

PARTICIPATING ADDENDUM
for
MAILROOM EQUIPMENT, SUPPLIES & MAINTENANCE
Between
The State of Delaware and Pitney Bowes, Inc.

NASPO ValuePoint Contract # ADSP016-169897, as amended by Amendment No. One

Vendor Name: Pitney Bowes Inc.

Delaware Contract Number: GSS17576-MAILMACHIN
Mailroom Equipment, Supplies and Maintenance

1. SCOPE

- a. This agreement (the "Participating Addendum") is made between the State of Delaware, Office of Management and Budget, Government Support Services ("State") and Pitney Bowes Inc. (Contractor), to establish Mailroom Equipment, Supplies and Maintenance.
- b. Under Delaware Code, Title 29 §6933 and §6987, The State of Delaware is authorized to participate in, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of materiel or nonprofessional services, or professional services with 1 or more public procurement units either within the State or within another state in accordance with an agreement entered into between the participants.
- c. The requirements herein are in addition to those in the executed NASPO ValuePoint contract referenced above and shall continue through May 14, 2019. At the sole discretion of Government Support Services, this Participating Addendum may further be extended to include any extensions as agreed to, by and between NASPO ValuePoint and Pitney Bowes, Inc.
- d. Software license terms and conditions shall be mutually agreed upon in writing by the State and Pitney Bowes Inc. List of Software Licenses offered under this Addendum are attached hereto as Attachment F and are incorporated into this PA by reference.

2. CHANGES

a. MANDATORY INSURANCE REQUIREMENTS (29 Del. C. §6929)

As a part of the contract requirements, the Contractor must obtain at its own cost and expense and keep in force and effect during the term of this contract, including all extensions, the minimum coverage limits specified below with a carrier satisfactory to the State. The Contractor must carry the following coverage depending on the type of service or product being delivered.

- a. Commercial General Liability - \$1,000,000 per occurrence/\$3,000,000 aggregate,

And at least one of the following, as outlined below:

- b. Medical/Professional Liability - \$1,000,000 per occurrence/\$3,000,000 aggregate,

or

- c. Miscellaneous Errors and Omissions - \$1,000,000 per occurrence/\$3,000,000 aggregate,

or

- d. Product Liability - \$1,000,000 per occurrence/\$3,000,000 aggregate,

The Contractor must carry (a) and at least one of (b), (c), or (d) above, depending on the type of scope of work being delivered.

If the contractual service requires the transportation of departmental clients or staff, the Contractor shall, in addition to the above coverage's, secure at its own expense the following coverage;

- e. Automotive Liability Insurance covering all automotive units used in the work with limits of not less than \$100,000 each person and \$300,000 each accident as to bodily injury and \$25,000 as to property damage to other,

and

- f. The Contractor shall maintain such insurance as will protect against claims under Worker's Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Participating Addendum. The Contractor is an independent contractor and is not an employee of the State of Delaware.

The Contractor must carry (a), (e), and (f), and at least one of (b), (c), or (d), depending on the scope of work being delivered.

Before any work is done with the State, a Certificate of Insurance referencing the name and contract number stated herein, shall be filed with the State. The certificate holder is as follows:

**State of Delaware
Government Support Services
Contract # GSS17576-MAILMACHIN
100 Enterprise Place, Suite 4
Dover, DE 19904-8202**

Note: The State of Delaware shall not be named as an additional insured.

Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

b. ELECTRONIC CATALOG

At the discretion of Government Support Services, the Contractor may be required to submit its items list in an electronic format designated by the State.

By example, but not limited to, the following items may be required:

- Electronic catalogs,
- Electronic catalogs converted to a CSV format with Participating Addendum specific pricing,
- Items designated by commodity/classification code: United Nations Standard Products and Services Code (UNSPSC), and/or

- A unique item ID for all items in your system.

c. INTENT TO LOAD CATALOGS IN STATE ePROCUREMENT SOLUTION

Contractor will provide catalog(s) and the corresponding price list(s) for all goods that are being offered to the State for purchase pursuant to this Participating Addendum, and shall include all applicable and awarded price tiers available for each product in the pricing format required of this of this solicitation. These documents may be required and supplied by the Contractor in an electronic format as determined by the State over the life of the Participating Addendum. The prices listed therein will be the prices paid by the State for purchases during the Participating Addendum term.

At the discretion of the State, all items in this Participating Addendum will need to be provided in an electronic format for use in a hosted catalog offering which will be presented in the State's eProcurement solution. All single items listed must reflect one (1) price, at the discounted rate as offered by the Contractor in this Participating Addendum. Volume discounts offered for multiple units or multi-unit packaging shall be listed as a separate line item(s) in any catalog submitted for posting to the State's eProcurement solution.

The Contractor will be directed to supply the catalog file to an identified state representative and/or the State's designated eProcurement vendor at any time after execution of the Participating Addendum, but no later than 45 days after the Participating Addendum execution.

A zero dollar catalog shall be submitted to the eProcurement solution vendor no later than 30 days prior to the end of the Participating Addendum term, and shall be the final catalog update provided under the agreement. The State will approve this catalog, after the Participating Addendum end date, to remove all items and pricing from the eProcurement Solution. The zero dollar catalog serves as a correcting entry to maintain system integrity of valid and current items. The failure by the Contractor to comply and submit this correcting entry will be viewed as a major performance deficiency, and may prevent the State from awarding the Contractor on a future contract opportunity.

At any time during the Participating Addendum term, (1) the Contractor shall remove individual or categories of items from the catalog offering if requested by the State; (2) consider expanding the catalog offering with additional items or categories if requested and accepted by the State; and/or (3) the State may take unilateral action on the items listed in the eProcurement solution to hide or otherwise make unauthorized any items the State believes is outside the scope of the categories in this Participating Addendum.

The failure and/or inability to comply with this hosted catalog requirement may subject the Contractor to corrective action, up to and possibly including termination of the Participating Addendum.

A hosted catalog is defined as a vendor supplied electronic catalog of all items in this Participating Addendum, including item descriptions, attributes and the agreed upon prices, which will be stored and publically visible in the State's eProcurement solution. At the sole discretion of the State, the Participating Addendum team will consider implementation and use of a punchout catalog solution in lieu of the hosted catalog option. A punchout catalog uses the eProcurement system to access to the Contractor's electronic catalog. Users can then shop, select and retrieve items back into the eProcurement system, allowing the original to execute an order.

d. SEVERABILITY

If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.

e. PERMITS AND LICENSES

All necessary permits, licenses, insurance policies, etc. required by local, State or Federal laws, shall be provided by the Contractor at its own expense.

f. Reserved

g. STATE OF DELAWARE BUSINESS LICENSE

Prior to commencing performance under this agreement, the Contractor shall either furnish Government Support Services with proof of State of Delaware Business Licensure or initiate the process of application, where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P. O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone: 302-577-8778. <http://revenue.delaware.gov/services/BusServices.shtml>

Information regarding the State of Delaware's decision to enter into this participating addendum will be given to the Division of Revenue. Failure to comply with the State of Delaware licensing requirements may subject your organization to applicable fines and/or interest penalties.

h. EMERGENCY TERMINATION OF AGREEMENT

1. Due to restrictions which may be established by the United States Government on material, or work, a Participating Addendum may be terminated by the cancellation of all or portions of the Participating Addendum.
2. In the event the Contractor is unable to obtain the material required to complete the items of work included in the Participating Addendum because of restrictions established by the United States Government and if, in the opinion of the Agency, it is impractical to substitute other available material, or the work cannot be completed within a reasonable time, the incomplete portions of the work may be cancelled, or the Participating Addendum may be terminated.

i. INDEMNIFICATION

1. General Indemnification

The Contractor will indemnify and otherwise hold harmless the State of Delaware, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the Contractor's its agents and employees' performance work or services in connection with the Participating Addendum.

2. Proprietary Rights Indemnification

Contractor shall warrant that all elements of its solution, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of

Delaware shall promptly notify the Contractor in writing and Contractor shall defend such claim, suit or action at Contractor's expense, and Contractor shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful. Contractor shall not be responsible for the State's or a Purchasing Entity's negligence.

If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Contractor (collectively "Products") is or in Contractor's reasonable judgment is likely to be, held to constitute an infringing product, Contractor shall at its expense and option either:

- a. Procure the right for the State of Delaware to continue using the Product(s); Replace the product with a non-infringing equivalent that satisfies all the requirements of the Participating Addendum; or
- b. Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Participating Addendum, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

Notwithstanding the foregoing, Contractor shall not be required to indemnify to the extent such a claim is caused by a party other than Contractor, unless the party is a Subcontractor or agency of the Contractor.

j. NON-PERFORMANCE

In the event the Contractor does not fulfill its obligations under the terms and conditions of this Participating Addendum, in addition to proceeding with termination of the Participating Addendum, as permitted below, the ordering agency may purchase equivalent product on the open market.

k. OPPORTUNITY BUYS

The Director for the State of Delaware, Office of Management and Budget, Government Support Section can waive use of a central contract pursuant to 29 Del. C. §6911(e). A process has been developed to permit any contractor the opportunity to submit an Opportunity Buy offer to the State for goods and/or services for consideration despite the existence of a central contract. See [Opportunity Buy Flowchart](#).

The Director will afford any contractor on an existing central contract an opportunity to match or to beat the Opportunity Buy offer made by a non-contracted contractor prior to a waiver being granted.

l. I FOUND IT CHEAPER

Director for the State of Delaware, Office of Management and Budget, Government Support Section can waive use of a central contract pursuant to 29 Del. C. §6911(e). A process has been developed to permit any State employee or Contractor to identify a lower price for material and or services for consideration despite the existence of a central contract. See [I Found It Cheaper Flowchart](#).

The Director will afford any Contractor on an existing central contact an opportunity to match or to beat the I Found It Cheaper suggestion and if not matched or beaten, approve the purchase via a waiver.

m. REQUIRED REPORTS

One of the primary goals in administering this Participating Addendum is to keep accurate records regarding its actual value/usage. This information is essential in order to update the contents of the Participating Addendum and to establish proper bonding levels, if they are required. The integrity of future contracts revolves around our ability to convey accurate and realistic information to all interested parties.

A complete and accurate Usage Report (Attachment A) shall be furnished in an Excel format and submitted electronically, no later than 45 days after the close of a month, detailing the purchasing of all items on this Participating Addendum. The reports shall be submitted and sent as an attachment to vendorousage@state.de.us. Submitted reports shall contain accurate descriptions of the products, goods or services procured, purchasing agency information, including the six-digit department and organization code, quantities procured and prices paid. Failure to provide the report with the minimum required information may also negate any Participating Addendum extension clauses. Additionally, if Contractor is determined to be in default of this mandatory report requirement may have such conduct considered against it, in assessment of responsibility, in the evaluation of future proposals.

In accordance with Executive Order 44, the State of Delaware is committed to supporting its diverse business industry and population. The Contractor will be required to accurately report on the participation by Diversity Suppliers which includes: minority (MBE), woman (WBE), veteran owned business (VOBE), or service disabled veteran owned business (SDVOBE) under this Participating Addendum. The reported data elements shall include but not be limited to; name of state Participating Addendum/project, the name of the Diversity Supplier, Diversity Supplier contact information (phone, email), type of product or service provided by the Diversity Supplier and any minority, women, veteran, or service disabled veteran certifications for the subcontractor (State OSD certification, Minority Supplier Development Council, Women's Business Enterprise Council, VetBiz.gov). The format used for Subcontracting 2nd Tier reporting is shown as Attachment B.

Accurate 2nd Tier reports shall be submitted to the contracting Agency's Office of Supplier Diversity at vendorousage@state.de.us on the 15th (or next business day) of the month following each quarterly period. For consistency quarters shall be considered to end the last day of March, June, September and December of each calendar year. Participating Addendum spend during the covered periods shall result in a report even if the Participating Addendum has expired by the report due date.

n. DELAWARE ECONOMIC IMPACT

The Contractor shall provide an annual report of the economic impact of its operations in Delaware. This report shall be submitted by February 15th of each calendar year, and shall report on the immediately prior one full calendar year of operations.

The following basic information is required under this agreement:

- # of Delaware Locations
- # of Delaware Employees
- Annual Taxes, licenses & Fees Paid to Delaware
 - This may be payroll, franchise, service taxes, etc.
- Major Delaware Investments/ Partnerships
 - Amount paid to Major partners or Suppliers in Delaware
 - Highlight of Delaware MWBE, Veteran, Small Business (SBA criteria) and Disabled Veteran partnerships/ supply chain
 - Rent to Delaware Locations or value of Delaware real property
 - Utility Expenses paid to Delaware utilities

The report shall be submitted to contracting@state.de.us.

o. FUNDING OUT or NON-APPROPRIATION

In the event the General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

p. INDEPENDENT CONTRACTORS

The parties to any contract from this solicitation shall be independent contractors to one another, and nothing herein shall be deemed to cause the agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

q. TEMPORARY PERSONNEL ARE NOT STATE EMPLOYEES UNLESS AND UNTIL THEY ARE DIRECTLY HIRED

Contractor agrees that any individual or group of temporary staff person(s) provided to the State of Delaware pursuant to this Solicitation shall remain the employee(s) of Contractor for all purposes including any required compliance with the Affordable Care Act by the Contractor. Contractor agrees that it shall not allege, argue, or take any position that individual temporary staff person(s) provided to the State pursuant to this Solicitation must be provided any benefits, including any healthcare benefits by the State of Delaware and Contractor agrees to assume the total and complete responsibility for the provision of any healthcare benefits required by the Affordable Care Act to aforesaid individual temporary staff person(s). In the event that the Internal Revenue Service, or any other third party governmental entity determines that the State of Delaware is a dual employer or the sole employer of any individual temporary staff person(s) provided to the State of Delaware pursuant to this Solicitation, Contractor agrees to hold

harmless, indemnify, and defend the State to the maximum extent of any liability to the State arising out of such determinations.

Notwithstanding the content of the preceding paragraph, should the State of Delaware subsequently directly hire any individual temporary staff employee(s) provided pursuant to this Solicitation, the aforementioned obligations to hold harmless, indemnify, and defend the State of Delaware shall cease and terminate for the period following the date of hire. Nothing herein shall be deemed to terminate the Contractor's obligation to hold harmless, indemnify, and defend the State of Delaware for any liability that arises out of compliance with the ACA prior to the date of hire by the State of Delaware. Contractor will waive any separation fee provided an employee works for both the Contractor and hiring agency, continuously, for a three (3) month period and is provided thirty (30) days written notice of intent to hire from the agency. Notice can be issued at second month if it is the State's intention to hire.

r. FAIR BACKGROUND CHECK PRACTICES

Pursuant to 29 Del. C. [§6909B](#), the State does not consider the criminal record, criminal history, credit history or credit score of an applicant for state employment during the initial application process unless otherwise required by state and/or federal law. Contractors doing business with the State are encouraged to adopt fair background check practices. Contractors can refer to 19 Del. C. [§711\(g\)](#) for applicable established provisions.

s. VENDOR BACKGROUND CHECK REQUIREMENTS

If the Contractor or its employees or agents access state property or come in contact with vulnerable populations, including children and youth, shall be required to complete background checks on employees providing any service relating to this Participating Addendum. Unless otherwise directed, at a minimum, this shall include a check of the following registry:

- Delaware Sex Offender Central Registry at:
<https://sexoffender.dsp.delaware.gov/>

Individuals that are listed in the registry shall be prevented from direct contact in the service of this Participating Addendum, but may provide support or off-site premises service for the Contractor. Should an individual be identified and the Contractor believes its employee's service does not represent a conflict with this requirement, may apply for a waiver to the ordering agency. The Agency's decision to allow or deny access to any individual identified on a registry database is final and at the Agency's sole discretion.

By Agency request, the Contractor shall provide a list of all employees serving under this Participating Addendum, and certify adherence to the background check requirement. Individual(s) found in the central registry in violation of the terms stated, shall be immediately prevented from a return to state property in service of this Participating Addendum. A violation of this condition represents a violation of the contract terms and conditions, and may subject the Contractor to penalty, including Participating Addendum cancellation for cause.

Individual contracts may require additional background checks and/or security clearance(s), depending on the nature of the services to be provided or locations accessed, but any other requirements shall be stated in the Participating Addendum scope of work or be a matter of common law. The Contractor shall be responsible for the background check requirements of any authorized Subcontractor providing service to the Agency's Participating Addendum.

t. **RESERVED**

u. **SERVICING SUBCONTRACTORS**

1. Contractor may use State-approved Subcontractors or Distributors under this Participating Addendum for sales and service functions as defined herein.
2. Contractor shall be responsible for successful performance and compliance with all requirements in accordance with the terms and conditions under this Participating Addendum, even if work is performed by Servicing Subcontractors.
3. Contractor will be the sole point of contact with regard to Participating Addendum contractual matters, reporting and administrative requirements.
4. For the purposes of this Participating Addendum, Servicing Subcontractors are classified as follows:
 - a. "Authorized Reseller"
 - i. Authorized Resellers may provide quotes, accept purchase orders, fulfill purchase orders, perform maintenance/warranty services and accept payment from ordering agencies for products and associated services offered under this Participating Addendum.
 - ii. Authorized Resellers are responsible for sending a copy of all purchase orders and invoices to the Contractor for compliance with quarterly usage reporting and administrative requirements.
 - iii. All purchase documents to Authorized Resellers shall reference the Participating Addendum Number and Pitney Bowes Inc. as the Contractor.
 - b. "Agent"
 - i. Agents are only authorized to provide quotes, sales assistance, configuration guidance and ordering support for products and associated services offered under this Participating Addendum.
 - ii. Agents are not authorized to accept orders or payments.
5. Subject to the approval of the State, Servicing Subcontractors may be added or deleted during the Participating Addendum term.
6. Proposed Servicing Subcontractors, as well as the Contractor, must complete the [Delaware Substitute Form W-9](#).
7. State-approved Servicing Subcontractors will be posted on the [State's Contracting website](#).

All Pitney Bowes contractors, subcontractors, Authorized Sales and Services Representatives authorized in the State of Delaware, as shown on the dedicated Pitney Bowes website, are approved to provide sales and service support to participants in the NASPO ValuePoint Master Agreement. The contractor's dealer participation will be in accordance with the terms and conditions set forth in the aforementioned Master Agreement.

v. **ORDERING PROCEDURE**

Contractor is required to have either a local telephone number within the (302) area code, a toll free (800) number, or agree to accept collect calls. Depending on the nature and scope of the event, each State agency or other governmental entity shall be responsible for contacting the Contractor directly for all required resources. All consumables delivered by the Contractor and received by a State agency or other governmental entity, become the property of that State agency or entity. Orders may be accomplished by written purchase order, telephone, fax or computer on-line systems. All Purchase Orders **must** include the State's contract number.

w. **BILLING**

The Contractor is required to "Bill as Shipped" to the respective ordering agency(s). Ordering agencies shall provide contract number, ship to and bill to address, contact name and phone number. Per Del. C. [§ 6516 \(d\) \(4\)](#), the Contractor shall not charge a late fee that exceeds more than one percent (1%) per month, not to exceed twelve percent (12%) per annum for State and Local Agencies. Any non profit agency will be subject to the standard late fees.

x. METHOD OF PAYMENT

1. For each P.O. issued as part of this Participating Addendum, the State will pay Contractor monthly, within thirty (30) days of receipt of the Contractor's billing, the amount which is legitimately earned by the Contractor.

Final settlement for total payment to the Contractor will be made within thirty (30) days from the date of final written State acceptance, if acceptance criteria is applicable to the order of the work and services as agreed to in the P.O.

