

Reliance

Telephone, Inc.

INMATE TELEPHONE LOCATION AGREEMENT

STATE OF (Minnesota)
COUNTY OF (Steele)

This Inmate Telephone Location Agreement effective the 15 day of August, 2007 by and between, Steele County, a body corporate and political, Owatonna, Minnesota, hereinafter called LESSOR and Reliance Telephone of Grand Forks Incorporated, 118 Gateway Drive, East Grand Forks, MN 56721, hereinafter called LESSEE, on the following terms and conditions.

1. LESSOR, for and in consideration of the rent hereinafter set out and service provided by LESSEE, does hereby lease to said LESSEE locations upon and within the property known as Steele County Detention Center, Owatonna, Minnesota and does hereby grant, an exclusive right and license, for a term of (3) years for the purpose of installing and operating inmate telephones. This agreement shall be automatically renewed, unless a notice is given 30 days prior to the termination date.
2. The lease payment shall be for each inmate telephone installed in the location.
3. LESSEE shall pay LESSOR a percentage of the gross revenue derived from the operation of the telephones in return for the exclusive right to install and operate the telephones in the premises. Payments to Lessor shall be on a monthly basis within thirty (30) days after the end of each calendar month. The commission payment shall be as per the attached schedule. () **OPTION A:** Gross revenue shall include all of the revenue generated from the actual call traffic from the facility. Or () **OPTION B:** Gross revenue shall be revenue generated by the facility adjusted for expenses (adjusted gross revenue).
4. LESSEE shall, at its sole expense, cause collections to be made from the telephones on a regular basis and shall provide LESSOR, a monthly billing and collection report, certified by an officer of Lessee. Reports shall be in a form and contain sufficient information to allow LESSOR to reasonably monitor and calculate

compensation due from LESSEE under the terms of this Agreement.

5. LESSOR and LESSEE hereby agree that:

(A) LESSOR shall notify LESSEE of any malfunction or loss of inmate telephone service and shall allow LESSEE access to LESSOR'S place of business during normal business hours for inmate telephone repair, maintenance and collection. Lessee shall promptly repair or replace faulty equipment and otherwise assure inmate telephone service is available at all times.

(B) LESSOR shall exercise reasonable care in preventing damage or destruction to the inmate telephone installed under this Agreement but shall not be liable or responsible for such loss, damage or destruction unless caused by the willful conduct of LESSOR.

(C) The location of the inmate telephones and the space provided shall be such as to make the service available to the jail population and no action which prevents or adversely affects the use of the inmate telephone will be taken by LESSOR or its employees except that access can be unilaterally restricted for disciplinary or security reasons.

(D) All telephones, wiring, and equipment shall be installed by LESSEE at its expense. LESSEE shall install telephones at locations specified by LESSOR.

(E) All inmate telephone and other equipment, fixtures and supplies furnished by LESSEE shall remain its property. Upon termination of the Agreement LESSEE shall have the right to enter upon the location to remove all of its property and shall do so upon request of LESSOR.

(F) This agreement may be terminated by LESSOR if service provided is of substandard quality. LESSOR shall give LESSEE written notice of the specific quality issues. LESSEE shall have (30) days to fix the identified problem or problems. If not remedied within (30) days LESSEE shall work with LESSOR until LESSOR can find replacement service.

(G) This is the sole agreement between the parties hereto superseding all previous agreements and shall bind the parties, their successors and assigns. Each acknowledges the receipts and retention of a fully executed copy hereof.

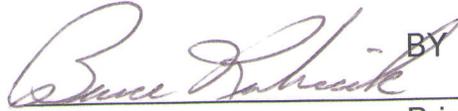
(H) Liability Insurance. Reliance Telephone agrees to maintain comprehensive general liability insurance coverage having limits of not less than \$1,000,000.00 in the aggregate, increasing incrementally per Minnesota Statute 466.04. The Customer agrees to provide Reliance Telephone with reasonable and timely notice of any claim, demand or cause of action made or brought against the Customer arising out of, or related to, the utilization of the Equipment. Reliance Telephone shall have the right to defend any such claim, demand or cause of action at its sole cost and expense and within its sole and exclusive discretion. The Customer agrees not to compromise or settle any claim or cause of action arising out of or related to the utilization of the Equipment without the prior written consent of Reliance Telephone. In no event shall the Customer be liable for any damage or destruction to any item of the Equipment.

(I) Mutual Hold Harmless: To the fullest extent permitted by law, Reliance Telephone agrees to indemnify Steele County, its officers, employees, agents, and others acting on their behalf, to hold them harmless, and to defend and protect them, from and against any and all loss, damage, liability cost and expense (specifically including attorney's fees and other costs and expenses of defense), of any sort whatsoever, based upon, resulting from, or otherwise arising in connection with any actions, claims or proceedings (of any sort and from any source whatsoever) brought, or any loss, damage or injury of any type whatsoever sustained, by reason of any act or omission of Reliance Telephone, its officers, employees or agents, or any other person(s) or entity(ies) for whose acts or omission Reliance Telephone may be legally responsible, in the performance of Reliance Telephone's obligations (whether expressed or implied) under this Contract.

To the fullest extent permitted by law, Steele County agrees to indemnify Reliance Telephone, its officers, employees, agents, and others acting on their behalf, to hold them harmless, and to defend and protect them, from and against any and all loss, damage, liability cost and expense (specifically including attorney's fees and other costs and expenses of defense), of any sort whatsoever, based upon resulting from, or otherwise arising in connection with any actions, claims or proceedings (of any sort and from any source whatsoever) brought, or any loss, damage or injury of any type whatsoever sustained, by reason of any act or omission of Steele County, its officers, employees or agents, or any other person(s) or entity(ies) for whose acts or omission Steele County may be legally responsible, in the performance of Steele County's obligations (whether expresses or implied) under this Contract.

EXECUTED this _____ day of _____, 2007, by the undersigned parties.

LESSOR: STEELE COUNTY



BY

Print or
Type:

Bruce Kubicek

LESSEE:

Reliance Telephone of Grand Forks,

Inc.



By

Dave Hangsleben, President

Best Equipment, Service and Commission Guaranteed

Established in 1983

118 Gateway Drive East Grand Forks, MN 56721

Phone: (888) 773-6408 Fax: (218) 773-7100

Website: www.reliancetelephone.com E-mail: dave@reliancetelephone.com

Reliance

Telephone, Inc.

COMMISSION SCHEDULE 2007

COMMISSION PLAN (A)

(Payment on all traffic sent from the facility)

GROSS REVENUE FOR THE MONTH

Applicable Rate

<u>For Volume</u>	<u>For Volume Level</u>
0.00-12,500.00	23%
12,501.00-15,000.00	25%
15,001.00-17,500.00	27%
17,501.00-20,000.00	29%
20,000.00- above	41%

PHONE CARD PURCHASE PRICES

\$10.00 @ \$6.39

\$20.00 @ \$12.78

\$50.00 @ \$31.95

Taxes paid by county on phone card sales

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