenance for a period of five (5) years commencing on the date of expiration of the thirty (30) days warranty period, with an option to renew for a period of five (5) additional years. The Customer agrees to cause the System to be maintained in good operating condition during the term of this System Lease Agreement, and in that connection the Customer agrees to enter into and maintain in effect CLSI's agreement for maintenance of the System, and to perform all of its obligations thereunder during the term of this System Lease Agreement. Except as herein provided, the performance by CLSI and the Customer of their obligations hereunder shall be separate from and independent of the performance of either party of its obligations under such maintenance agreement.

9. Documentation

CLSI shall provide with the System without additional charge, (a) two (2) copies of the Circulation Control Reference Manual and (b) that number of copies of the Circulation Control Operator's Guide, which is the same as the number of circulation stations leased under this System Lease Agreement.

10. Training

CLSI shall provide without additional charge, group training sessions on the operation and use of the System for Customer's personnel. Such sessions will be conducted for ten (10) days either prior to or within 15 days after installation of the System at times and locations to be agreed upon by CLSI and the Customer. The Customer shall be responsible for the salaries and travel expenses of its personnel.

11. Risk of Loss or Damage; Insurance

will repair or restore the System to good operating condition, and shall not be entitled to any offset to or diminution of the amounts payable by it under this System Lease Agreement, or in the alternative, the Customer may terminate this System Lease Agreement and pay to CLSI the amount to which CLSI would be entitled in the event that the Customer exercised its option to purchase the System in accordance with Section 14 hereof.

## 12. System Modifications

The Customer shall not modify or alter the System or make attachments of foreign devices to the System without the prior written consent of CLSI. CLSI may provide to the Customer from time to time modifications of the construction and/or the design of the Equipment and/or the Software. If requested by CLSI, the Customer shall allow CLSI personnel access to the System during normal business hours, or at such other times as may be mutually agreed upon, for the purpose of installing such modifications. In the event that CLSI provides such modifications to the Customer, CLSI shall supply documentation and training which shall be sufficient for the operation and use of the System by the Customer. Any modification of the System shall become part of the System and shall be subject to all of the terms and conditions of this System Lease Agreement.

## 13. Title

The Customer shall have no right, title, or interest in the System except that of a lessee as set forth in this System Lease Agreement. Title to the System, and all additions, repairs, replacements, or modifications thereto shall be held by CLSI unless and until the Customer exercises its Option to Purchase the System in accordance with Paragraph 14 hereof.

The Customer shall keep the System free and clear of any encumbrances, liens, or claims of others. The System shall remain personal property notwithstanding that all or part of the Equipment is or may become in some manner affixed or attached to, or permanently resting upon, real property or any building thereon or any fixtures.

In the event that this System Lease Agreement is construed as a sale, then the Customer hereby grants to CLSI a security interest in the System to secure the performance by the Customer of its obligations hereunder, and agrees to execute financing statements or similar instruments confirming and perfecting the security

expiration of the Lease Term, to purchase the System in consideration of the payment to CLSI ~~XXXXXXXXXXXXXXXXXX~~ of the Balance of Principal which is set forth in Exhibit B.

~~XX~~  
The Customer shall exercise this option by written notice to CLSI accompanied by payment of the amount due. Title to the System shall pass to the Customer upon exercise of this option to purchase and payment to CLSI of the amount due.

15. Return of Leased System

In the event that the Customer does not exercise the Option to Purchase in accordance with Paragraph 14 hereof, then within thirty (30) days after the expiration of the Lease Term, CLSI shall be entitled to pick up the System unencumbered and in the same condition and appearances as when delivered to the Customer, save and except for reasonable wear and tear resulting from ordinary use and any damage resulting from the direct negligence of CLSI.

16. Proprietary Rights

CLSI retains for itself all proprietary rights in and to all designs, engineering details, and other data pertaining to the System, and retains for itself the sole right to manufacture, lease, and sell any and all such systems. The Software and the configuration of the Equipment shall be deemed to be trade secrets of CLSI. The Customer agrees that it shall not make the Software, or any portion thereof, available in any form to any third party without the prior written approval of CLSI. The provision of this Paragraph shall continue in effect notwithstanding the expiration of the Lease Term or the earlier termination of this System Lease Agreement, or the exercise by the Customer of the Option to Purchase the System, except the Customer may sell the System, without the approval of CLSI, if it has exercised the Option to Purchase the System.

17. Default

The Customer shall be in default under this System Lease Agreement if it fails to pay the rent or other sum when due, or if it fails to keep any other covenant or condition contained herein. In the event the Customer shall be in default as set forth herein, and fails to remedy such default with all reasonable dispatch within a period of thirty (30) days, then CLSI shall have the right to pursue one or more of the following remedies: (a) re-enter and take possession of the System and sell or lease the System or sublease it for the account of the Customer, holding the Customer liable for

desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Customer under this System Lease Agreement.

18. Assignment

(a) The Customer shall not assign this System Lease Agreement or any right or interest therein, nor delegate any obligation owed by the Customer without the prior written permission of CLSI.

(b) It is the intention of the parties that CLSI shall assign this System Lease Agreement to a bank or other assignee. After written notice of such assignment given to the Customer by CLSI or such assignee, the Customer shall thereafter pay all sums due or to become due under this System Lease Agreement to such assignee at the place of payment specified in such notice.

(c) Such assignment shall in no way relieve CLSI from the performance of any of its covenants or obligations under this System Lease Agreement or under any agreement for maintenance of the System. The Customer agrees that in the event of such assignment, any remedies which it may have against CLSI for breach of this System Lease Agreement or any agreement for maintenance of the System shall be enforceable only against CLSI directly, and shall not be enforceable against any assignee.

(d) The Customer agrees that this System Lease Agreement shall be assignable by CLSI to a bank or similar institution, for an amount equal to the Balance of Principal as set forth in Exhibit B and without recourse to CLSI.

19. General Provisions

(a) Waiver. The waiver by CLSI or any assignee of any term, covenant, or condition of this System Lease Agreement shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition hereof.

(b) Limitation of Liability. CLSI shall not under any circumstances be liable for incidental or consequential damages of any kind caused by the Customer.

(c) Governing Law. This System Lease Agreement and performance hereunder shall be construed in accordance with, and the rights of the parties governed by, the laws of the State of Illinois.

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Agreement upon such execution will be a binding and enforceable undertaking of the Customer.