2. No premium time for overtime will be paid without prior written State authorization. Indirect overhead cost shall not be applied to the premium portion of the overtime.
3. The agencies or school districts using this Participating Addendum will authorize and process for payment each invoice within thirty (30) days after the date of receipt of a correct invoice. The State of Delaware intends to maximize the use of the P-Card for payment for goods and services provided under this Participating Addendum. Notwithstanding the foregoing, the P-Card is not accepted for payment of postage. Contractor shall not charge additional fees for acceptance of this payment method. Additionally, there shall be no minimum or maximum limits on any P-Card transaction under the Participating Addendum. While it is the State's intention to utilize the P-card payment method the State reserves, at its discretion, the right to pay by ACH/ ACI or check. Should the Contractor wish to provide a financial incentive to not process payment by P-Card, they are to prepare a proposal to clearly outline any incentives for alternative payment methods the Contractor is willing to accept.

y. FORMAL CONTRACT AND/OR PURCHASE ORDER

No employee of the Contractor is to begin any work prior to receipt of a State of Delaware Purchase Order signed by authorized representatives of the agency requesting service, properly processed through the State of Delaware Accounting Office. A purchase order, email, telephone, fax or State of Delaware's credit card shall serve as the authorization to proceed with work in accordance with the Participating Addendum and Master Agreement specifications and the special instructions, once it is received by the Contractor.

z. MINIMUM WAGE RATES

Work performed under this solicitation may fall under the [State of Delaware Minimum Wage Rates](#) or the Delaware Prevailing Wage rates. Prior to issuing a purchase order, the ordering agencies must obtain from the Department of Labor a determination if prevailing wage applies to the project and, if appropriate, what the applicable prevailing wage rates would be for the work to be performed. No work shall proceed without a determination by the Department of Labor. Request for prevailing wage certification can be found at: <http://dia.delawareworks.com/labor-law/prevailing-wage.php>

aa. RESERVED

bb. DISPUTE RESOLUTION

At the option of, and in the manner prescribed by the Office of Management and Budget (OMB), the parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided evidence that is otherwise admissible or discoverable shall not be rendered inadmissible.

If the matter is not resolved by negotiation, as outlined above, or, alternatively, OMB elects to proceed directly to mediation, then the matter will proceed to mediation as set forth below. Any disputes, claims or controversies arising out of or relating to this Agreement shall be submitted to mediation by a mediator selected by OMB, and if the matter is not resolved through mediation, then it shall be submitted, in the sole discretion of OMB, to the Office of Management and Budget, Government Support Services Director, for final and binding arbitration. OMB and Contractor each reserve the right to proceed directly to arbitration or litigation without negotiation or mediation. Any such proceedings held pursuant to this provision shall be governed by Delaware law and venue shall be in Delaware. The parties shall maintain the confidential nature of the arbitration proceeding, including the Hearing, except as may be necessary to prepare for or conduct the arbitration hearing on the merits. Each party shall bear its own costs of mediation, arbitration or litigation, including attorneys' fees.

cc. TERMINATION OF INDIVIDUAL ORDERS OR PURCHASE ORDERS

As a central contract, this agreement shall include individual orders from state agencies and other entities authorized by law to procure from this Participating Addendum. The individual orders may be terminated as follows:

1. Termination for Cause

- (a) If, for any reason, or through any cause, the Contractor fails to fulfill in timely and proper manner its obligations, or if the Contractor violates any of the covenants, agreements, or stipulations of this Participating Addendum, the Agency shall have the right to terminate the P.O. by giving written notice to the Contractor of such

termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. Contractor shall be permitted to cure the breach within this thirty (30) day notification period, and if such breach is cured within said thirty (30) day period, then the notice of termination shall be deemed to be rescinded. In the event that the Participating Addendum is terminated, Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which is usable to the Agency.

- (b) If, for any reason, or through any cause, the Purchasing Entity fails to fulfill in timely and proper manner its obligations, or if the Purchasing Entity violates any of the covenants, agreements, or stipulations of this Participating Addendum or any lease or software license, the Contractor shall have the right to terminate the P.O. by giving written notice to the Purchasing Entity of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. Purchasing Entity shall be permitted to cure the breach within this thirty (30) day notification period, and if such breach is not cured or able to be cured within said thirty (30) day period, then the P.O. shall terminate immediately.

2. Termination for Convenience

The Agency may only terminate an individual lease if permitted in the attached lease agreements. In that event, all finished or unfinished documents, data, studies, surveys, drawings, models, photographs, reports, supplies, and other materials shall, at the option of the department, become its property and the Contractor shall be entitled to receive compensation for any satisfactory work completed on such documents and other materials which are usable to the Agency. Notwithstanding the foregoing, any leases entered into prior to the effective date of termination of this Participating Addendum shall continue for the duration of the lease term as stated in the lease.

3. Termination for Non-appropriation

In the event the General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds. This is not a termination for convenience and will not be converted to such.

dd. TERMINATION OF PARTICIPATING ADDENDUM

As a central contract, the Participating Addendum resulting from this RFP may be terminated as follows by Government Support Services.

1. Termination for Cause

If, for any reasons, or through any cause, the Contractor fails to fulfill in timely and proper manner its obligations under this Participating Addendum, or if the Contractor violates any of the covenants, agreements, or stipulations of this Participating Addendum, the State shall thereupon have the right to terminate this Participating Addendum by giving written notice to the Contractor of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In that event Contractor under this Participating Addendum be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which is usable to the State.

On receipt of the Participating Addendum cancellation notice from the State, the Contractor shall have not less than five (5) days to provide a written response and may

identify a method(s) to resolve the violation(s). A response from the Contractor shall not effect or prevent the Participating Addendum cancellation unless the State provides a written acceptance of the Contractor's response. If the State does accept the Contractor's method and/or action plan to correct the identified deficiencies, the State will define the time by which the Contractor must fulfill its corrective obligations. Final retraction of the State's termination for cause will only occur after the Contractor successfully rectifies the original violation(s). At its discretion the State may reject in writing the Contractor's proposed action plan and proceed with the original Participating Addendum cancellation timeline. Notwithstanding the foregoing, any leases entered into during the term of this Participating Addendum would continue for the remaining duration of the lease despite the termination of this Participating Addendum.

2. Termination for Convenience

The State may terminate this Participating Addendum at any time by giving written notice of such termination and specifying the effective date thereof, at least sixty (60) days before the effective date of such termination. In that event, Contractor shall be entitled to receive compensation for any satisfactory work completed on such documents and other materials, and which is usable to the State. Notwithstanding the foregoing, any leases entered into during the term of this Participating Addendum would continue for the remaining duration of the lease despite the termination of this Participating Addendum.

3. Termination for Non-Appropriations

In the event the General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds. This is not a termination for convenience and will not be converted to such.

ee. PUBLICATON, REPRODUCTION AND USE OF MATERIAL

No reports produced in whole or part under this Participating Addendum shall be subject to copyright in the United States or in any other country. The State shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports or data prepared under this Participating Addendum; provided, however, that the State agrees not to use any design or engineering plans prepared by the Contractor for anything other than their intended purpose under this Participating Addendum.

ff. RIGHTS AND OBLIGATIONS

The rights and obligations of each party to this agreement shall not be effective, and no party shall be bound by the term of this agreement, unless and until a valid executed purchase order has been approved by the State of Delaware Secretary of Finance, and all reasonable procedures of the State of Delaware Department of Finance have been complied with. A separate purchase order shall be issued for every project or order.

gg. ASSIGNMENT OF ANTITRUST CLAIMS

As consideration for the execution of this Participating Addendum by the State, the Contractor hereby grants, conveys, sells, assigns, and transfers to the State of Delaware all of its right, title and interest in and to all known or unknown causes of action it presently has or may now or hereafter acquire under the antitrust laws of the United States and the State of Delaware, regarding the specific goods or services purchased or acquired for the State pursuant to this Participating Addendum.

hh. REMEDIES

Except as otherwise provided in this Participating Addendum, all claims, counterclaims, disputes, and other matters in question between the State of Delaware and the Contractor arising out of, or relating to, this addendum, or a breach of it may be decided by arbitration if the parties mutually agree, or in a court of competent jurisdiction within the State of Delaware.

ii. AUDIT ACCESS TO RECORDS

The Contractor shall maintain books, records, documents, and other evidence pertaining to this Participating Addendum to the extent and in such detail as shall adequately reflect performance hereunder. The Contractor agrees to preserve and make available to the State, upon request, such records for a period of five (5) years from the date services were rendered by the Contractor. Records involving matters in litigation shall be retained for one (1) year following the termination of such litigation. The Contractor agrees to make such records available for inspection, audit, or reproduction to any official State representative in the performance of its duties under the Participating Addendum. Upon at least ten (10) business day's prior written notice given to the Contractor, representatives of the State or other duly authorized State or Federal agency may inspect, monitor, and/or evaluate the cost and billing records or other material relative to this Participating Addendum. Reimbursement to the State for disallowances shall be drawn from the Contractor's own resources and not charged to Participating Addendum cost or cost pools indirectly charging Participating Addendum costs.

jj. SUBCONTRACTS

Subcontracting is permitted under this Participating Addendum. However, every subcontractor, authorized representative or reseller shall be identified (Attachment C) and agreed to in writing by the State or as are specifically authorized in writing by the Agency during the performance of the Participating Addendum. Any substitutions in or additions to such subcontractors, associates, or consultants will be subject to the prior written approval of the State.

The Contractor shall be responsible for compliance by the subcontractor or reseller with all terms, conditions and requirements of the Master Agreement and this Participating Addendum and with all local, State and Federal Laws. The Contractor shall be liable for any noncompliance by any subcontractor or reseller. Further, nothing contained herein or in any subcontractor agreement shall be construed as creating any contractual relationship between the subcontractor and the State.

kk. CONTRACTOR EMERGENCY RESPONSE POINT OF CONTACT

The Contractor shall provide the name(s), telephone, or cell phone number(s) of those individuals who can be contacted twenty four (24) hours a day, seven (7) days a week where there is a critical need for commodities or services when the Governor of the State of Delaware declares a state of emergency under the Delaware Emergency Operations Plan or in the event of a local emergency or disaster where a state governmental entity requires the services of the Contractor.

In the event of a serious emergency, pandemic or disaster outside the control of the State, the State may negotiate, as may be authorized by law, emergency performance from the Contractor to address the immediate needs of the State, even if not contemplated under the original Participating Addendum or procurement. Payments are subject to appropriation and other payment terms.

II. POTENTIAL CONTRACT OVERLAP

Contractor shall be advised that the State, at its sole discretion, shall retain the right to solicit for goods and/or services as required by its agencies and as it serves the best interest of the State. As needs are identified, there may exist instances where contract deliverables, and/or goods or services to be solicited and subsequently awarded, overlap previous awards or this Participating Addendum.

mm. CONFIDENTIALITY AND DATA INTEGRITY

The Department of Technology and Information is responsible for safeguarding the confidentiality and integrity of data in State computer files regardless of the source of those data or medium on which they are stored: e.g., electronic data, computer output microfilm (COM), tape, or disk. Computer programs developed to process State Agency/School District data will not be modified without the knowledge and written authorization of the Department of Technology and Information. All data generated from the original source data, shall be the property of the State of Delaware. The control of the disclosure of those data shall be retained by the State of Delaware and the Department of Technology and Information.

The Contractor is required to agree to the requirements in the CONFIDENTIALITY AND INTEGRITY OF DATA STATEMENT; Attachment D attached, and made a part of this Participating Addendum

nn. SECURITY

As computer, network, and information security are of paramount concern, the State wants to ensure that computer/network hardware and software does not compromise the security of its IT infrastructure. Therefore, the Contractor is guaranteeing that any systems or software meets or exceeds the Top 20 Critical Security controls located at <http://www.sans.org/critical-security-controls/>.

oo. TAX EXEMPTION

1. Material covered by this Participating Addendum is exempt from all FEDERAL and STATE TAXES. Such taxes shall not be included in prices quoted. Notwithstanding the State and its agencies are exempt from all Federal and State Taxes, all invoices issued to eligible entities other than an agency of the State shall, where appropriate, include charges for any federal, state and local taxes, duties and tariffs. The eligible entities agree to pay such taxes, duties and tariffs, in full when due.
2. Any material which is to be incorporated in the work or any equipment required for the work contemplated in this Participating Addendum may be consigned to the Agency. If the shipping papers show clearly that any such material is so consigned, the shipment will be exempt from the tax on the transportation of property under provisions of Section 3475 (b) of the Internal Revenue Code, as amended by Public Law 180 (78th Congress). All transportation charges shall be paid by the Contractor.
3. Sales and Purchase Tax will be charged, if required under your State Statute.

pp. EQUALITY OF EMPLOYMENT OPPORTUNITY IN PUBLIC WORKS

During the performance of any contract for public works financed in whole or in part by appropriation of the State of Delaware, the Contractor agrees as follows:

- a. The Contractor, as set forth in Title 19 Delaware Code Chapter 7 section 711, will not discriminate against any employee or applicant for employment with respect to

compensation, terms, conditions or privileges of employment because of such individual's race, marital status, genetic information, color, age, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated equally during employment without regard to their race, marital status, genetic information, color, age, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeships. The Contractor agrees to post in conspicuous places, notices to be provided by the contracting agency setting forth the provisions of this non-discrimination clause.

b. During the performance of this Participating Addendum, the Contractor agrees as follows:

1. The Contractor, as set forth in Title 19 Delaware Code Chapter 7 section 711, will not discriminate against any individual with respect to compensation, terms, conditions or privileges of employment because of such individual's race, marital status, genetic information, color, age, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take positive steps to ensure that applicants are employed and that employees are treated during employment without regard to their race, marital status, genetic information, color, age, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places available to employees and applicants for employment notices to be provided by the contracting agency setting forth this nondiscrimination clause.
2. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, marital status, genetic information, color, age, religion, sex, sexual orientation, gender identity, or national origin."

c. The term "contractor for public works" means construction, reconstruction, demolition, alteration, and/or repair work, maintenance work, and paid for in whole or in part out of the funds of a public body except work performed under a vocational rehabilitation program. The manufacture or furnishing of materials, articles, supplies or equipment is not a public work within the meaning of this subsection unless conducted in connection with and at the site of the public work.

qq. DOCUMENT EXECUTION

The State of Delaware requires completion of the [Delaware Substitute Form W-9](#) to make payments to Contractor. Successful completion of this form enables the creation of a State of Delaware vendor record. The Taxpayer ID (SSN or EIN) and Applicant (Contractor) name are submitted to the Internal Revenue Service for "matching." If the Taxpayer ID and name do not match, the vendor record cannot be approved.

It is the applicant's responsibility to select the appropriate 1099 Withholding Type and Class. If incorporated, a business is not subject to 1099 reporting unless the business is providing legal or medical services.

rr. Lease Agreements:

State agencies use the State of Delaware’s MLPA for the leasing of Equipment. In the event the MLPA is not a suitable alternative for a state agency as determined by the bank, then the lease options offered by Contractor may be available for use, and the terms and conditions will be negotiated at that time.

EQUIPMENT LEASE AND RENTAL AGREEMENTS (“ELRA”) ARE AVAILABLE TO NON-STATE AGENCIES. Those non-State agencies using the ELRA must receive legal advice from its own legal counsel.

Equipment Lease and Rental Agreements are authorized in accordance with the terms of NASPO ValuePoint Master Price Agreement number ADSPO16-169897. Attachment H reflects the lease and/or rental options Participating State/Entity has agreed to use. Any underlying leases to this agreement will remain in full force and effect throughout the stated lease term of such lease agreement, subject to termination provisions stipulated with such lease.

(a) Pitney Bowes Global Financial Services LLC “GFS” Term Rental (Installment Purchase) – Option A, State & Local Rental – Option B, and State & Local Fair Market Value Lease – Option C pursuant to Sections 3.15 and 3.16, respectively and its terms and conditions are offered for lease transaction for the SMB Product line specifically listed on Attachments H.1, H.2 and H.3.

(b) For the Pitney Bowes DMT product line and related services (as described in tabs on the Price Attachments C and C-1 to the Agreement (“Folders-Inserters Production, Inserters-Production, Pre-sorting Equipment Production and Software License and Subscriptions applicable to DMT Production Mail Equipment”)) (the “DMT Product Line”) leases may be available in an applicable State through three third party lending companies. The preferred lending company is PNC Equipment Finance. The two alternative lending companies are IBM Credit LLC and Municipal Asset Management, Inc. The terms and conditions of the (i) Municipal Master Lease Purchase Agreement or the Muni Short Form FMV lease [PNC], (ii) a Lease/Purchase Master Agreement for State and Local Government, [IBM] and (iii) a Tax Exempt Lease/Purchase Agreement and a Rental Agreement [MAM] lease (together the “DMT Leases”), as such may be available in this State, and have been included with this Participating Addenda. Pricing by third party leasing companies for DMT Leases to be provided.

(c) The DMT Leases may be offered under the Agreement and this State Participating Addenda and, in such cases, if there is a conflict between a DMT Lease, and the State Participating Addenda, the DMT Leases shall govern. Alternatively, the DMT Leases may be offered as a separate contract outside the Participating Addenda and this Agreement. Further, in the event this State wishes to use its own lender, it will be considered a separate contract outside the Participating Addenda and this Agreement. Note that the DMT Product Line is not offered under the GFS lease program described above in Item 1. Further, the DMT Product Line is not available for an Equipment Rental program, as described in Section 3.16 of the Agreement”

ss. Purchase Order Instructions:

All orders under this PA are to be made out to and processed by Pitney Bowes and should contain the following (1) Mandatory Language "PO is subject to NASPO ValuePoint Master Agreement number ADSPO16-169897 " (2) Your Name, Address, Contact, & Phone-Number.

Orders: Any order placed by a Participating Entity or Purchasing Entity for a product and/or service available from this Master Agreement shall be deemed to be a sale under (and governed by the prices and other terms and conditions) of the Master Agreement unless the parties to the order agree in writing that another contract or agreement applies to such order

tt. Price Agreement Number:

All purchase orders issued by Purchasing Entities within the jurisdiction of this Participating Addendum shall include the Participating State/Entity's contract number: **GSS17576-MAILMACHIN** and the Lead State price agreement number: ADSPO16-169897.

uu. Individual Customer:

Each State agency and political subdivision, as a Purchasing Entity, that purchases products/services under this Participating Addendum will be treated as if they were Individual Customers. Except to the extent modified by a Participating Addendum, each agency and political subdivision will be responsible to follow the terms and conditions of the Participating Addendum Master Agreement; and they will have the same rights and responsibilities for their purchases as the Participating Entity has in the Master Agreement. Each agency and political subdivision will be responsible for their own charges, fees, and liabilities. Each agency and political subdivision will have the same rights to any indemnity or to recover any costs allowed in the contract for their purchases. The Contractor will apply the charges to each Purchasing Entity individually.

vv. Postage Meters:

All purchasing entities requiring the use of a Postage Meter will comply with all United States Postal Service regulations and meter terms and conditions applicable to the rental and use of postage meters supplied under this Participating Addendum.

ww. Liability:

MAXIMUM LIABILITY. IN ANY EVENT, THE CONTRACTOR'S AND CONTRACTOR'S THIRD PARTY SUPPLIER'S MAXIMUM LIABILITY FOR ANY CLAIM ARISING IN CONNECTION WITH THIS AGREEMENT OR ANY ORDER OR SOW (IN TORT, CONTRACT OR OTHERWISE) WILL NOT EXCEED THREE (3) TIMES THE AMOUNT OF FEES PAID BY THE PURCHASING ENTITY TO CONTRACTOR UNDER THE APPLICABLE ORDER OR SOW DURING THE TWELVE (12) MONTHS PRECEDING THE EVENT WHICH GAVE RISE TO THE CLAIM OR \$200,000 whichever is greater.

