

CONTRACT
between
CITY OF GAHANNA
and
PEN-LOR ENTERPRISES, INC.

This contact made this ____ day of _____, by and between the City of Gahanna, Ohio, hereafter known as "The City," and Pen-Lor Enterprises, Inc., hereafter known as "Pen-Lor," as authorized by Gahanna City ordinance _____ for the operation and maintenance of the unattended fuel facility located at the City of Gahanna Fleet Management site, 781 Science Boulevard, Gahanna, Ohio.

The City and Pen-Lor hereby agree to the following.

Article 1. The City agrees to:

- a) Support sales efforts;
- b) Aid in promoting the location;
- c) Pay any property taxes;
- d) Be responsible for snow removal;
- e) Perform an audit of Pen-Lor's records annually. No notice of intent to audit shall be required. Only records pertaining to the City's facility may be required for the audit.
- f) Pay all property insurance;
- g) Pay and be responsible for registration, insurance, and testing fees associated with owning underground tanks.

Article 2. Pen-Lor agrees to:

- a) Operate the site in a professional and business like manner;
- b) Be responsible for the maintenance of the facility i.e., normal wear and tear;
 - 1. The following types of issues shall be addressed and repairs initiated by Pen-Lor, or their representative, within 24 hours of Pen-Lor being notified of the issue: Minor spills; hose repair; nozzle repair; pump repairs; and/or system resets.
 - 2. When a complete system is down (either gasoline or diesel), Pen-Lor shall have a representative on-site, starting repairs, within four hours.
- c) Maintain the cleanliness of the location;
- d) Be responsible for the costs associated with the operation of the facility;
- e) Be responsible for paying the liability insurance, listing The City as additionally insured and supplying The City with a certificate of said insurance;
- f) Provide a trash dumpster and pay the cost of disposal;
- g) Carry all receivables associated with sales made at the facility;
- h) Provide the City with a monthly sales summary for all gallons sold through the facility. Information included in the summary shall be sales by fuel type, customer and/or card type. The calculations that are used to determine the City's commission check shall be included with the sales summary. In order to assure prompt payment

EXHIBIT A

of the monthly commission to the City of Gahanna, Pen-Lor will, by the 15th of the month, pay a commission check, for the previous month, to the City of Gahanna based on the average per gallon commission paid from the previous calendar year. Within 60 days of issuing the commission check, Pen-Lor will provide to the City of Gahanna a reconciliation based on the formula currently used in the contract. The next check issued to Gahanna will either be debited or credited to bring the estimated amount for the month to match the actual. Pen-Lor will provide the City of Gahanna with a clear and concise report containing all calculations made.

- i) Make any records pertaining to the City's facility open to audit by a duly authorized agent of the City. These records shall include, but not be limited to sales, product cost, and operating expenses;
- j) Invoice the City and its customers weekly;
- k) Be responsible for issuing and replacing the cards necessary to access the system.
- l) Provide sales efforts.
- m) Promote the location.

Article 3. Product

Pen-Lor shall always purchase product at the least expensive price, while still maintaining the product quality required by both The City and Pen-Lor.

Article 4. Customer Classes

There shall be 2 classes of customers:

Class A, The City and their proprietary customers i.e., Gahanna-Jefferson School District, Mifflin Township, Jefferson Township and other government entities purchasing fuel from this facility.

Class B, Individual customers, Visa, MasterCard and Discover Card users, commercial customers, etc.

Article 5. Commission

Pen-Lor shall pay the City a monthly commission based on the following formula:

The City shall receive a 7 cents per gallon commission on all sales to Class A customers.

The City shall receive 50% of the gross profit margin on all Class B transactions.

Article 6. Term

The term of this contract shall be for two years, from January 1, 2004, through December 31, 2005.

Annual reviews of the pricing structures shall be completed. Adjustments to the pricing structure may be made with mutual written agreement of both parties.

Either party may cancel this agreement with a six month written notice if the other party is not performing in accordance with the terms of this agreement.

CITY OF GAHANNA

PEN-LOR ENTERPRISES, INC.

By: _____
Rebecca W. Stinchcomb
Title: Mayor

By: _____
Title: President

By: _____
Terrance A. Emery
Title: Director of Public Service

Approved as to Form:

By: _____
Thomas L. Weber
Title: City Attorney