DISCLAIMER. NEITHER CONTRACTOR NOR CONTRACTOR'S THIRD PARTY SUPPLIERS WILL BE LIABLE FOR ANY PUNITIVE, SPECIAL, CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, BUSINESS INTERRUPTION, OR LOST DATA, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

EXCLUSIONS. THE FOREGOING MAXIMUM LIABILITY AND DISCLAIMER SHALL NOT APPLY TO CONTRACTOR FOR CLAIMS RESULTING FROM THE STATE'S OR A PURCHASING ENTITY'S NEGLIGENCE OR USE OF THE PRODUCT IN A WAY THAT IS

NOT AUTHORIZED BY CONTRACTOR OR CONTRACTOR'S INDEMNIFICATION OBLIGATIONS.

3. PRIMARY CONTACTS

The primary government contact individuals for this Addendum are as follows (or their named successors):

Lead State

Contact: Sherry Meacom
Address: 100 North 15th Avenue, Suite 201
Phoenix, AZ 85007
Phone: 602-542-7165
Fax: 602-542-5508
Email: Sherry.meacom@azdoa.gov

Contractor

Contact: Russell Rodd
Address: 27 Waterview Drive, Mail Location MSC27-1C Shelton, CT 06484
Phone: 860-680-3586
Fax:
Email: Russell.rodd@pb.com

Participating State - Delaware, Government Support Services

Contact: Pamela Barr
Address: 100 Enterprise Place, Suite # 4, Dover, DE 19904-8202
Phone: 302-857-4570
Fax: 302-739-3779
Email: Pamela.barr@state.de.us

4. CONTRACT NUMBER

The contract number for the State of Delaware is: GSS17576-MAILMACHINE.

This Participating Addendum and the Master Agreement, Number ADSP016-169897., (administered by the State of Arizona) together with their respective attachments and exhibits, set forth the entire agreement between the parties with respect to the subject matter of all previous communications, representations or agreements, whether oral or written, with respect to the subject matter hereof. Terms and conditions inconsistent with, contrary or in addition to the terms and conditions of this Participating Addendum and the Master Price Agreement, together with its exhibits, shall not be added to or incorporated into this Participating Addendum or the Master Price Agreement and their respective attachments and exhibits, by any subsequent purchase order or otherwise, and any such attempts to add or incorporate such terms and conditions are hereby rejected. The terms and conditions of this Participating Addendum, then the Master Price Agreement and its exhibits shall prevail and govern in the case of any such inconsistent or additional terms. Notwithstanding the foregoing, the terms and conditions of any applicable mutually agreed upon software license, software license and maintenance agreements (SLMA), or subscription are not deemed to be additional terms and shall govern with respect to the applicable software provided under an Order.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by both parties below:

State of Delaware
By: 
Name: Peter Korolyk
Title: Deputy Director
Date: 5-17-2018

Contractor: Pitney Bowes Inc.
By: 
Name: Arthur E. Adams, Jr.
Title: Director, Government Contract Compliance
Date: 5/16/2018

SUBCONTRACTOR INFORMATION FORM

PART I – STATEMENT BY CONTRACTOR		
1. CONTRACT NO. GSS17576-MAILMACHIN	2. Proposing Vendor Name:	3. Mailing Address
4. SUBCONTRACTOR		
a. NAME	4c. Company OSD Classification: Certification Number: _____	
b. Mailing Address:	4d. Women Business Enterprise <input type="checkbox"/> Yes <input type="checkbox"/> No 4e. Minority Business Enterprise <input type="checkbox"/> Yes <input type="checkbox"/> No 4f. Disadvantaged Business Enterprise <input type="checkbox"/> Yes <input type="checkbox"/> No 4g. Veteran Owned Business Enterprise <input type="checkbox"/> Yes <input type="checkbox"/> No 4h. Service Disabled Veteran Owned Business Enterprise <input type="checkbox"/> Yes <input type="checkbox"/> No	
5. DESCRIPTION OF WORK BY SUBCONTRACTOR		
6a. NAME OF PERSON SIGNING	7. BY (<i>Signature</i>)	8. DATE SIGNED
6b. TITLE OF PERSON SIGNING		
PART II – ACKNOWLEDGEMENT BY SUBCONTRACTOR		
9a. NAME OF PERSON SIGNING	10. BY (<i>Signature</i>)	11. DATE SIGNED
9b. TITLE OF PERSON SIGNING		

* Use a separate form for each subcontractor



DEPARTMENT OF TECHNOLOGY AND INFORMATION

William Penn Building
801 Silver Lake Boulevard
Dover, Delaware 19904-2407

CONFIDENTIALITY (NON-DISCLOSURE) AND INTEGRITY OF DATA AGREEMENT

The Department of Technology and Information is responsible for safeguarding the confidentiality and integrity of data in State computer files regardless of the source of those data or medium on which they are stored; e.g., electronic data, computer output microfilm (COM), tape, or disk. Computer programs developed to process State Agency data will not be modified without the knowledge and written authorization of the Department of Technology and Information. All data generated from the original source data, shall be the property of the State of Delaware. The control of the disclosure of those data shall be retained by the State of Delaware and the Department of Technology and Information.

I/we, as an employee(s) of Pitney Bowes Inc. or officer of my firm, when performing work for the Department of Technology and Information, understand that I/we act as an extension of DTI and therefore I/we are responsible for safeguarding the States' data and computer files as indicated above. I/we will not use, disclose, or modify State data or State computer files without the written knowledge and written authorization of DTI. Furthermore, I/we understand that I/we are to take all necessary precautions to prevent unauthorized use, disclosure, or modification of State computer files, and I/we should alert my immediate supervisor of any situation which might result in, or create the appearance of, unauthorized use, disclosure or modification of State data.

Penalty for unauthorized use, unauthorized modification of data files, or disclosure of any confidential information may mean the loss of my position and benefits, and prosecution under applicable State or Federal law.

This statement applies to the undersigned Contractor and to any others working under the Contractor's direction.

I, the Undersigned, hereby affirm that I have read DTI's Policy on Confidentiality (Non-Disclosure) and Integrity of Data and understood the terms of the above Confidentiality (Non-Disclosure) and Integrity of Data Agreement, and that I/we agree to abide by the terms above.

Contractor Signature 
Title: Director, Government Contract Compliance
Date: 5/16/2018
Contractor Name: Pitney Bowes Inc.

My Marketplace Document Submission

Agency Contact: Pamela Barr
Phone Number: 302-857-4570
Email Address: pamela.barr@state.de.us

Vendor Information

A separate form must be completed for AGREEMENT vendor and authorized resellers/dealers for AGREEMENT vendor. YELLOW fields are MANDATORY, GREEN are if applicable.

Contract Title: Mailroom Equipment, Supplies & Maintenance
Contract Number: GSS17576-MAILMACHIN

Vendor/Company Name: Pitney Bowes Inc.
DBA (if applicable):
Address 1: 27 Waterview Drive, Mail Location MSC27-1C
Address 2:
City: Shelton State: CT Zip Code: 06484

Website:

* The identified information will be provided by State of Delaware agency.

* FSF Vendor Identification Number:

* Vendor Contract Number:

(for Cooperative Type contracts)

* M/WBE Certified: Yes No * Vets/SDV Certified: Yes No
* Delaware Vendor: Yes No

PRIMARY CONTACT

Contact Name:
Phone Number: (xxx-xxx-xxxx, Ext. xxxx)
Secondary Phone: (xxx-xxx-xxxx, Ext. xxxx)
Fax Number: (xxx-xxx-xxxx)
Cell Number: (xxx-xxx-xxxx)
Email Address:

SECONDARY CONTACT

Contact Name:
Phone Number: (xxx-xxx-xxxx, Ext. xxxx)
Secondary Phone: (xxx-xxx-xxxx, Ext. xxxx)
Fax Number: (xxx-xxx-xxxx)
Cell Number: (xxx-xxx-xxxx)
Email Address:

Please enter Participating Addendum specific keywords in the space provided below. The keywords will identify the products, goods or services your company provides under the intended state contract. This

information will be used to make your Participating Addendum award visible in the State of Delaware eMarketplace system and allow users to search and find your Participating Addendum award.

Participating Addendum Keywords:

Your keyword total input is limited to 1000 characters (including the single space required between individual words). The space above will expand to accept the larger available field as data is entered.

For example a plumbing supply house may include the following keywords: plumbing sink toilet valve faucet

Contractors are responsible for providing the keyword information, but review and final acceptance will be subject to the sole discretion of the State. Any and all inappropriate words, phrases and/or expansion of Participating Addendum scope outside the intended award will be removed.

As part of the vendor registration process, if you are not already supplying goods/services to the State of Delaware or its agencies, you MUST complete a Substitute W-9, which can be found at the following site:

<https://w9.accounting.delaware.gov/W9form.aspx>

Completion of Substitute W-9 form (date):

Federal Tax ID#:



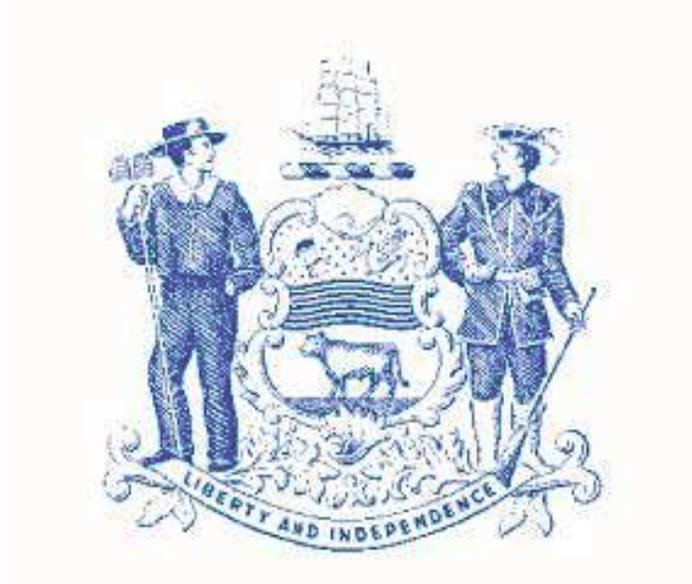
**State of Delaware
Office of Supplier Diversity
Certification Application**

The most recent application can be downloaded from the following site:

<http://gss.omb.delaware.gov/osd/certify.shtml>

Submission of a completed Office of Supplier Diversity (OSD) application is optional and does not influence the outcome of any award decision.

The minimum criteria for certification require the entity must be at least 51% owned and actively managed by a person or persons who are eligible: minorities, women, veterans, and/or service disabled veterans. Any one or all of these categories may apply to a 51% owner.



Complete application and mail, email or fax to:

Office of Supplier Diversity (OSD)
100 Enterprise Place, Suite 4
Dover, DE 19904-8202

Telephone: (302) 857-4554 Fax: (302) 677-7086

Email: osd@state.de.us

Web site: <http://gss.omb.delaware.gov/osd/index.shtml>

THE OSD ADDRESS IS FOR OSD APPLICATIONS ONLY.

ATTACHMENT F

SMB Terms

Business Manager Software License Agreement OCT 2016
Distribution Solutions SLMA Nov 2015-Pathfinder-v092215
EULA ConnectRight Mailer
PlanetPress- End User License Agreement-click wrap
Planet Press Service Link
SendPro U.S. Terms of Use Subscription MAY 2016
SendPro U.S. Terms of Use with Equipment Lease MAY 2016
Hosting Addendum for Distribution Solution Products May 2015

PB Software Inc. Terms

Master License Agreement 02-2015 NASPO

PB DMT Terms

Direct Connect Software License EXHIBIT NASPO 2016
Sorter (Imbedded) Software License Maintenance Agrmnt and DPV-LACS - NASPO 2016
DMT DirectView License Agreement July 2016 NASPO

ATTACHMENT G POSTAGE METER RENTAL TERMS AND CONDITIONS

1. DEFINITIONS

As used in this Agreement, the following terms mean:

"Agreement" – the Order, your State's Participating Addendum, the NASPO ValuePoint Master Agreement ADSP016-169897, these terms and conditions, and any attached exhibits.

"Bank" - The Pitney Bowes Bank, Inc.

"Initial Term" - the rental period listed on the Order.

"Meter" - any postage meter supplied by PBI under the Order, including (i) in the case of a Connect+™ or SendPro™ P series mailing system, the postal security device, the application platform, the system controller and the print engine and (ii) in the case of all other mailing systems, the postal security device, the user interface or keyboard and display and the print engine.

"Master Agreement" – NASPO ValuePoint Master Agreement ADSP016-169897 Mail Room Equipment, Services and Maintenance contract administered by the State of Arizona and shall consist of: the solicitation as amended, any requests for clarifications and/or best and final offers, the proposal submitted by us, our responses to any requests for clarifications and/or our best and final offer.

"NASPO ValuePoint" – NASPO ValuePoint Cooperative Purchasing Organization LLC, a wholly owned subsidiary of National Association of State Procurement Officials (NASPO).

"Order" - the executed order between the applicable Pitney Bowes company and you for the products covered by the order.

"PBGFS" - Pitney Bowes Global Financial Services LLC or a wholly-owned subsidiary of Pitney Bowes Inc.

"PBI," "We" "Our," or "Us" - Pitney Bowes Inc.

"Reserve Account" – the Postage By Phone® Reserve Account that you maintain at the Bank.

"State Participating Addendum" – the bilateral agreement executed by us and your participating state incorporating the Master Agreement.

"USPS" – the United States Postal Service.

"You," or "Your" - the person identified on the Order who is renting a Meter or purchasing services.

2. METER RENTAL

2.1 Fees

(a) We will invoice you the Meter rental ("rental") fees listed on the Order.

(b) After the Initial Term, we may increase the rental fees in accordance with the Master Agreement.

(d) When you receive notice of an increase, you may terminate this Agreement as of the date the increase becomes effective.

(e) If you do not pay the fees when due or you do not comply with the Agreement, we may disable the Meter, terminate the Agreement, retake the Meter, and collect from you all fees due through the termination date of the Agreement.

(f) You are responsible for paying any taxes on the Meter and services, including sales and use tax, unless a valid tax exemption certification acceptable to the applicable taxing authority is provided.

2.2 Postage

(a) You may transfer funds to the Bank for deposit into your Reserve Account or you may transfer funds to the United States Postal Service ("USPS") through a lockbox bank ("Lockbox Bank"). See section U1 for details.

(b) If you participate in any optional PBI, PBGFS, or Bank postage advance programs (such as Purchase Power), we will advance payment on your behalf to USPS, subject to repayment by you under the terms of the postage advance program and billed separately from your Meter rental fees.

(c) If you purchase postage through a Lockbox Bank, the USPS is responsible for refunds of unused postage and those refunds will be made in accordance with then current USPS regulations.

2.3 Terms of Use: Federal Regulations

(a) You may use the Meter solely for the purpose of processing your mail, provided that you are authorized by the USPS to use the Meter, and that you comply with (i) this Agreement, (ii) any operator guide and (iii) all USPS regulations.

(b) You agree to use only attachments or printing devices authorized by us in conjunction with the Meter you are provided under this Agreement...

(c) You must receive our written consent before moving the Meter to a different location.

(d) Federal regulations require that we own the Meter.

(e) Tampering with or misusing the Meter is a violation of federal law.

(f) Activities of the USPS including the payment of refunds for postage by the USPS to clients will be made in accordance with the current Domestic Mail Manual.

(g) If the Meter is used in any unlawful scheme, or is not used for any consecutive 12 month period, or if you take the Meter or allow the Meter to be taken outside the United States without proper written permission of USPS Headquarters, or if you otherwise fail to abide by the postal regulations and this Agreement regarding care and use of the Meter, then this Agreement and any related Meter rental may be revoked. You acknowledge that any use of this Meter that fraudulently deprives the USPS of revenue can cause you to be subject to civil and criminal penalties applicable to fraud and/or false claims against the United States. The submission of a false or fraudulent statement can result in imprisonment of up to 5 years and fines of up to \$10,000 (18 U.S.C. 1001) and a civil penalty of up to \$5,000 plus an assessment of twice the amount falsely claimed (3 U.S.C. 3802). The mailing of matter bearing a fraudulent postage meter imprint is an example of a violation of these statutes.

(h) You are responsible for immediately reporting (within 72 hours or less) the theft or loss of the Meter to us. Failure to comply with this notification provision in a timely manner may result in the denial of refund of any funds remaining on the Meter at the time of loss or theft.

(i) You understand that the rules and regulations regarding the use of this Meter as documented in the Domestic Mail Manual may be updated from time to time by the USPS and it is your obligation to comply with any rules and regulations regarding its use.

2.4 Care and Risk of Loss

(a) You agree to take proper care of the Meter(s).

(b) You assume all risk of loss or damage to the Meter while you have possession.

2.5 Rate Updates and Soft-Guard® Program

(a) Your Meter may require periodic rate information updates that you can obtain under our Soft-Guard® program.

(b) The Soft-Guard® Subscription, we will provide up to 6 rate updates during each 12 month period following the date of installation.

(c) We will provide rate updates only if required due to a postal or carrier change in rate, service, Zip Code or zone change.

(d) Your Soft-Guard® Subscription does not cover any change in rates due to custom rate changes, new classes of carrier service, or a change in Zip Code or zone due to equipment relocation.

(e) We will not be responsible for any losses arising out of or resulting from the failure of rating or software downloads to conform to published rates.

2.6 Repair or Replacement

(a) If the Meter malfunctions or fails due to reasons other than your negligence or accident, usage which exceeds our recommendations, use of Meter in a manner not authorized by this Agreement or any operator guide, use of equipment in an environment with unsuitable humidity and/or line voltage, damage in transit, virus contamination or loss of data, loss or fluctuation of power, fire, flood or other natural causes, external forces beyond our control, sabotage or service by anyone other than us, failure to use applicable software updates, use of Meter with any system for which we have advised you we will no longer provide support or which we have advised you is no longer compatible, or use of third party supplies (such as

ink), hardware or software that results in (i) damage to Meter (including damage to printheads), (ii) poor indicia, text or image print quality, (iii) indicia readability failures or (iv) a failure to print indicia, text or images

(b) REPAIR OR REPLACEMENT IS YOUR SOLE REMEDY.

2.7 LIMITATION OF LIABILITY

See – Master Agreement

2.8 Collection of Information

(a) You authorize us to access and download information from your Meter and we may disclose this information to the USPS or other governmental entity.

(b) We will not share with any third parties (except the USPS or other governmental entity) individually identifiable information that we obtain about you in this manner unless required to by law or court order.

(c) We may elect to share aggregate data about our customers' postage usage with third parties.

3. VALUE BASED SERVICES

Value Based Services include services such as USPS® e-Return Receipt and USPS® Confirmation Services.

3.1 Fees

(a) Any fees charged by the USPS for any Value Based Service you purchase is payable by you in the same way that you pay for postage.

(b) The USPS is solely responsible for its services.

(c) We are not responsible for any malfunctions of any part of the communication link connecting the IntelliLink® Control Center with the USPS data system.

3.2 THE VALUE BASED SERVICES PROVIDED BY THE USPS ARE PROVIDED WITHOUT ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. WE ARE NOT LIABLE FOR ANY DAMAGES YOU MAY INCUR BY REASON OF YOUR USE OF THE VALUE BASED SERVICES PROVIDED BY THE USPS, INCLUDING INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES.

3.3 Ending the Value Based Services. We have the right to terminate the Value Based Services if the USPS discontinues offering the service or you breach your obligations under this Agreement and fail to cure the breach within thirty (30) days after you have been notified of it in writing.

4. EMBEDDED SOFTWARE AND SUBSCRIPTION SERVICES

4.1 Our Equipment may contain embedded software. You agree that:

(i) PBI and its licensors own the copyrights and other intellectual property in and to the embedded software; (ii) you are licensed only to use the

embedded software with our Equipment in which the embedded software resides; (iii) you will not copy, modify, de-compile, or otherwise attempt to unbundle, reverse engineer or create derivative works of the embedded software, except as permitted by applicable law; (iv) you will not distribute or otherwise disclose the embedded software (or any portion thereof) to any other person; and (v) you may not export the embedded software in contravention of applicable export control laws. The embedded software contains third party software, which, notwithstanding the above, is subject to any terms that may accompany such third party software if agreed to by both parties in writing prior to use.

4.2 Subscription Services. We may offer certain on-demand services

to you on a subscription basis as indicated in the applicable Order. Upon payment of any applicable subscription fees, we grant you a non-exclusive, non-transferable license to access and use the subscription services for the term set forth in the Order for your internal business purposes only. You may not provide access to the subscription services to any third party, or use the subscription services on behalf of any third party absent our written consent. You will comply with all applicable laws, rules and regulations governing your use of the subscription services, including any data protection or privacy laws. You will not use the services to send or store infringing, obscene, threatening or unlawful material or disrupt the use by others of the subscription services, network service or network equipment, and you will not reverse engineer, decompile or disassemble the subscription services. If the subscription services you purchased come with their own terms of use, your use of those subscription services will be governed by those terms. Maintenance and technical support for any on-demand services will be provided in accordance with a separate agreement covering the same.

5. INTERNET ACCESS POINT

5.1 The Connect+™ and SendPro P series mailing systems may use an internet access point (e.g., wireless router) provided by us. You may only use this access point for connectivity between the Connect+™ and SendPro Pseries mailing systems and the internet and for no other purpose. You agree to pay all costs associated with use of the access point in violation of this restriction.

6. ENDING THIS AGREEMENT.

6.1 Your right to use the Meter, or Value Based Services is limited in duration to the Initial Term and to any subsequent extensions of the Initial Term.

6.2 After the Initial Term, you or we may cancel this Agreement, in whole or in part, upon 30 days prior written notice.

6.3 We reserve the right to recover or disable the Meter and terminate this use at any time if in violation of the terms of use under the Federal Regulations.

6.4 After cancellation or termination of this Agreement, you must return the Meter to us in the same condition as you received it, reasonable wear and tear excepted.

UNITED STATES POSTAL SERVICE ACKNOWLEDGMENT OF DEPOSIT

UI.1 In connection with your use of a Postage Evidencing System as defined in the Code of Federal Regulations ("CFR"), you may transfer funds to the USPS through a Lockbox Bank for the purpose of prepayment of postage on Postage Evidencing Systems, generating evidence of postage, both PC Postage and meters (a "Deposit"), or you may transfer funds to the Bank for deposit into your Reserve Account .

UI.2 To the extent you deposit funds in advance of the use of any evidence of postage, you may make Deposits in the Lockbox Bank account identified as "United States Postal Service CMRS-PB" or make deposits in your Reserve Account, in either case through electronic means, including Automated Clearinghouse Transfers. The USPS may, at its discretion, designate itself or a successor as recipient of Deposits made by you to the Lockbox Bank account described above.

UI.3 Any deposit made by you in your Reserve Account is subject to the Postage By Phone® Reserve Account – Agreement and Disclosure Statement governing your Reserve Account.

UI.4 Any Deposit made by you in the Lockbox Bank account shall be credited by the USPS only for the payment of evidence of postage. Such Deposits may be commingled with Deposits of other clients. You shall not receive or be entitled to any interest or other income earned on such Deposits.

UI.5 The USPS will provide a refund to you for the remaining account balances of Deposits held by the USPS. These refunds are provided in accordance with the rules and regulations governing deposit of funds for evidence of postage, published in the CFR.

UI.6 The Lockbox Bank, which shall collect funds on behalf of the USPS, shall provide PBI, on each business day, information as to the amount of each Deposit made to the USPS by you, so that PBI can update its records.

UI.7 PBI may deposit funds on your behalf. The USPS will make no advances of funds to you. Any relationship concerning advances of funds is between you and PBI, PBGFS and/or the Bank.

UI.8 You acknowledge that the terms of this Acknowledgement may be changed, modified, or revoked by the USPS, with appropriate notice.

UI.9 Postal Regulations governing the deposit of funds are published in the CFR or its successor. You acknowledge that you shall be subject to all applicable rules, regulations, and orders of the USPS, including future changes to such rules, regulations, and orders, and such additional terms and conditions as may be determined in accordance with applicable law. The USPS rules, regulations, and orders shall prevail in the event of any conflict with any other terms and conditions applicable to any Deposit.

ATTACHMENT H

NOT AVAILABLE TO STATE AGENCIES.

NON-STATE AGENCIES ARE RESPONSIBLE FOR INVOLVING

THEIR OWN LEGAL COUNSEL.

SUMMARY OF LEASING/RENTAL PROGRAMS UNDER ADSP016-169897

Options A, B and C are offered for lease or rental transactions for the SMB Product line only, and do not cover the DMT Product line. The DMT Product line may be leased through three third party lending companies. The preferred lending company is PNC Equipment Finance. The two alternative lending companies are IBM Credit LLC and Municipal Asset Management, Inc. Separate lease terms apply which are attached as H.4 through H.7

Pitney Bowes Global Financial Services offers a variety of equipment leasing and lease/rental programs to enable your agency to acquire the equipment it needs with the innovative financing solution that works best for you. This Agreement cannot be used for Production Equipment Categories (Folders-Inserters Production, Inserters-Production, Pre-sorting Equipment Production and Software License and Subscriptions applicable to DMT Production Mail Equipment) awarded under ADSP016-00006328, as amended- to Pitney Bowes Inc.

TERM RENTAL (INSTALLMENT PURCHASE) - Option A

This program provides a 36, 48 or 60 Month Lease and is available only to city and state agencies, such as public school districts, municipal hospitals, police and fire departments. Due to the tax exempt status of the Lessee, rates are much lower than standard Fair Market Value Lease rates. Title to the Equipment passes up front and at the end of the lease term, lessee owns the equipment (excluding meter). (Non-profits, private universities & schools and non-State or Local agencies are excluded from this program). Sales & Purchase Tax will be charged, if required under Your State Statute.

FAIR MARKET VALUE/Rental (OPERATING LEASE) - Option B This program provides you with 36, 48 or 60 Month Rental. At the end of the rental period, you may purchase the equipment at the end of the Rental for its then Fair Market Value, or you can enter into a new Rental term or return the equipment. This includes cancellation for convenience with a termination charge of 90 day notice of cancellation and pay one quarterly payment. Sales & Purchase Tax will be charged, if required under Your State Statute.

FAIR MARKET VALUE LEASE - Option C

This program provides you with a 36, 48 or 60 Month lease term with the option to purchase the equipment at the end of the lease for its then Fair Market Value, or you can continue leasing the equipment based on its Fair Market Value, or return the equipment. Sales & Purchase Tax will be charged, if required under Your State Statute.

Example of lease/rental payments based on a \$10,000.00 equipment price:

MONTHLY LEASE RATES			
TERM	OPTION A	OPTION B	OPTION C
36	0.0326	0.0377	0.0342
48	0.0257	0.0309	0.0277
60	0.0216	0.0270	0.0237

MONTHLY LEASE PAYMENT BASED ON \$10,000.00 TRANSACTION*			
TERM	OPTION A	OPTION B	OPTION C
36	\$ 326.00	\$ 377.00	\$ 342.00
48	\$ 257.00	\$ 309.00	\$ 277.00
60	\$ 216.00	\$ 270.00	\$ 237.00

*Monthly payment excludes any Sales and or Purchase Tax. Sales and/or Purchase Tax will be charged, if required under Your State Statute.

OPTION A -- NASPO VALUEPOINT TERM RENTAL (INSTALLMENT PURCHASE) LEASE TERMS AND CONDITIONS:

Attachment H.1

Pitney Bowes Global Financial Services LLC will serve as a sub-contractor under ADSP016-169897 and will be the Lessor under this Term Rental (Installment Purchase) Lease Terms and Condition Agreement. PBGFS does not warrant, service or otherwise support the equipment. Those services are provided by Pitney Bowes Inc. (PBI). Due to federal regulations, only PBI can own a Meter. This Agreement cannot be used for Production Equipment Categories (Production Ink Jet Envelope Addressing System, Production Tabbers, Inserter Production, Production Folder-Inserter, Pre-Sorting Equipment) awarded under ADSP016-00006328- to Pitney Bowes Inc.

Pricing Plan for the NASPO ValuePoint Term Rental (Installment Purchase) Lease Terms and Conditions is as follows:

Monthly Rate Factors:

<u>Term:</u>	<u>Lease Rate:</u>
36	.0326
48	.0257
60	.0216

Total Value of the Order multiplied by the applicable Monthly Rate Factor = (Monthly Equipment Lease Payment, plus applicable monthly meter rental and value based service fees, plus the monthly cost of service maintenance for years 2 thru end of initial term, plus any applicable taxes multiplied by three (3) months = equals the Quarterly payment.

For further clarification a 36 month lease based on a \$10,000 equipment order the Quarterly payment would equal a \$326.00 monthly equipment lease payment multiplied by 3 months equaling a \$978 Quarterly lease payment. Applicable quarterly cost of service maintenance for years 2 thru end of initial term, quarterly meter rental and value based services fees, plus any taxes, if applicable, would be added to the Quarterly payment.

L1. DEFINITIONS

L1.1 The following terms mean:

"Agreement" - the Order, your State's Participating Addendum, the NASPO ValuePoint Master Agreement ADSP016-169897, these terms and conditions, and any attached exhibits.

"Bank" - The Pitney Bowes Bank, Inc.

"Consumable Supplies" - ink, ink rollers, printheads, toner and drum cartridges, ribbons and similar items. Product-specific consumable supplies are identified in the product operator guide.

"Covered Equipment" - the equipment rented or sold to you from PBGFS or PBI that is covered by the SLA as stated on the Order. Covered Equipment does not include any Meter, Usage-based Equipment, or any standalone software, and SendKit equipment.

"Delivery Date" - the date the Equipment or other item is delivered to your location.

"Effective Date" - the date the Order is received by us.

"Equipment" - the equipment listed on the Order, excluding any Meter, and any standalone software and SendKit equipment.

"Initial Term" - the lease period listed on the Order

"Install Date" - the date the Equipment or other item is installed at your location.

"Meter" - any postage meter supplied by PBI under the Order, including (i) in the case of a Connect+™ or SendPro™ P series mailing system, the postal security device, the application platform, the system controller and the print engine and (ii) in the case of all other mailing systems, the postal security device, the user interface or keyboard and display and the print engine.

"Lease" - the Order and this NASPO ValuePoint Term Rental (Installment Purchase) Lease Terms and Conditions.

"Maintenance Service" - the maintenance service for the Covered Equipment selected by you on the Order, excluding software maintenance.

"Master Agreement" - NASPO ValuePoint Master Agreement ADSP016-169897 Mail Room Equipment, Services and Maintenance contract administered by the State of Arizona and shall consist of: the solicitation as amended, any requests for clarifications and/or best and final offers, the proposal submitted by us, our responses to any requests for clarifications and/or our best and final offer.

"NASPO ValuePoint" - NASPO ValuePoint Cooperative Purchasing Organization LLC, a wholly owned subsidiary of National Association of State Procurement Officials (NASPO).

"Order" - the executed agreement between the applicable Pitney Bowes company and you for the Equipment.

"PBGFS" - Pitney Bowes Global Financial Services LLC or a wholly-owned subsidiary of Pitney Bowes Inc.

"PBI" - Pitney Bowes Inc.

"Pitney Bowes" - PBI, PBGFS and their respective subsidiaries.

"Postage Meter Rental Agreement" - an agreement governing the use and rental of a Meter you enter into with us.

"SLA" - the Service Level Agreement.

"SLMA" - a Software License and Maintenance Agreement you enter into with us

"SOW" - a Statement of Work you enter into with us.

"State Participating Addendum" the bilateral agreement executed by us and your participating state incorporating the Master Agreement.

"Usage-based Equipment" - equipment for which charges are based on volume of use

"USPS" – the United States Postal Service.

"We," "Our," or "Us" – the Pitney Bowes company with whom you've entered into the Order.

"You," "Your," "Lessee", or "Customer" – the entity identified on the Order.

L2. AGREEMENT

L2.1 You are leasing the Equipment listed on the Order.

L2.2 **You may not cancel this Lease for any reason except as expressly set forth in Section L10 below, all payment obligations are unconditional.**

L2.3 If you do not pay the fees when due or you do not comply with the Agreement and fail to cure the same within thirty (30) days of receipt of written notice thereof, we may disable the Meter, terminate the Agreement, retake the Equipment and Meter, and collect from you all fees due for the remainder of the Initial Term, or if after the Initial Term, all fees then due, plus interest at the lesser of 18% per year or the maximum allowed by law.

L2.4 You authorize us to file a Uniform Commercial Code financing statement naming you as debtor/lessee with respect to the Equipment.

L3. PAYMENT TERMS

L3.1 We will invoice you in arrears each month for all payments on the Order (each, a "Quarterly Payment"), except as provided in any SOW attached to this Order. You will make each Quarterly Payment by the due date shown on our invoice.

L3.2 Your Quarterly Payment may include an origination fee, amounts carried over from a previous unexpired lease, SLMA fees and other charges.

L3.3 Any Meter rental fees and SLA fees (collectively "PBI Payments"), will be included with your Quarterly Payment and begin with the start of the Lease Term (as defined below). After the Initial Term, your Quarterly Payment will increase if your PBI Payments increase.

L3.4 Your obligations, including your obligation to pay the Quarterly Payments due in any fiscal year during the term of this Agreement, shall constitute a current expense for such fiscal year and shall not constitute indebtedness within the meaning of the constitution and laws of the state in which you are located. Nothing herein shall constitute a pledge by you of any taxes or other moneys (other than moneys lawfully appropriated from time to time by or for your benefit for this Agreement) to the payment of any Total Payment due under this Agreement.

L4. EQUIPMENT OWNERSHIP

L4.1 PBI owns any Meter. Title to the Equipment shall pass to you upon installation. However, you and we agree that title shall automatically revert to us in the event of default, or termination due to your non-appropriation under Section L10.

L5. TERM

L5.1 This Agreement shall commence on the date of delivery and shall continue until the earlier of (i) termination at our option upon the occurrence of an event of default, or (ii) the occurrence of an event of a non-appropriation under Section L10, or (iii) the expiration of the Term and your payment of all Quarterly Payments and other sums due and your fulfillment of all other obligations under this Agreement.

L6. SURRENDER OF EQUIPMENT

L6.1 If you default, or terminate this Agreement by non-appropriation under Section L10, you, at your expense, shall return all Equipment by delivering it to us in the same condition as when delivered to you,

reasonable wear and tear excepted, to such place or on board such carrier, packed for shipping, as we may specify. Until the Equipment is returned as required above, all terms of this Agreement remain in effect including, without limitation, your obligations to make payments relating to your continued use of the Equipment and to insure the Equipment.

L7. WARRANTY AND LIMITATION OF LIABILITY

L7.1 PBGFS AND THE BANK MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR FREEDOM FROM INTERFERENCE OR INFRINGEMENT.

L7.2 PBGFS AND THE BANK ARE NOT LIABLE FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), OR EXPENSE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT.

L7.3 PBI provides you with the warranty as provided in the Master Agreement and as follows:

(a) PBI warrants that the Equipment will be free from defects in material and workmanship and will perform according to the equipment user guide for a period of one year (360) days from the date of acceptance (the "Warranty Period").

(b) PBI warrants that the Maintenance Service provided will be performed in a professional and workmanlike manner.

(c) Your remedy in the event of any warranty claim is as provided within the Master Agreement.

(d) A "defect" does not include the failure of rates within a rate update to conform to published rates.

(e) There is no warranty for Equipment requiring repair or replacement because of your negligence, usage which exceeds PBI's recommendations, damage in transit, virus contamination or loss of data, misuse, external forces, loss or fluctuation of power, fire, flood, or other natural causes, or service by anyone other than PBI. There is no warranty for Equipment arising from the use of third party supplies (such as ink) that results in: (i) damage to PBI Equipment; (ii) poor indicia, text, or image print quality; (iii) indicia readability failures; or (iv) a failure to print indicia, text, or images.

(f) The print engine(s), print engine components, structural components and printed circuit board assemblies supplied with the PBI Equipment may be reclaimed, reconditioned or remanufactured. Any such item is warranted to perform according to the same standards as the equivalent new item.

(g) The warranty does not cover Consumable Supplies.

L8. EQUIPMENT OBLIGATIONS

L8.1 Condition and Repairs. You will keep the Equipment free from liens and in good repair, condition, and working order.

L8.2 Inspection. We may inspect the Equipment and related maintenance records.

L8.3 Location. You may not move the Equipment from the location specified on the Order without our prior written consent which will not be unreasonably withheld.

L9. RISK OF LOSS

L9.1 Risk of Loss.

(a) You bear the entire risk of loss to the Equipment from the date of delivery by PBI until the Equipment is returned to, and received by, us, regardless of cause, ordinary wear and tear excepted ("Loss").

(b) No Loss will relieve you of any of your obligations under this Lease. You must immediately notify us in writing of any Loss.

- (c) To protect the equipment from loss, you will either (i) keep the Equipment insured against Loss for its full replacement value under a comprehensive policy of insurance or other arrangement with an insurer of your choice, provided that it is reasonably satisfactory to us ("Insurance")
- (d) YOU MUST CALL US AT 1-800-732-7222 AND PROVIDE US WITH EVIDENCE OF INSURANCE.

L10. NON-APPROPRIATION

L10. See Master Agreement - Section 7.2 State of Arizona Uniform Terms and Conditions, Par 4.4. Availability of Funds for the Next State fiscal year and Par 4.5. Availability of Funds for the current State fiscal year.

L11. REPRESENTATIONS

L11.1 You hereby represent and warrant that (a) you are a state or political subdivision thereof within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code"); and (b) you have the power and authority under applicable law to enter into this Agreement and you have been duly authorized to execute and deliver this Agreement and carry out your obligations hereunder. You acknowledge that a portion of each Quarterly Payment you shall pay includes interest and that this Agreement is entered into based on the assumption that the interest portion of each Quarterly Payment is not includible in gross income of the owner thereof for Federal income tax purposes under Section 103(a) of the Code. You shall, at all times, do and perform all acts and things necessary and within your control in order to assure that such interest component shall be so excluded. If any interest is determined not to be excludible from gross income, your Quarterly Payment shall be adjusted in an amount sufficient to maintain our original after tax yield utilizing our consolidated marginal tax rate, which adjusted Quarterly Payments you agree to pay as provided in this Agreement, subject to Section L10. The rate at which the interest portion of Quarterly Payments is calculated is not intended to exceed the maximum rate or amount of interest permitted by applicable law. If such interest portion exceeds such maximum, then at our option, if permitted by law, the interest portion will be reduced to the legally permitted maximum amount of interest, and any excess will be used to reduce the principal amount of your obligation or be refunded to you. You shall not do (or cause to be done) any act which will cause, or by omission of any act allow, this Agreement to be an "arbitrage bond" within the meaning of Section 148(a) of the Code or a "private activity bond" within the meaning of Section 141(a) of the Code. At the time of your execution of this Agreement, you shall provide us with a properly prepared and executed copy of the appropriate US Treasury Form 8038-G or 8038-GC and you appoint us as your agent for the purpose of maintaining a registration system as required by Section 149(a) of the Code. This Section shall survive the termination of this Agreement.

L12. MISCELLANEOUS

- L12.1 If more than one lessee is named in this Lease, liability is joint and several.
- L12.2 YOU MAY NOT ASSIGN OR SUBLET THE EQUIPMENT, THE METER OR THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT, WHICH WILL NOT BE UNREASONABLY WITHHELD.
- L12.3 We may sell, or assign all or any part of this Lease or the Equipment. Any sale or assignment will not affect your rights or obligations under this Agreement.
- L12.4 All applicable taxes required to be collected by us will be shown on the invoice.
- L12.5 Any Meter rented under this Agreement is subject to the applicable USPS regulations and meter terms and conditions as may be provided by PBI

L12.6 Our Equipment may contain embedded software. You agree: (i) that PBI and its licensors own the copyrights and other intellectual property in and to the embedded software; (ii) that you do not acquire any right, title or interest in or to the embedded software; (iii) only to use the embedded software with our Equipment in

which the embedded software resides; (iv) that you may not copy the embedded software; (v) that you may neither modify nor create derivative works of the embedded software (vi) that you may neither distribute nor disclose the embedded software (or any portion thereof) to any other person; (vii) that you may not translate, de-compile, disassemble, or otherwise attempt to unbundle, reverse engineer or create derivative works of the embedded software, except as permitted by applicable law; and (viii) that you may not export the embedded software in contravention of applicable export control laws. The embedded software contains third party software. Notwithstanding the above, this section does not modify any terms that may accompany such third party software.

- L12.7 If there is a conflict between any of the terms and conditions in this Agreement, your State's Participating Addendum and the Master Agreement ADSP016-169897, this Agreement shall prevail.
- L 12.8 The Connect+ and SendPro P Series mailing system may use an internet access point (e.g., wireless router) provided by us. You may only use this access point for connectivity between the Connect+ and SendPro P Series mailing system and the internet and for no other purpose. You agree to pay all costs associated with use of the access point in violation of this restriction
- L12.9 We will provide you with a welcome letter by email.

OPTION B -- NASPO VALUEPOINT FMV RENTAL TERMS AND CONDITIONS:

Pitney Bowes Global Financial Services LLC will serve as a sub-contractor under ADSPO16-169897 and will be the Lessor under this Fair Market Value Rental Terms and Condition Agreement. PBGFS does not warrant, service or otherwise support the equipment. Those services are provided by Pitney Bowes Inc. (PBI). Due to federal regulations, only PBI can own a Meter. This Agreement cannot be used for Production Equipment Categories (Production Ink Jet Envelope Addressing System, Production Tabbers, Inserter Production, Production Folder-Inserter, Pre-Sorting Equipment) awarded under ADSPO16-00006328- to Pitney Bowes Inc.

The Pricing Plan for the NASPO ValuePoint Fair Market Value Rental Terms and Conditions is as follows:

Monthly Rate Factors:

<u>Term:</u>	<u>Rate:</u>
36	.0377
48	.0309
60	.0270

Total Value of the Order multiplied by the applicable Monthly Rate Factor = Monthly Equipment Payment, plus applicable monthly meter rental and value based service fees, plus the monthly cost of service maintenance for years 2 thru end of initial term, plus any applicable taxes. multiplied by three (3) months = equals the Quarterly Payment.

For further clarification a 36 month rental based on a \$10,000 equipment order would equal a \$377.00 monthly equipment payment multiplied by 3 months equaling a \$1,131 quarterly lease payment. Applicable quarterly cost of service maintenance for years 2 thru end of initial term, quarterly meter rental and value based services fees, plus any taxes, if applicable, would be added to the Quarterly payment.

L1. DEFINITIONS

L1.1 The following terms mean:

"Agreement" - the Order, your State's Participating Addendum, the NASPO ValuePoint Master Agreement ADSPO16-169897, these terms and conditions, and any attached exhibits.

"Bank" - The Pitney Bowes Bank, Inc.

"Consumable Supplies" - ink, ink rollers, printheads, toner and drum cartridges, ribbons and similar items. Product-specific consumable supplies are identified in the product operator guide.

"Covered Equipment" - the equipment rented or sold to you from PBGFS or PBI that is covered by the SLA as stated on the Order. Covered Equipment does not include any Meter, or any standalone software, and SendKit equipment.

"Delivery Date" - the date the Equipment or other item is delivered to your location.

"Effective Date" - the date the Order is received by us.

"Equipment" - the equipment listed on the Order, excluding any Meter, and any standalone software and SendKit equipment.

"Initial Term" - the lease period listed on the Order

"Install Date" - the date the Equipment or other item is installed at your location.

"Meter" - any postage meter supplied by PBI under the Order, including (i) in the case of a Connect+™ or SendPro™ P series mailing system, the postal security device, the application platform, the system controller and the print engine and (ii) in the case of all other mailing systems, the postal security device, the user interface or keyboard and display and the print engine.

"Lease" - the Order and this NASPO ValuePoint Fair Market Value Rental Terms and Conditions.

"Maintenance Service" - the maintenance service for the Covered Equipment selected by you on the Order, excluding software maintenance.

"Master Agreement" - NASPO ValuePoint Master Agreement ADSPO16-169897 Mail Room Equipment, Supplies and Maintenance contract administered by the State of Arizona and shall consist of: the solicitation as amended, any requests for clarifications and/or best and final offers, the proposal submitted by us, our responses to any requests for clarifications and/or our best and final offer.

"NASPO ValuePoint" - NASPO ValuePoint Cooperative Purchasing Organization LLC, a wholly owned subsidiary of National Association of State Procurement Officials (NASPO).

"Order" - the executed agreement between the applicable Pitney Bowes company and you for the Equipment.

"PBGFS" - Pitney Bowes Global Financial Services LLC.

"PBI" - Pitney Bowes Inc.

"Pitney Bowes" - PBGFS and its subsidiaries, and PBI.

"Postage Meter Rental Agreement" - an agreement governing the use and rental of a Meter you enter into with us.

"SLA" - the Service Level Agreement.

"SLMA" - a Software License and Maintenance Agreement you enter into with us

"SOW" - a Statement of Work you enter into with us.

"State Participating Addendum" the bilateral agreement executed by us and your participating state incorporating the Master Agreement.

"We," "Our," or "Us" – the Pitney Bowes company with whom you've entered into the Order.

"You," "Your," "Lessee", or "Customer" – the entity identified on the Order.

L2. AGREEMENT

L2.1 You are leasing the Equipment listed on the Order.

L2.2 **You may not cancel this Lease for any reason except as expressly set forth in Sections L10 and L11 below, all payment obligations are unconditional.**

L2.3 If you do not pay the fees when due or you do not comply with the Agreement and fail to cure the same within thirty (30) days of receipt of written notice thereof, we may disable the Meter, terminate the Agreement, retake the Equipment and Meter, and collect from you all fees due for the remainder of the Initial Term, or if after the Initial Term, all fees then due, plus interest at the lesser of 18% per year or the maximum allowed by law.

L2.4 You authorize us to file a Uniform Commercial Code financing statement naming you as debtor/lessee with respect to the Equipment.

L3. PAYMENT TERMS AND OBLIGATIONS

L3.1 We will invoice you in arrears each quarter for all payments on the Order (each, a "Quarterly Payment"), except as provided in any statement of work attached to the Order. You will make each Quarterly Payment by the due date shown on our invoice.

L3.2 Your Quarterly Payment may include an origination fee, amounts carried over from a previous unexpired lease, SLMA fees and other charges.

L3.3 Any Meter rental fees and SLA fees (collectively "PBI Payments"), will be included with your Quarterly Payment and begin with the start of the Lease Term (as defined below). After the Initial Term, your Quarterly Payment will increase if your PBI Payments increase.

L4. EQUIPMENT OWNERSHIP

We own the Equipment. PBI owns any Meter. Except as stated in Section L6, you will not have the right to become the owner of the Equipment at the end of this Agreement.

L5. LEASE TERM

The Lease term is the number of months stated on the Order ("Lease Term"). The Lease Term will commence on the date the Equipment is delivered, if we do not install the Equipment. If we install the Equipment, the Lease Term will commence on the installation date.

L6. END OF LEASE OPTIONS

L6.1 During the 90 days before your Lease ends, you may, if not in default, select one of the following options:

- (a) enter into a new lease with us;
- (b) purchase the Equipment "as is, where is" for fair market value; or
- (c) return the Equipment and Meter in its original condition, reasonable wear and tear excepted and pay us our then applicable processing fee. If you return the Equipment and Meter, you will, as specified by us, either properly pack and return them to us in the return box and with the shipping label provided by us or furnish them to such service carrier as we specify to pick up and ship them to us.

L6.2 If you do not select one of the options in Section L6.1, you will be deemed to have agreed to enter into month to month extensions of the term of this Agreement. You may choose to cancel the automatic extensions by giving us 120 days prior written notice before the Lease expires (unless the law requires the notice period to be shorter). Upon cancellation, you agree to either return all items pursuant to Section L6.1(c) or purchase the Equipment.

L7. WARRANTY AND LIMITATION OF LIABILITY

L7.1 PBGFS AND THE BANK MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR FREEDOM FROM INTERFERENCE OR INFRINGEMENT.

L7.2 PBI provides you with the warranty as provided in the Master Agreement and as follows:

- (a) PBI warrants that the Equipment will be free from defects in material and workmanship and will perform according to the equipment user guide for a period of one year (360) days from the date of acceptance (the "Warranty Period").
- (b) PBI warrants that the Maintenance Service provided will be performed in a professional and workmanlike manner.
- (c) Your remedy in the event of any warranty claim is as provided within the Master Agreement.
- (d) A "defect" does not include the failure of rates within a rate update to conform to published rates.
- (e) There is no warranty for Equipment requiring repair or replacement because of your negligence, usage which exceeds PBI's recommendations, damage in transit, virus contamination or loss of data, misuse, external forces, loss or fluctuation of power, fire, flood, or other natural causes, or service by anyone other than PBI. There is no warranty for Equipment arising from the use of third party supplies (such as ink) that results in: (i) damage to PBI Equipment; (ii) poor indicia, text, or image print quality; (iii) indicia readability failures; or (iv) a failure to print indicia, text, or images.
- (f) The print engine(s), print engine components, structural components and printed circuit board assemblies supplied with the PBI Equipment may be reclaimed, reconditioned or remanufactured. Any such item is warranted to perform according to the same standards as the equivalent new item.
- (g) The warranty does not cover Consumable Supplies.

L7.3 PBGFS AND THE BANK ARE NOT LIABLE FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), OR EXPENSE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT.

L8. EQUIPMENT OBLIGATIONS

L8.1 Condition and Repairs. You will keep the Equipment free from liens and in good repair, condition, and working order.

L8.2 Inspection. We may inspect the Equipment and related maintenance records.

L8.3 Location. You may not move the Equipment from the location specified on the Order without our prior written consent which will not be unreasonably withheld.

L9. RISK OF LOSS AND VALUEMAX® PROGRAM

L9.1 Risk of Loss.

- (a) You bear the entire risk of loss to the Equipment from the date of delivery by PBI until the Equipment is returned to, and received by, us, regardless of cause, ordinary wear and tear excepted ("Loss").
- (b) No Loss will relieve you of any of your obligations under this Lease. You must immediately notify us in writing of any Loss.
- (c) To protect the equipment from loss, you will either (i) keep the Equipment insured against Loss for its full replacement value under a comprehensive policy of insurance or other arrangement with an insurer of your choice, provided that it is reasonably satisfactory to us ("Insurance") or (ii) be enrolled in PBGFS' ValueMAX program described in Section 9.1(d).
- (d) YOU MUST CALL US AT 1-800-732-7222 AND PROVIDE US WITH EVIDENCE OF INSURANCE. If you do not provide evidence of Insurance and have not previously enrolled in our equipment replacement program (ValueMAX), we may include the Equipment in the ValueMAX program and charge you a fee, which we will include as an additional charge on your invoice.
- (e) We will provide written notice reminding you of your Insurance obligations described above in Section L9.1(c).
- (f) If you do not respond with evidence of insurance within the time frame specified in the notification we may immediately include the Equipment in the ValueMAX program.
- (g) If the Equipment is included in the ValueMAX program and any damage or destruction to the Equipment occurs (other than from your gross negligence or willful misconduct, which is not covered by ValueMAX), we will (unless you are in default) repair or replace the Equipment.
- (h) We are not liable to you if we terminate the ValueMAX program. By providing the ValueMAX program we are not offering or selling you insurance; accordingly, regulatory agencies have not reviewed this Lease, this program or its associated fees, nor are they overseeing our financial condition.

L10. NON-APPROPRIATION

- L10.1 See Master Agreement – - Section 7.2 State of Arizona Uniform Terms and Conditions, Par 4.4. Availability of Funds for the Next State fiscal year and Par 4.5. Availability of Funds for the current State fiscal year.

L11. EARLY TERMINATION

- L11.1 You further warrant that you intend to enter into this Lease for the entire Stated Term and you acknowledge that we have relied upon such represented intention when determining the applicable pricing plan.

Cancelable Lease – Cancel with three month penalty on rental payment per the Master Agreement.

L12. MISCELLANEOUS

L12.1 If more than one lessee is named in this Lease, liability is joint and several.

L12.2 YOU MAY NOT ASSIGN OR SUBLET THE EQUIPMENT

OR THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT, WHICH CONSENT WILL NOT BE UNREASONABLY WITHHELD. ANY ASSIGNMENT WITHOUT OUR CONSENT IS VOID.

L12.3 We may sell, assign, or transfer all or any part of this Lease or the Equipment. Any sale, assignment, or transfer will not affect your rights or obligations under this Agreement.

L12.4 All applicable taxes required to be collected by us will be shown on the invoice.

L12.5 If there is a conflict between any of the terms and conditions in this Agreement, your State's Participating Addendum and the Master Agreement ADSP016-169897, this Agreement shall prevail.

L12.6 Any Meter rented under this Agreement is subject to the applicable USPS regulations and meter terms and conditions as may be provided by PBI.

L12.7 Our Equipment may contain embedded software. You agree:

- (i) that PBI and its licensors own the copyrights and other intellectual property in and to the embedded software;
 - (ii) that you do not acquire any right, title or interest in or to the embedded software;
 - (iii) only to use the embedded software with our Equipment in which the embedded software resides;
 - (iv) that you may not copy the embedded software;
 - (v) that you may neither modify nor create derivative works of the embedded software;
 - (vi) that you may neither distribute nor disclose the embedded software (or any portion thereof) to any other person;
 - (vii) that you may not translate, de-compile, disassemble, or otherwise attempt to unbundle, reverse engineer or create derivative works of the embedded software, except as permitted by applicable law; and
 - (viii) that you may not export the embedded software in contravention of applicable export control laws.
- The embedded software contains third party software. Notwithstanding the above, this section does not modify any terms that may accompany such third party software.

L12.8 The Connect+ or SendPro™ P series mailing system may use an internet access point (e.g., wireless router) provided by us. You may only use this access point for connectivity between the Connect+ or SendPro™ P series mailing system and the internet and for no other purpose. You agree to pay all costs associated with use of the access point in violation of this restriction.

L12.9 We will provide you with a welcome letter by email.

OPTION C -- NASPO VALUEPOINT FAIR MARKET VALUE LEASE TERMS AND CONDITIONS:

Pitney Bowes Global Financial Services LLC will serve as a sub-contractor under ADSP016-169897 and will be the Lessor under this Fair Market Value Lease Terms and Condition Agreement. PBGFS does not warrant, service or otherwise support the equipment. Those services are provided by Pitney Bowes Inc. (PBI). Due to federal regulations, only PBI can own a Meter. This Agreement cannot be used for Production Equipment Categories (Production Ink Jet Envelope Addressing System, Production Tabbers, Inserter Production, Production Folder-Inserter, Pre-Sorting Equipment) awarded under ADSP016-00006328- to Pitney Bowes Inc.

The Pricing Plan for the NASPO ValuePoint Fair Market Value Lease Terms and Conditions is as follows:

Monthly Rate Factors:

<u>Term:</u>	<u>Lease Rate:</u>
36	.0342
48	.0277
60	.0237

Total Value of the Order multiplied by the applicable Monthly Rate Factor = Monthly Equipment Lease Payment, plus applicable monthly meter rental and value based service fees, plus the monthly cost of service maintenance for years 2 thru end of initial term, plus any applicable taxes, multiplied by three (3) months = equals the Quarterly Payment.

For further clarification a 36 month lease based on a \$10,000 equipment order would equal a \$342.00 monthly equipment lease payment multiplied by 3 months equaling a \$1,026 quarterly lease payment. Applicable quarterly cost of service maintenance for years 2 thru end of initial term, quarterly meter rental and value based services fees, plus any taxes, if applicable, would be added to the Quarterly payment.

L1. DEFINITIONS**L1. DEFINITIONS**

L1.1 The following terms mean:

"Agreement" - the Order, your State's Participating Addendum, the NASPO ValuePoint Master Agreement ADSP016-169897, these terms and conditions, and any attached exhibits.

"Bank"- The Pitney Bowes Bank, Inc.

"Consumable Supplies" - ink, ink rollers, printheads, toner and drum cartridges, ribbons and similar items. Product-specific consumable supplies are identified in the product operator guide.

"Covered Equipment" - the equipment rented or sold to you from PBGFS or PBI that is covered by the SLA as stated on the Order. Covered Equipment does not include any Meter, or any standalone software, and SendKit equipment.

"Delivery Date" - the date the Equipment or other item is delivered to your location.

"Effective Date" - the date the Order is received by us.

"Equipment" - the equipment listed on the Order, excluding any Meter, and any standalone software and SendKit equipment.

"Initial Term" - the lease period listed on the Order

"Install Date" - the date the Equipment or other item is installed at your location.

"Meter" - any postage meter supplied by PBI under the Order, including (i) in the case of a Connect+™ or SendPro™ P series mailing system, the postal security device, the application platform, the system controller and the print engine and (ii) in the case of all other mailing systems, the postal security device, the user interface or keyboard and display and the print engine.

"Lease" - the Order and this NASPO ValuePoint Fair Market Value Lease Terms and Conditions.

"Maintenance Service" - the maintenance service for the Covered Equipment selected by you on the Order, excluding software maintenance.

"Master Agreement" - NASPO ValuePoint Master Agreement ADSP016-169897 Mail Room Equipment, Supplies and

Maintenance contract administered by the State of Arizona and shall consist of: the solicitation as amended, any requests for clarifications and/or best and final offers, the proposal submitted by us, our responses to any requests for clarifications and/or our best and final offer.

"NASPO ValuePoint" - NASPO ValuePoint Cooperative Purchasing Organization LLC, a wholly owned subsidiary of National Association of State Procurement Officials (NASPO).

"Order" - the executed agreement between the applicable Pitney Bowes company and you for the Equipment.

"PBGFS" - Pitney Bowes Global Financial Services LLC.

"PBI" - Pitney Bowes Inc.

"Pitney Bowes" - PBGFS and its subsidiaries, and PBI.

"Postage Meter Rental Agreement" - an agreement governing the use and rental of a Meter you enter into with us.

"SLA" - the Service Level Agreement.

"SLMA" - a Software License and Maintenance Agreement you enter into with us

"SOW" - a Statement of Work you enter into with us.

"State Participating Addendum" the bilateral agreement executed by us and your participating state incorporating the Master Agreement.

"We," "Our," or "Us" - the Pitney Bowes company with whom you've entered into the Order.

"You," "Your," "Lessee", or "Customer" - the entity identified on the Order.

L2. AGREEMENT

L2.1 You are leasing the Equipment listed on the Order.

L2.2 You may not cancel this Lease for any reason except as expressly set forth in Sections L10 and L11 below, all payment obligations are unconditional.

L2.3 If you do not pay the fees when due or you do not comply with the Agreement and fail to cure the same within thirty (30) days of receipt of written notice thereof, we may disable the Meter, terminate the Agreement, retake the Equipment and Meter, and collect from you all fees due for the remainder of the Initial Term, or if after the Initial Term, all fees then due, plus interest at the lesser of 18% per year or the maximum allowed by law.

L2.4 You authorize us to file a Uniform Commercial Code financing statement naming you as debtor/lessee with respect to the Equipment.

L3. PAYMENT TERMS

L3.1 We will invoice you in arrears each quarter for all payments on the Order (each, a "Quarterly Payment"), except as provided in any statement of work attached to the Order. You will make each Quarterly Payment by the due date shown on our invoice.

L3.2 Your Quarterly Payment may include an origination fee, amounts carried over from a previous unexpired lease, SLMA fees and other charges.

L3.3 Any Meter rental fees and SLA fees (collectively "PBI Payments"), will be included with your Quarterly Payment and begin with the start of the Lease Term (as defined below). After the Initial Term, your Quarterly Payment will increase if your PBI Payments increase.

L4. EQUIPMENT OWNERSHIP

We own the Equipment. PBI owns any Meter. Except as stated in Section L6, you will not have the right to become the owner of the Equipment at the end of this Agreement.

L5. LEASE TERM

The Lease term is the number of months stated on the Order ("Lease Term"). The Lease Term will commence on the date the Equipment is delivered, if we do not install the Equipment. If we install the Equipment, the Lease Term will commence on the installation date.

L6. END OF LEASE OPTIONS

L6.1 During the 90 days before your Lease ends, you may, if not in default, select one of the following options:

- (a) enter into a new lease with us;
- (b) purchase the Equipment "as is, where is" for fair market value; or
- (c) return the Equipment and Meter in its original condition, reasonable wear and tear excepted and pay us our then applicable processing fee. If you return the Equipment and Meter, you will, as specified by us, either properly pack and return them to us in the return box and with the shipping label provided by us or furnish them to such service carrier as we specify to pick up and ship them to us.

L6.2 If you do not select one of the options in Section L6.1, you will be deemed to have agreed to enter into month to month extensions of the term of this Agreement. You may choose to cancel the automatic extensions by giving us 120 days prior written notice before the Lease expires (unless the law requires the notice period to be shorter). Upon cancellation, you agree to either return all items pursuant to Section L6.1(c) or purchase the Equipment.

L7. WARRANTY AND LIMITATION OF LIABILITY

L7.1 PBGFS AND THE BANK MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR FREEDOM FROM INTERFERENCE OR INFRINGEMENT.

L7.2 PBI provides you with the warranty as provided in the Master Agreement and as follows:

- (a) PBI warrants that the Equipment will be free from defects in material and workmanship and will perform according to the equipment user guide for a period of one year (360) days from the date of acceptance (the "Warranty Period").
- (b) PBI warrants that the Maintenance Service provided will be performed in a professional and workmanlike manner.
- (c) Your remedy in the event of any warranty claim is as provided within the Master Agreement.
- (d) A "defect" does not include the failure of rates within a rate update to conform to published rates.
- (e) There is no warranty for Equipment requiring repair or replacement because of your negligence, usage which exceeds PBI's recommendations, damage in transit, virus contamination or loss of data, misuse, external forces, loss or fluctuation of power, fire, flood, or other natural causes, or service by anyone other than PBI. There is no warranty for Equipment arising from the use of third party supplies (such as ink) that results in: (i) damage to PBI Equipment; (ii) poor indicia, text, or image print quality; (iii) indicia readability failures; or (iv) a failure to print indicia, text, or images.
- (f) The print engine(s), print engine components, structural components and printed circuit board assemblies supplied with the PBI Equipment may be reclaimed, reconditioned or remanufactured. Any such item is warranted to perform according to the same standards as the equivalent new item.
- (g) The warranty does not cover Consumable Supplies.

L7.3 PBGFS AND THE BANK ARE NOT LIABLE FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), OR EXPENSE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT.

L8. EQUIPMENT OBLIGATIONS

L8.1 Condition and Repairs. You will keep the Equipment free from liens and in good repair, condition, and working order.

L8.2 Inspection. We may inspect the Equipment and related maintenance records.

L8.3 Location. You may not move the Equipment from the location specified on the Order without our prior written consent which will not be unreasonably withheld.

L9. RISK OF LOSS AND VALUEMAX[®] PROGRAM

L9.1 Risk of Loss.

- (a) You bear the entire risk of loss to the Equipment from the date of delivery by PBI until the Equipment is returned to, and received by, us, regardless of cause, ordinary wear and tear excepted ("Loss").
- (b) No Loss will relieve you of any of your obligations under this Lease. You must immediately notify us in writing of any Loss.
- (c) To protect the equipment from loss, you will either (i) keep the Equipment insured against Loss for its full replacement value under a comprehensive policy of insurance or other arrangement with an insurer of your choice, provided that it is reasonably satisfactory to us ("Insurance") or (ii) be enrolled in PBGFS' ValueMAX program described in Section 9.1(d).
- (d) YOU MUST CALL US AT 1-800-732-7222 AND PROVIDE US WITH EVIDENCE OF INSURANCE. If you do not provide evidence of Insurance and have not previously enrolled in our equipment replacement program (ValueMAX), we may include the Equipment in the

See www.pb.com/states for additional terms and conditions

ValueMAX program and charge you a fee, which we will include as an additional charge on your invoice.

- (e) We will provide written notice reminding you of your Insurance obligations described above in Section L9.1(c).
- (f) If you do not respond with evidence of insurance within the time frame specified in the notification we may immediately include the Equipment in the ValueMAX program.
- (g) If the Equipment is included in the ValueMAX program and any damage or destruction to the Equipment occurs (other than from your gross negligence or willful misconduct, which is not covered by ValueMAX), we will (unless you are in default) repair or replace the Equipment.
- (h) We are not liable to you if we terminate the ValueMAX program. By providing the ValueMAX program we are not offering or selling you insurance; accordingly, regulatory agencies have not reviewed this Lease, this program or its associated fees, nor are they overseeing our financial condition.

L10. NON-APPROPRIATION

L10.1 See Master Agreement – Section 7.2 State of Arizona Uniform Terms and Conditions, Par 4.4. Availability of Funds for the Next State fiscal year and Par 4.5. Availability of Funds for the current State fiscal year.

L11. EARLY TERMINATION

L11.1 You further warrant that you intend to enter into this Lease for the entire Stated Term and you acknowledge that we have relied upon such represented intention when determining the applicable pricing plan. If you cancel or terminate this Lease prior to expiration of the Stated Term (other than for non-appropriations), you shall pay a termination charge equal to the net present value of the monthly payments remaining through the completion of the term, discounted to present value at a rate of 6% per year.

L12. MISCELLANEOUS

- L12.1 If more than one lessee is named in this Lease, liability is joint and several.
- L12.2 YOU MAY NOT ASSIGN OR SUBLET THE EQUIPMENT
OR THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT, WHICH CONSENT WILL NOT BE UNREASONABLY WITHHELD. ANY ASSIGNMENT WITHOUT OUR CONSENT IS VOID.

- L12.3 We may sell, assign, or transfer all or any part of this Lease or the Equipment. Any sale, assignment, or transfer will not affect your rights or obligations under this Agreement.
- L12.4 All applicable taxes required to be collected by us will be shown on the invoice.
- L12.5 If there is a conflict between any of the terms and conditions in this Agreement, your State's Participating Addendum and the Master Agreement ADSP016-169897, this Agreement shall prevail.
- L12.6 Any Meter rented under this Agreement is subject to the applicable USPS regulations and meter terms and conditions as may be provided by PBI.
- L12.7 Our Equipment may contain embedded software. You agree: (i) that PBI and its licensors own the copyrights and other intellectual property in and to the embedded software; (ii) that you do not acquire any right, title or interest in or to the embedded software; (iii) only to use the embedded software with our Equipment in which the embedded software resides; (iv) that you may not copy the embedded software; (v) that you may neither modify nor create derivative works of the embedded software (vi) that you may neither distribute nor disclose the embedded software (or any portion thereof) to any other person; (vii) that you may not translate, de-compile, disassemble, or otherwise attempt to unbundle, reverse engineer or create derivative works of the embedded software, except as permitted by applicable law; and (viii) that you may not export the embedded software in contravention of applicable export control laws. The embedded software contains third party software. Notwithstanding the above, this section does not modify any terms that may accompany such third party software.
- L 12.8 The Connect+ and SendPro P-Series mailing system may use an internet access point (e.g., wireless router) provided by us. You may only use this access point for connectivity between the Connect+ and SendPro P-Series mailing system and the internet and for no other purpose. You agree to pay all costs associated with use of the access point in violation of this restriction.
- L 12.9 We will provide you with a welcome letter by email.

EXHIBIT H.4 THROUGH H.7



This Agreement only applies to Pitney Bowes' DMT Production Equipment Categories (Inserter Production, Production Folder-Inserter, Pre-Sorting Equipment and Software Licenses identified as DMT licenses) awarded under ADSPO16-00006328 to Pitney Bowes Inc. It is not applicable to other Categories on Attachment C, Pricing.

October 5, 2016

Lease Number 393700002

Sample Application
One Royal Troon Dr
Pinehurst, NC 28374

Enclosed are the necessary documents needed to complete your lease transaction. Please review, sign and return the following:

- Lease Agreement – Please have the Authorized Signor execute the documents and provide their title.
Opinion of Counsel – Please have your attorney sign and provide the name of the law firm, if applicable.
Certificate of Acceptance – **At the point of delivery, fill out this form and return the original to us. We will be unable to disburse funds until we receive this signed form.**
Schedule of Payments – Please sign and provide the title of the signor, if applicable.
- Resolution-Certificate of Incumbency - List your Authorized Representative(s) and their title(s) in the body of the Resolution. Have the Authorized Representatives provide their names, title and signatures(s) on the lines which appear under the Authorized Representative Signature Section near the bottom of the Resolution. Finally, have the Secretary or appropriate Trustee attest to the information of the Authorized Representative(s) by signing and printing his/her name, title and date on the **last** signature line provided. **The person who validates the signature should not sign the Lease Agreement.** The Resolution must reflect the title(s) of the individual(s) who have authorization to sign the documents.
- Insurance Request Form – Fill in your insurer's information and sign. Please contact your insurer, prior to delivery, to obtain a certificate of insurance. Please enclose the certificate with the signed documentation or have the insurer fax the certificate directly to me.
- Sales Tax Exemption Certificate – Please return a copy with the documents.
- Minutes of Governing Body (approving the purchase & finance of equipment) – Please return a copy with the documents.
- Invoice for advance payment – Please send your check in the amount of \$_____, made payable to PNC Equipment Finance, LLC.

Please return the documents to PNC Equipment Finance, LLC, Attn: _____ 995 Dalton Avenue, Cincinnati, OH 45203.

PNC Equipment Finance, LLC, in its sole discretion, reserves the right to adjust the payment factors in the enclosed documentation to reflect any changes in market conditions up to the date of funding.

Our goal is to ensure that you receive the lowest payment available. Therefore, it is important that the documents are completed and returned to us by _____.

If you have any questions please contact _____ at _____.

Sincerely,

Commercial Transaction Coordinator

Lease Agreement

Dated as of October 5, 2016

Lease Number 393700002

Lessor: PNC Equipment Finance, LLC
995 Dalton Avenue
Cincinnati, OH 45203

Lessee: LESSEE FULL LEGAL NAME
Sample Application dba Test
One Royal Troon Dr
Pinehurst, NC 28374

FEDERAL TAX ID
99-9999999

Equipment Description **See attached Certificate of Acceptance for Equipment Description**

Rent Payment Schedule Lease Term is for 24 months, with Rent payments due in Arrears monthly; quarterly; semi-annual; annually; each in the amount of \$ _____ beginning _____.

Lessee shall pay Rent payments exclusively from legally available funds in U.S. currency to Lessor in the amounts and on the dates set forth herein, without notice or demand.

TERMS AND CONDITIONS

- LEASE.** Subject to the terms of this Lease, Lessee agrees to lease from Lessor the equipment (the "Equipment") described in the attached Certificate of Acceptance when Lessor accepts this Lease. Lessee agrees to be bound by all the terms of this Lease.
- DELIVERY AND ACCEPTANCE OF EQUIPMENT.** Acceptance of the Equipment occurs upon delivery. When Lessee receives the Equipment, Lessee agrees to inspect it and to verify by telephone or in writing such information as Lessor may require. Delivery and installation costs are the Lessee's responsibility. If Lessee signed a purchase contract for the Equipment, by signing this Lease Lessee assigns its rights, but none of its obligations under the purchase contract, to Lessor.
- RENT.** Lessee agrees to pay Lessor Rent (plus applicable taxes) in the amount and frequency stated above. Rent Payments under this Lease do not include the accrual of an interest portion. If Lessee's Rent payments are due in Advance, the first Rent payment is due on the date Lessee accepts the Equipment under the Lease. Lessor will advise Lessee as to (a) the due date of each Rent payment, and (b) the address to which Lessee must send payments. Rent is due whether or not Lessee receives an invoice from Lessor. Lessee will pay Lessor any required advance rent when Lessee signs this Lease. Lessee authorizes Lessor to change the Rent by not more than 15% due to changes in the Equipment configuration, which may occur prior to Lessor's acceptance of this Lease. Restrictive endorsements on checks Lessee sends to Lessor will not reduce obligations to Lessor. Unless a proper exemption certificate is provided, applicable sales and use taxes will be added to the Rent.
NON-APPROPRIATION OF FUNDS. Lessee intends to remit all Rent and other payments to Lessor for the full Lease Term if funds are legally available. In the event Lessee is not granted an appropriation of funds at any time during the Lease Term for the Equipment subject to this Lease and operating funds are not otherwise available to Lessee to pay the Rent and other payments due and to become due under this Lease, and there is no other legal procedure or available funds by or with which payment can be made to Lessor, and the non-appropriation did not result from an act or omission by Lessee, Lessee shall have the right to return the Equipment in accordance with Section 16 of the Lease and terminate this Lease on the last day of the fiscal period for which appropriations were received without penalty or expense to Lessee, except as the portion of Rent for which funds shall have been appropriated and budgeted. At least 30 days prior to the end of Lessee's fiscal year, Lessee's chief executive officer (or legal counsel) shall certify in writing that (a) funds have not been appropriated for the upcoming fiscal period, (b) such non-appropriation did not result from any act or failure to act by Lessee, and (c) Lessee has exhausted all funds legally available for the payment of Rent.
- UNCONDITIONAL OBLIGATION. LESSEE AGREES THAT IT IS UNCONDITIONALLY OBLIGATED TO PAY ALL RENT AND ANY OTHER AMOUNTS DUE UNDER THIS LEASE IN ALL FISCAL YEARS IN WHICH FUNDS HAVE BEEN APPROPRIATED NO MATTER WHAT HAPPENS, EVEN IF THE EQUIPMENT IS DAMAGED OR DESTROYED, IF IT IS DEFECTIVE OR IF LESSEE HAVE TEMPORARY OR PERMANENT LOSS OF ITS USE. LESSEE IS NOT ENTITLED TO ANY REDUCTION OR SET-OFF AGAINST RENT OR OTHER AMOUNTS DUE UNDER THIS LEASE FOR ANY REASON WHATSOEVER.**
- DISCLAIMER OF WARRANTIES. THE EQUIPMENT IS BEING LEASED TO LESSEE IN "AS IS" CONDITION. LESSEE AGREES THAT LESSOR HAS NOT MANUFACTURED THE EQUIPMENT AND THAT LESSEE HAS SELECTED THE EQUIPMENT BASED UPON LESSEE'S OWN JUDGMENT. LESSEE HAS NOT RELIED ON ANY STATEMENTS LESSOR OR ITS EMPLOYEES HAVE MADE. LESSOR HAS NOT MADE AND DOES NOT MAKE ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE EQUIPMENT'S MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SUITABILITY, DESIGN, CONDITION, DURABILITY, OPERATION, QUALITY OF MATERIALS OR WORKMANSHIP, OR COMPLIANCE WITH SPECIFICATIONS OR APPLICABLE LAW.** Lessee is aware of the name of the Equipment manufacturer and will contact the manufacturer for a description of warranty rights. If the manufacturer has provided Lessor with a warranty, Lessor assigns its rights to such warranty to Lessee and Lessee may enforce all warranty rights directly against the manufacturer of the Equipment. Lessee agrees to settle any dispute regarding performance of the Equipment directly with the manufacturer of the Equipment.
- TITLE AND SECURITY INTEREST.** Unless otherwise required by the laws of the state where Lessee is located, Lessor shall have title to the Equipment, except as set forth in section 15.
- USE, MAINTENANCE AND REPAIR.** Lessee will not move the Equipment from the Equipment Location without Lessor's advance written consent. Lessee will give Lessor reasonable access to the Equipment Location so that Lessor can check the Equipment's existence, condition and proper maintenance. Lessee will use the Equipment in the manner for which it was intended, as required by all applicable manuals and instructions, and keep it

eligible for any manufacturer's certification and/or standard full service maintenance contract. At Lessee's own cost and expense, Lessee will keep the Equipment in good repair, condition and working order, ordinary wear and tear excepted. Lessee will not make any permanent alterations to the Equipment.

8. **TAXES.** Lessee agrees to pay Lessor, when invoiced, all taxes (including any sales, use and personal property taxes), fines, interest and penalties relating to this Lease and the Equipment (excluding taxes based on Lessor's net income). Lessee agrees to file any required personal property tax returns and, if Lessor asks, Lessee will provide Lessor with proof of payment. Lessor does not have to contest any tax assessments.
9. **INDEMNITY.** Lessor is not responsible for any injuries, damages, penalties, claims or losses, including legal expenses, incurred by Lessee or any other person caused by the transportation, installation, manufacture, selection, purchase, lease, ownership, possession, modification, maintenance, condition, operation, use, return or disposition of the Equipment. To the extent permitted by law, Lessee agrees to reimburse Lessor for and defend Lessor against any claims for such losses, damages, penalties, claims, injuries, or expenses. This indemnity continues even after this Lease has expired, for acts or omissions that occurred during the Lease Term.
10. **IDENTIFICATION.** Lessee authorizes Lessor to insert or correct missing information on this Lease, including Lessee's official name, serial numbers and any other information describing the Equipment. Lessor will send Lessee copies of such changes. Lessee will attach to the Equipment any name plates or stickers Lessor provides Lessee.
11. **LOSS OR DAMAGE.** Lessee is responsible for any loss of the Equipment from any cause at all, whether or not insured, from the time the Equipment is shipped to Lessee until it is returned to Lessor. If any item of Equipment is lost, stolen or damaged, Lessee will promptly notify Lessor of such event. Then, at Lessor's option, Lessee will either (a) repair the Equipment so that it is in good condition and working order, eligible for any manufacturer's certification, or (b) pay Lessor an amount equal to the Net Book Value (as defined in Section 14) of the lost, stolen or damaged Equipment. If Lessee has satisfied Lessee's obligations under this Section 11, Lessor will forward to Lessee any insurance proceeds which Lessor receives for lost, damaged, or destroyed Equipment. If Lessee is in default, Lessor will apply any insurance proceeds Lessor receives to reduce Lessee's obligations under Section 14 of this Lease.
12. **INSURANCE.** Lessee agrees to (a) keep the Equipment fully insured against loss, naming Lessor as loss payee, and (b) obtain a general public liability insurance policy covering both personal injury and property damage in amounts not less than Lessor may tell Lessee, naming Lessor as additional insured, until Lessee has met all Lessee's obligations under this Lease. Lessor is under no duty to tell Lessee if Lessee's insurance coverage is adequate. The policies shall state that Lessor is to be notified of any proposed cancellation at least 30 days prior to the date set for cancellation. Upon Lessor's request, Lessee agree to provide Lessor with certificates or other evidence of insurance acceptable to Lessor. If Lessee does not provide Lessor with evidence of proper insurance within ten days of Lessor's request or Lessor receives notice of policy cancellation, Lessor may (but Lessor is not obligated to) obtain insurance on Lessor's interest in the Equipment at Lessee's expense. Lessee will pay all insurance premiums and related charges.
13. **DEFAULT.** Lessee will be in default under this Lease if any of the following happens: (a) Lessor does not receive any Rent or other payment due under this Lease within ten days after its due date, (b) Lessee fails to perform or observe any other promise or obligation in this Lease and does not correct the default within ten days after Lessor sends Lessee written notice of default, (c) any representation, warranty or statement Lessee has made in this Lease shall prove to have been false or misleading in any material respect, (d) any insurance carrier cancels or threatens to cancel any insurance on the Equipment, (e) the Equipment or any part of it is abused, illegally used, misused, lost, destroyed, or damaged beyond repair, (f) a petition is filed by or against Lessee under any bankruptcy or insolvency laws, or (g) Lessee defaults on any other agreement between it and Lessor (or Lessor's affiliates).
14. **REMEDIES.** Upon the occurrence of a default, Lessor may, in its sole discretion, do any or all of the following: (a) provide written notice to Lessee of default, (b) as liquidated damages for loss of a bargain and not as a penalty, declare due and payable, the present value of (i) any and all amounts which may be then due and payable by Lessee to Lessor under this Lease, plus (ii) all Rent payments remaining through the end of the Lease Term, discounted at the higher of 3% or the lowest rate allowed by law, plus the Fair Market Value of the Equipment (collectively, the "Net Book Value"). Lessor has the right to require Lessee to make the Equipment available to Lessor for repossession during reasonable business hours or Lessor may repossess the Equipment, so long as Lessor does not breach the peace in doing so, or Lessor may use legal process in compliance with applicable law pursuant to court order to have the Equipment repossessed. Lessee will not make any claims against Lessor or the Equipment for trespass, damage or any other reason. If Lessor takes possession of the Equipment Lessor may (a) sell or lease the Equipment at public or private sale or lease, and/or (b) exercise such other rights as may be allowed by applicable law. Although Lessee agrees that Lessor has no obligation to sell the Equipment, if Lessor does sell the Equipment, Lessor will reduce the Net Book Value by the amounts Lessor receives. Lessee will immediately pay Lessor the remaining Net Book Value. Lessee agrees (a) that Lessor only needs to give Lessee ten days' advance notice of any sale and no notice of advertising, (b) to pay all of the costs Lessor incurs to enforce Lessor's rights against Lessee, including attorney's fees, and (c) that Lessor will retain all of Lessor's rights against Lessee even if Lessor does not choose to enforce them at the time of Lessee's default.
15. **LESSEE'S OPTION AT END OF LEASE.** Notwithstanding anything contained in the Lease to the contrary, so long as no default shall have occurred and be continuing, Lessee may, at Lessee's option, purchase the Equipment leased pursuant to this Rental Schedule on an "as is, where is" basis, without representation or warranty, express or implied, at the end of the Initial Term at a price equal to the Fair Market Value thereof, plus applicable taxes. "Fair Market Value" shall be equal to the value which would be obtained in an arms-length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell, and in such determination, costs of removal of the Equipment from its location of current use shall not be a deduction from such value. If Lessee and Lessor cannot agree on the Fair Market Value thereof, such value shall be determined by appraisal at the sole expense of Lessee. Appraisal shall be a procedure whereby two recognized independent appraisers, one chosen by Lessee and one by Lessor, shall mutually agree upon the amount in question. If the appraisers are unable to agree upon the amount in question, a third recognized independent appraisers' evaluation shall be binding and conclusive on Lessee and Lessor. This purchase option as applicable shall only be available if Lessee gives Lessor 90 days' prior written notice of Lessee's irrevocable intent to exercise such option and Lessor and Lessee shall have agreed to all terms and conditions of such purchase prior to the expiration date of the Initial Term. Until the Equipment is returned as required below, all terms of the Lease shall remain in full force and effect including the obligation to pay Rent.
16. **RETURN OF EQUIPMENT.** If (a) default occurs, (b) a non-appropriation of funds occurs in accordance with Section 3, or (c) Lessee does not purchase the Equipment pursuant to Section 15, Lessee will immediately return the Equipment to any location(s) in the continental United States and aboard any carriers(s) Lessor may designate. The Equipment must be properly packed for shipment in accordance with the manufacturer's recommendations or specifications, freight prepaid and insured, maintained in accordance with Section 7, and in "Average Saleable Condition." "Average Saleable Condition" means that all of the Equipment is immediately available for use by a third party buyer, user or lessee, other than Lessee named in this Lease, without the need for any repair or refurbishment. All Equipment must be free of markings. Lessee will pay Lessor for any missing or defective parts or accessories. Lessee will continue to pay Rent until the Equipment is received and accepted by Lessor.
17. **LESSEE'S REPRESENTATIONS AND WARRANTIES.** Lessee hereby represents and warrants to Lessor that as of the date of this Lease, and throughout the Lease Term: (a) Lessee is the entity indicated in this Lease; (b) Lessee is a State or a fully constituted political subdivision or agency of the State in which Lessee is located; (c) Lessee is duly organized and existing under the Constitution and laws of the State in which Lessee is located; (d) Lessee is authorized to enter into and carry out Lessee's obligations under this Lease, any documents relative to the acquisition of the Equipment and any other documents required to be delivered in connection with this Lease (collectively, the "Documents"); (e) the Documents have been duly authorized,

- executed and delivered by Lessee in accordance with all applicable laws, rules, ordinances, and regulations, the Documents are valid, legal, binding agreements, enforceable in accordance with their terms and the person(s) signing the Documents have the authority to do so, are acting with the full authorization of Lessee's governing body, and hold the offices indicated below their signature, each of which is genuine; (f) the Equipment is essential to the immediate performance of a governmental or proprietary function by Lessee within the scope of Lessee's authority and shall be used during the Lease Term only by Lessee and only to perform such function; (g) Lessee intends to use the Equipment for the entire Lease Term and shall take all necessary action to include in Lessee's annual budget any funds required to fulfill Lessee's obligations for each fiscal year during the Lease Term; (h) Lessee has complied fully with all applicable law governing open meetings, public bidding and appropriations required in connection with this Lease and the acquisition of the Equipment; (i) Lessee's obligations to remit Rent under this Lease constitutes a current expense and not a debt under applicable state law and no provision of this Lease constitutes a pledge of Lessee's tax or general revenues, and any provision which is so constructed by a court of competent jurisdiction is void from the inception of this lease; (j) all payments due and to become due during Lessee's current fiscal year are within the fiscal budget of such year, and are included within an unrestricted and unencumbered appropriation currently available for the lease of the Equipment; and (k) all financial information Lessee has provided to Lessor is true and accurate and provides a good representation of Lessee's financial condition.
- 18. LESSEE'S PROMISES.** In addition to the other provisions of this Lease, Lessee agrees that during the term of this Lease (a) Lessee will promptly notify Lessor in writing if it moves Lessee's principal office or it changes names or its legal structure, (b) Lessee will provide to Lessor such financial information as may reasonably request from time to time, and (c) Lessee will take any action Lessor reasonably requests to protect Lessor's rights in the Equipment and to meet Lessee's obligations under this Lease.
- 19. ASSIGNMENT. LESSEE WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE, SUB-LEASE OR PART WITH POSSESSION OF THE EQUIPMENT OR FILE OR PERMIT A LIEN TO BE FILED AGAINST THE EQUIPMENT.** Lessee will not attach any of the Equipment to any real estate. Upon Lessor's reasonable request and at Lessee's cost, Lessee will obtain from each person having an interest in the real estate where the Equipment is located a waiver of any rights they may have in the Equipment.
- 20. ASSIGNMENT BY LESSOR.** This Lease, and the rights of Lessor hereunder and in and to the Equipment, may be assigned and reassigned in whole or in part to one or more assignees by Lessor or its assigns at any time without the necessity of obtaining the consent of Lessee; provided, however, no such assignment or reassignment shall be effective unless and until Lessee shall have been given written notice of assignment disclosing the name and address of the assignee or its agent authorized to receive payments and otherwise service this Lease on its behalf. Upon receipt of notice of assignment, Lessee agrees to record the same in records maintained for such purpose, and further, to make all payments as designated in the assignment, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of this Lease or otherwise) that Lessee may from time to time have against Lessor or Lessor's assigns. Lessee agrees to execute all documents, including acknowledgments of assignment, which may reasonably be requested by Lessor or its assigns to protect their interests in the Equipment and in this Lease.
- 21. COLLECTION EXPENSES, OVERDUE PAYMENT.** Lessee agrees that Lessor can, but does not have to, take on Lessee's behalf any action which Lessee fails to take as required by this Lease, and Lessor's expenses will be in addition to that of the Rent which Lessee owes Lessor. If Lessor receives any payment from Lessee after the due date, Lessee shall pay Lessor on demand as a late charge five percent (5%) of such overdue amount, limited, however, to the maximum amount allowed by law.
- 22. AGREED LEASE RATE FACTOR.** Lessee understands that the Equipment may be purchased for cash (the "Equipment Cost") or it may be leased. By signing this Lease, Lessee acknowledges that it has chosen to lease the Equipment from Lessor for the Lease Term and that Lessee has agreed to pay Rent. Each payment of Rent includes a principal amount based on the Equipment Cost and a lease charge rate. If it is determined that Lessee's payments under this Lease result in an interest payment higher than allowed by applicable law, then any excess interest collected will be applied to the repayment of principal and interest will be charged at the highest rate allowed by law. In no event will Lessor charge or receive or will Lessee pay any amounts in excess of the legal amount.
- 23. MISCELLANEOUS.** This Lease contains the entire agreement and supersedes any conflicting provision of any equipment purchase order or any other agreement. **TIME IS OF THE ESSENCE IN THIS LEASE.** If a court finds any provision of Lease to be unenforceable, the remaining terms of this Lease shall remain in effect. **TO THE EXTENT THAT THIS LEASE IS FOUND TO NOT BE A TRUE LEASE, THIS LEASE IS A "FINANCE LEASE" AS DEFINED IN ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE.** Lessee authorizes Lessor (or Lessor's agent) to (a) obtain credit reports, (b) make such other credit inquiries as Lessor may deem necessary, and (c) furnish payment history information to credit reporting agencies. To the extent permitted by law, Lessor may charge Lessee a fee of \$250.00 to cover Lessor's documentation and investigation costs.
- 24. NOTICES.** All of Lessee's written notices to Lessor must be sent by certified mail or recognized overnight delivery service, postage prepaid, to Lessor at Lessor's address stated in this Lease, or by facsimile transmission to Lessor's facsimile telephone number, with oral confirmation of receipt. All of Lessor's notices to Lessee may be sent first class mail, postage prepaid, to Lessee's address stated in this Lease. At any time after this Lease is signed, Lessee or Lessor may change an address or facsimile telephone number by giving notice to the other of the change.
- 25. ANTI-MONEY LAUNDERING/INTERNATIONAL TRADE COMPLIANCE.** Lessee represents and warrants to Lessor, as of the date of this Lease, the date of each advance of proceeds under the Lease, the date of any renewal, extension or modification of this Lease, and at all times until the Lease has been terminated and all amounts thereunder have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; or (ii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (b) the proceeds of the Lease will not be used to fund any unlawful activity; (c) the funds used to repay the Lease are not derived from any unlawful activity; and (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States.
- 26.** As used herein: "**Compliance Authority**" means each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) U.S. Securities and Exchange Commission; "**Covered Entity**" means Lessee, its affiliates and subsidiaries and direct and indirect owners; "**Sanctioned Country**" means a country subject to a sanctions program maintained by any Compliance Authority; and "**Sanctioned Person**" means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.
- 27. USA PATRIOT ACT NOTICE.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each lessee that opens an account. What this means: when the Lessee opens an account, Lessor will ask for the business name, business address, taxpayer identifying number and other information that will allow the Lessor to identify Lessee, such as organizational documents. For some businesses and organizations, Lessor may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.
- 28. WAIVERS. LESSOR AND LESSEE EACH AGREE TO WAIVE, AND TO TAKE ALL REQUIRED STEPS TO WAIVE, ALL RIGHTS TO A JURY TRIAL.** To the extent Lessee is permitted by applicable law, Lessee waives all rights and remedies conferred upon a lessee by Article 2A (Sections 508-522) of the Uniform Commercial Code including but not limited to Lessee's rights to: (a) cancel or repudiate this Lease; (b) reject or

revoke acceptance of the Equipment; (c) recover damages from Lessor for any breach of warranty or for any other reason; (d) grant a security interest in any Equipment in Lessee's possession. To the extent Lessee is permitted by applicable law, Lessee waives any rights they now or later may have under any statute or otherwise which requires Lessor to sell or otherwise use any Equipment to reduce Lessor's damages, which requires Lessor to provide Lessee with notice of default, intent to accelerate amounts becoming due or acceleration of amounts becoming due, or which may otherwise limit or modify any of Lessor's rights or remedies. **ANY ACTION LESSEE TAKES AGAINST LESSOR FOR ANY DEFAULT, INCLUDING BREACH OF WARRANTY OR INDEMNITY, MUST BE STARTED WITHIN ONE (1) YEAR AFTER THE EVENT, WHICH CAUSED IT.** Lessor will not be liable for specific performance of this Lease or for any losses, damages, delay or failure to deliver Equipment.

29. IMPORTANT INFORMATION ABOUT PHONE CALLS. By providing telephone number(s) to Lessor, now or at any later time, Lessee authorizes Lessor and its affiliates and designees to contact Lessee regarding Lessee account(s) with Lessor or its affiliates, whether such accounts are Lessee individual accounts or business accounts for which Lessee is a contact, at such numbers using any means, including but not limited to placing calls using an automated dialing system to cell, VoIP or other wireless phone number, or leaving prerecorded messages or sending text messages, even if charges may be incurred for the calls or text messages. Lessee consents that any phone call with Lessor may be monitored or recorded by Lessor.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS LEASE SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. TERMS OR ORAL PROMISES WHICH ARE NOT CONTAINED IN THIS WRITTEN AGREEMENT MAY NOT BE LEGALLY ENFORCED. THE TERMS OF THIS LEASE MAY ONLY BE CHANGED BY ANOTHER WRITTEN AGREEMENT BETWEEN LESSEE AND LESSOR. LESSEE AGREES TO COMPLY WITH THE TERMS AND CONDITIONS OF THIS LEASE. LESSEE AGREES THAT THE EQUIPMENT WILL BE USED FOR BUSINESS PURPOSES ONLY AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

LESSEE CERTIFIES THAT ALL THE INFORMATION GIVEN IN THIS LEASE AND LESSEE'S APPLICATION WAS CORRECT AND COMPLETE WHEN THIS LEASE WAS SIGNED. THIS LEASE IS NOT BINDING UPON LESSOR OR EFFECTIVE UNLESS AND UNTIL LESSOR EXECUTES THIS LEASE. THIS LEASE WILL BE GOVERNED BY THE LAWS OF THE STATE OF THE LESSEE.

Sample Application
("Lessee")

PNC Equipment Finance, LLC
("Lessor")

X _____
Authorized Signature

X _____
Authorized Signature

Print Name

Print Name

Title:

Title:

Date

One Royal Troon Dr
Pinehurst, NC 28374

995 Dalton Ave.
Cincinnati, OH 45203

OPINION OF COUNSEL

I have acted as counsel to the above-referenced Lessee (the "Lessee") with respect to this Lease Agreement by and between the Lessee and Lessor (the "Lease"), and in this capacity have reviewed the original or duplicate originals of the Lease and such other documents as I have deemed relevant. Based upon the foregoing, I am of the opinion that: (A) Lessee is a state or a fully constituted political subdivision or agency of a state within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended; (B) the execution, delivery and performance of the Lease by Lessee has been duly authorized by all necessary action on the part of Lessee; (C) the Lease constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as limited by laws of general application affecting the enforcement of creditors' rights, and does not constitute a debt of Lessee which is prohibited by state law; (D) the authorization, approval and execution of the Lease and all other proceedings of Lessee related to the transactions contemplated thereby have been performed in accordance with all open-meeting laws, public bidding laws, and all other applicable state laws. The undersigned certifies that (s)he is an attorney duly authorized to practice law in the State of _____.

The foregoing opinions are limited to the laws of such State and federal laws of the United States.

Attorney of Lessee

By: _____
Print Name: _____
Law firm: _____

CERTIFICATE OF ACCEPTANCE

Lease Number 393700002

Quantity	Description	Serial No.
1	New Equipment	1234

or see attached Equipment Schedule

Lessee, through its authorized representative, hereby certifies to Lessor that:

1. The Equipment has been delivered to the location where it will be used, which is the Equipment Location given in the Lease Agreement ("Lease");
2. All of the Equipment has been inspected and is (a) complete, (b) properly installed, (c) functioning, and (d) in good working order;
3. Lessee accepts the Equipment for all purposes under the Lease as of _____, 20__ (the "Acceptance Date"), which is the date on which the Equipment was delivered and installed;
4. The Equipment is of a size, design, capacity and manufacture acceptable to Lessee and suitable for Lessee's purposes; and
5. Lessee is not in default under the Lease, no Non-Appropriation of Funds (as described in the Lease) has occurred, and all of Lessee's statements and promises set forth in the Lease are true and correct.

Lessor is hereby authorized to insert serial numbers on the Lease.

THIS CERTIFICATE OF ACCEPTANCE IS SIGNED THIS ____ DAY OF _____, 20__.

Sample Application
("Lessee")

X _____
Authorized Signature

Print Name

Title:

Date

One Royal Troon Dr
Pinehurst, NC 28374

RESOLUTION AND CERTIFICATE OF INCUMBENCY
Lease Number 393700002

Lessee: Sample Application

Amount _____

WHEREAS, Lessee, a body politic and corporate duly organized and existing as a political subdivision, municipal corporation or similar public entity of the State or Commonwealth ("the State") is authorized by the laws of the State to purchase, acquire and lease certain equipment and other property for the benefit of the Lessee and its inhabitants and to enter into contracts with respect thereto; and

WHEREAS, pursuant to applicable law, the governing body of the Lessee ("Governing Body") is authorized to acquire, dispose of and encumber real and personal property, including, without limitation, rights and interest in property, leases and easements necessary to the functions or operations of the Lessee.

WHEREAS, the Governing Body hereby finds and determines that the execution of one or more Lease Agreements or lease schedules ("Leases") in the amount not exceeding the amount stated above for the purpose of acquiring the property ("Equipment") to be described in the Leases is appropriate and necessary to the functions and operations of the Lessee.

WHEREAS, PNC Equipment Finance, LLC ("Lessor") shall act as Lessor under said Leases.

NOW, THEREFORE, Be It Ordained by the Governing Body of the Lessee:

Section 1. Either one of the _____ OR _____ (each an "Authorized Representative") acting on behalf of the Lessee, is hereby authorized to negotiate, enter into, execute, and deliver one or more Leases in substantially the form set forth in the document presently before the Governing Body, which document is available for public inspection at the office of the Lessee. Each Authorized Representative acting on behalf of the Lessee is hereby authorized to negotiate, enter into, execute, and deliver such other documents relating to the Lease as the Authorized Representative deems necessary and appropriate. All other related contracts and agreements necessary and incidental to the Leases are hereby authorized.

Section 2. By a written instrument signed by any Authorized Representative, said Authorized Representative may designate specifically identified officers or employees of the Lessee to execute and deliver agreements and documents relating to the Leases on behalf of the Lessee.

Section 3. The Lessee's obligations under the Leases shall be subject to annual appropriation or renewal by the Governing Body as set forth in each Lease and the Lessee's obligations under the Leases shall not constitute general obligations of the Lessee or indebtedness under the Constitution or laws of the State.

Section 4. This resolution shall take effect immediately upon its adoption and approval.

SIGNATURES AND TITLES OF AUTHORIZED REPRESENTATIVES : AUTHORIZED LEASE SIGNORS ONLY

Name	Title	Signature
Name	Title	Signature

ADOPTED AND APPROVED on this _____, 20__.

Section 5. I, the undersigned Secretary/Clerk identified below, does hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of the above Lessee, a political subdivision duly organized and existing under the laws of the State where Lessee is located, that I have the title stated below, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of the Lessee holding the offices set forth opposite their respective names. The undersigned Secretary/Clerk of the above-named Lessee hereby certifies and attests that the undersigned has access to the official records of the Governing Body of the Lessee, that the foregoing resolutions were duly adopted by said Governing Body of the Lessee at a meeting of said Governing Body and that such resolutions have not been amended or altered and are in full force and effect on the date stated below.

LESSEE: Sample Application dba Test

Signature of Secretary/Clerk of Lessee

[SEAL]

Print Name: _____
Official Title: _____
Date: _____



995 Dalton Avenue
Cincinnati, Ohio 45203 • Telephone (513) 421-9191

Please Retain for Future Reference
Page No. 1
INVOICE #393700002
Customer #61181

INVOICE DATE
11/13/2016

DUE DATE
Upon Receipt

Bill To:
Sample Application
One Royal Troon Dr
Pinehurst, NC 28374

Remit To:
PNC Equipment Finance, LLC
Attn: Lease Servicing/Set-Up Processing
995 Dalton Avenue
Cincinnati, OH 45203

INVOICE

Lease No. 393700002

<u>Initial Charges:</u>	
Monthly Rent - 1 st Month	
<u>Initiation Fees:</u>	
Documentation Fee	
PAY THIS AMOUNT	
\$	

Exhibit H.5

This Agreement only applies to Pitney Bowes' DMT Production Equipment Categories (Inserter Production, Production Folder-Inserter, Pre-Sorting Equipment and Software Licenses identified as DMT Licenses) awarded under ADSPO16-00006328 to Pitney Bowes Inc. It is not applicable to other Categories on Attachment C, Pricing.

Municipal Asset Management, Inc. will serve as an Independent Contractor under _____ and will be the Owner under the terms and conditions in the attached Rental Agreement. Municipal Asset Management is willing to negotiate in good faith these terms and conditions with each Participating State to be included in their respective Participating Addendum. With respect to the Rental of the Equipment, the Rental Agreement will prevail in the event of any conflict between it and the Master Agreement _____.

RENTAL AGREEMENT**Renter:**

«RenterName»
 «RenterAddress»
 «RenterCityStateZip»

Owner:

«OwnerName»
 «OwnerAddress»
 «OwnerCityStateZip»

Federal ID # _____
Dated as of «RentalAgreementDate»

Federal ID # _____

This Rental Agreement dated as of the date listed above is between Owner and Renter listed directly above. Owner desires to rent the Equipment described in Exhibit "A" to Renter and Renter desires to rent the Equipment from Owner subject to the terms and conditions of this Agreement which are set forth below.

I. Definitions:

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Agreement" means this Rental Agreement and all Exhibits attached hereto.

"Budget Year" means the Renter's fiscal year.

"Commencement Date" is the date when Renter's obligation to pay rent begins.

"Equipment" means all of the items of Equipment listed on Exhibit "A" and all replacements, restorations, modifications and improvements.

"Owner" means the entity originally listed above as Owner or any of its assignees.

"Original Term" means the period from the Commencement Date until the end of the Budget Year of Renter.

"Renewal Term" means the annual term which begins at the end of the Original Term and which is simultaneous with Renter's Budget Year.

"Rental Payments" means the payments Renter is required to make under this Agreement as set forth on Exhibit "B".

"Rental Term" means the Original Term and all Renewal Terms.

"Renter" means the entity listed above as Renter and which is renting the Equipment from Owner under the provisions of this Agreement.

"State" means the state in which Renter is located.

II. Renter Warranties

Section 2.01. Renter represents, warrants and covenants as follows for the benefit of Owner or its assignees:

- (a) Renter is authorized to enter into this Agreement, and has used such authority to properly execute and deliver this Agreement. Renter has followed all proper procedures of its governing body in executing this Agreement. The Officer of Renter executing this Agreement has the authority to execute and deliver this Agreement. This Agreement constitutes a legal, valid, binding and enforceable obligation of the Renter in accordance with its terms.
- (b) Renter has complied with all statutory laws and regulations that may be applicable to the execution of this Agreement.
- (c) Renter has never non-appropriated funds under an Agreement similar to this Agreement.
- (d) Upon request by Owner, Renter will provide Owner with current financial statements, reports, budgets or other relevant fiscal information.
- (e) Renter presently intends to continue this Agreement for the Original Term and all Renewal Terms as set forth on Exhibit "B" hereto. The official of Renter responsible for budget preparation will include in the budget request for each Budget Year the Rental Payments to become due in such Budget year, and will use all reasonable and lawful means available to secure the appropriation of money for such Budget Year sufficient to pay the Rental Payments coming due therein. Renter reasonably believes that moneys can and will lawfully be appropriated and made available for this purpose.
- (f) If Renter cancels or terminates this Agreement prior to the expiration of the Rental Term (other than for non-appropriations), Renter shall pay a termination charge equal to the net present value of the monthly Rental Payments remaining through the completion of the Rental Term, discounted to present value at a rate of 5% per year.

III. Use of Equipment and Rental Payments

Section 3.01. Installation and Acceptance. Renter shall be solely responsible for the ordering of the Equipment and for the delivery and installation of the Equipment. Renter has selected or will select all of the Equipment and the manufacturer or supplier thereof (the "Supplier(s)") and therefore acknowledges that Owner has not selected, manufactured, supplied or provided any Equipment. In reliance upon Renter's execution of and compliance with this Agreement and assignment of Renter's purchase rights for the Equipment to Owner, Owner shall issue its purchase order to the Supplier(s) for the Equipment. As soon as practicable after the date on which the Equipment have been delivered and determined by Supplier(s) to be ready for use at Renter's location (the "Acceptance Date"), Renter will execute a Certificate of Acceptance in the form attached and dated as of the Acceptance Date. If (i) no Event of Default has occurred, (ii) Owner receives such executed Certificate of Acceptance, all other documents and information required under this Agreement, and (iii) Owner receives appropriate invoices and related documents from Supplier(s), Owner shall pay the Supplier(s) for the Equipment. Renter shall arrange with the Supplier(s) for delivery and installation of Equipment. All Equipment shall be shipped directly from Supplier(s) to Renter. Owner shall have no liability for any delay or failure by the Supplier(s) to deliver and install Equipment, or to perform any services, or with respect to the selection, installation, testing, performance, quality, maintenance or support of the Equipment. Renter, at its expense, will pay all transportation, packing, taxes, duties, insurance, installation, testing, maintenance and other charges in connection with the delivery, installation and use of the Equipment.

Section 3.02. Rental Payments. Renter shall pay Rental Payments exclusively to Owner or its assignees in lawful, legally available money of the United States of America. The Rental Payments shall be sent to the location specified by the Owner or its assignees. The Rental Payments shall constitute a current expense of the Renter and shall not constitute an indebtedness of the Renter. Owner shall have the option to charge interest at the highest lawful rate on any Rental Payment received later than the due date, plus any additional accrual on the outstanding balance for the number of days that the Rental Payment(s) were late. Owner shall also have the option, on monthly payments only, to charge a late fee of up to 10% of the monthly Rental Payment that is past due. The Rental Payments will be payable without notice or demand. The Rental Payments will be payable without notice or demand. Renter shall pay or, if requested by Owner, reimburse Owner for any and all sales, use, personal property, or other taxes, fees or assessments levied against or imposed upon the Equipment, its value, use or operation.

Section 3.03. Rental Payments Unconditional. Except as provided under Section 4.01, THE OBLIGATIONS OF RENTER TO MAKE RENTAL PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS CONTAINED IN THIS AGREEMENT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE.

Section 3.04. Rental Term. The Rental Term of the Agreement shall be the Original Term and all Renewal Terms until all the Rental Payments are paid as set forth on Exhibit B.

Section 3.05. Disclaimers.

- (a) OWNER, NOT BEING THE SUPPLIER OR THE AGENT OF ANY SUPPLIER, MAKES NO WARRANTY, REPRESENTATION OR COVENANT, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, BUT NOT LIMITED TO THE MERCHANTABILITY OF THE EQUIPMENT OR THEIR FITNESS FOR ANY PARTICULAR PURPOSE, THE DESIGN, QUALITY, CAPACITY OR CONDITION OF THE EQUIPMENT COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT, PATENT OR COPYRIGHT INFRINGEMENT, OR LATENT DEFECTS. OWNER SHALL HAVE NO LIABILITY WHATSOEVER FOR THE BREACH OF ANY REPRESENTATION OR WARRANTY MADE BY THE SUPPLIER(S). OWNER MAKES NO REPRESENTATION AS TO THE TREATMENT BY RENTER OF THIS AGREEMENT FOR FINANCIAL STATEMENT OR TAX PURPOSES. RENTER AGREES THE EQUIPMENT IS "AS IS." Renter

agrees, regardless of cause, not to assert any claim whatsoever against Owner for any indirect, consequential, incidental or special damages or loss, of any kind, including, without limitation, any loss of business, lost profits or interruption of service. Any action by Renter against Owner for any default by Owner under this Agreement shall be commenced within one (1) year after any such cause of action accrues.

- (b) Renter shall look solely to the Supplier(s) for any and all claims related to the Equipment. RENTER UNDERSTANDS AND AGREES THAT NEITHER SUPPLIER(S) NOR ANY SALESPERSON OR OTHER AGENT OF SUPPLIER(S) IS AN AGENT OF OWNER, NOR ARE ANY OF THEM AUTHORIZED TO WAIVE OR ALTER THIS AGREEMENT. No representation by Supplier(s) shall in any way affect Renter's duty to pay the Rental Payments and perform its obligations under this Agreement.

Section 3.06 End of Rental Term Options. Renter may, if no Event of Default then exists, (i) purchase all (but not less than all) of the Equipment by paying Owner the fair market value of the Equipment, (ii) renew this Agreement for a period of not less than three (3) months at a monthly Rental Payment of \$_____, or (iv) return Equipment to the Owner pursuant to Section 3.07. Renter must provide Owner written notice of the option selected not less than 90 days prior to the end of the Rental Term. If such notice is not received, Agreement will automatically renew for one year at the current Rental Payment. If Renter elects to purchase Equipment, Renter shall, on the last day of the Rental Term, pay to Owner the purchase price for Equipment in cash; and upon receipt of such payment Owner shall transfer to Renter title to the Equipment, free and clear of any claim, lien or encumbrance (other than those held by parties claiming by, through or under Renter), but without recourse, representation or any other warranty, express or implied, "AS IS", in its then condition and location. Renter shall be responsible for all applicable sales, use, personal property and other taxes.

Section 3.07. Surrender. Once Renter has made all of the Rental Payments set forth under Exhibit B, Renter, at its sole expense, shall pay original supplier to teardown, remove, and for the return of Equipment to Owner's storage facility. Owner and Renter shall inspect the Equipment upon their removal, and the results of such inspections shall be conclusive as to any damage to the Equipment above ordinary wear and tear. Renter shall be responsible for the prompt payment of any and all damages to or reduction in value of the Equipment. At the conclusion of the Agreement, the Renter hereby grants to Owner a ninety (90) day rent free period of time after termination for the Owner to remove the Equipment.

IV. Non-Appropriation

Section 4.01. Non-Appropriation. If insufficient funds are available in Renter's budget for the next budget year to make the Rental Payments for the next Renewal Term and the funds to make such Rental Payments are otherwise unavailable by any lawful means whatsoever, then Renter shall have the option to non-appropriate the funds to pay the Rental Payments for the next Renewal Term. Lack of a sufficient appropriation shall be evidenced by the passage of an ordinance or resolution by the governing body of Renter specifically prohibiting Renter from performing its obligations under this Agreement and from using any moneys to pay the Rental Payments due under this Agreement for a designated Budget Year and all subsequent Budget Years. If Renter chooses this option, then all obligations of the Renter under this Agreement regarding Rental Payments for all remaining Renewal Terms shall be terminated at the end of the then current Original Term or Renewal Term without penalty or liability to the Renter of any kind provided that if Renter has not delivered possession of the Equipment to Owner as provided herein and conveyed to Owner or released its interest in the Equipment by the end of the last Budget Year for which Rental Payments were paid, the termination shall nevertheless be effective but Renter shall be responsible for the payment of damages in an amount equal to the amount of the Rental Payments thereafter coming due under Exhibit "B" which are attributable to the number of days after such Budget Year during which Renter fails to take such actions and for any other loss suffered by Owner as a result of Renter's failure to take such actions as required. Renter shall immediately notify the Owner as soon as the decision to non-appropriate is made. If such non-appropriation occurs, then Renter shall deliver the Equipment to Owner as provided below in Section 9.04. Renter shall be liable for all damage to the equipment other than normal wear and tear. If Renter fails to deliver the Equipment to Owner, then Owner may enter the premises where the Equipment is located and take possession of the Equipment and charge Renter for costs incurred.

V. Insurance, Damage, Insufficiency of Proceeds, Indemnification

Section 5.01. Insurance. Renter shall maintain both casualty and liability insurance at its own expense with respect to the Equipment. Renter shall be solely responsible for selecting the insurer(s) and for making all premium payments and ensuring that all policies are continuously kept in effect during the period when Renter is required to make Rental Payments. Renter shall provide Owner with a Certificate of Insurance which lists the Owner and/or assigns as a loss payee and an additional insured on the policies with respect to the Equipment. Renter shall insure the Equipment against any loss or damage in an amount at least equal to the then applicable Stipulated Loss Value of the Equipment. Renter may self-insure against the casualty and liability risks described above. If Renter chooses this option, Renter must furnish Owner with a certificate and/or other documents which evidences such self insurance. Each policy issued or affected by this Section shall contain a provision that the insurance company shall not cancel or materially modify the policy without first giving thirty (30) days advance notice to Owner or its assignees. Renter shall furnish to Owner certificates evidencing such coverage throughout the Rental Term.

Section 5.02. Damage to or Destruction of Equipment. Renter assumes the risk of loss or damage to the Equipment. If the Equipment or any portion thereof is lost, stolen, damaged, or destroyed by fire or other casualty, Renter will immediately report all such losses to all possible insurers and take the proper procedures to attain all insurance proceeds. At the option of Owner, Renter shall either (1) apply the Net Proceeds to replace, repair or restore the Equipment or (2) apply the Net Proceeds to the applicable Stipulated Loss Value. For purposes of this Section and Section 5.03, the term Net Proceeds shall mean the amount of insurance proceeds collected from all applicable insurance policies after deducting all expenses incurred in the collection thereof.

Section 5.03. Insufficiency of Net Proceeds. If there are no Net Proceeds for whatever reason or if the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement of the Equipment, then Renter shall, at the option of Owner, either (1) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds or (2) apply the Net Proceeds to the Stipulated Loss Value and pay the deficiency, if any, to the Owner.

Section 5.04. Indemnity. As allowed by state law, Renter assumes liability for, and agrees to and does hereby indemnify, protect and keep harmless, Owner, its successors and assigns, and their respective agents, employees, officers and directors from and against any and all claims, liability, loss, cost, damage or expense (including reasonable attorneys' fees), of whatsoever kind and nature including but not limited to those arising out of or caused by the negligence of Renter, and their respective agents or employees, arising out of the use, condition, operation, possession, control, selection, delivery or return of any item of Equipment, regardless of where, how, and by whom operated, and any failure by Renter to comply with this Agreement. The foregoing indemnities (i) include, without limitation, claims, loss, cost, damage or expense suffered or incurred as a result of any defect in the Equipment, Software or Services (whether discoverable or not) or based upon any theory of liability (including strict liability doctrines or statutes) and (ii) shall only apply with respect to events prior to the return of the Equipment.

VI. Title and Security Interest

Section 6.01. Title. Title to the Equipment shall vest in Owner upon execution of this Agreement. Title to the Equipment will remain with the Owner throughout the Rental Term. Renter shall be responsible for the filing fees, charges, and any other costs associated with the registration of the title. Renter agrees that Owner or its Assignee may execute any additional documents including financing statements, affidavits, notices, and similar instruments, for and on behalf of Renter which Owner deems necessary or appropriate to protect Owner's interest in the Equipment and in this Agreement.

Section 6.02. Owner. Renter acknowledges and agrees that Owner is sole and exclusive owner of the Equipment, and that by the execution of this Agreement, Renter shall not possess or obtain any ownership interest, legal or equitable, in the Equipment, except solely as Renter hereunder and subject to the terms hereof. The Equipment is and shall at all times be and remain, personal property, notwithstanding that the Equipment or any part thereof may now be, or hereafter become in any manner affixed or attached to real property.

VII. Assignment

Section 7.01. Assignment by Owner. All of Owner's rights, title and/or interest in the Rental Payments may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees by Owner at any time without the consent of Renter. No such assignment shall be effective as against Renter until the assignor shall have filed with Renter written notice of assignment identifying the assignee. Renter shall pay all Rental Payments due hereunder

relating to such Equipment to or at the direction of Owner or the assignee named in the notice of assignment. Renter shall keep a complete and accurate record of all such assignments.

Section 7.02. Assignment by Renter. None of Renter's right, title and interest under this Agreement and in the Equipment may be assigned by Renter unless Owner approves of such assignment in writing before such assignment occurs.

VIII. Maintenance of Equipment

Section 8.01. Renter shall pay any and all fees, property taxes or other taxes, charges and expenses and comply with all laws related to the use, possession, and operation of the Equipment while it is in Renter's possession, including obtaining all approvals and permits related to the use and/or possession of the Equipment. Renter shall maintain and keep the Equipment in good repair and safe operating condition during the term of this Agreement in accordance to Supplier's recommendations including but not limited to regular maintenance of all HVAC equipment. Renter will be liable for all damage to the Equipment, other than normal wear and tear, caused by Renter, its employees or its agents. Renter shall not during the term of this Agreement create, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment except those created by this Agreement. Renter shall allow Owner to examine and inspect the Equipment at all reasonable times.

IX. Default

Section 9.01. Events of Default defined. The following events shall constitute an "Event of Default" under this Agreement:

- (a) Failure by Renter to pay any Rental Payment listed on Exhibit "B" for fifteen (15) days after such payment is due according to the Payment Date listed on Exhibit "B".
- (b) Failure to pay any other payment required to be paid under this Agreement at the time specified herein and a continuation of said failure for a period of fifteen (15) days after written notice by Owner that such payment must be made. If Renter continues to fail to pay any payment after such period, then Owner may, but will not be obligated to, make such payments and charge Renter for all costs incurred plus interest at the highest lawful rate.
- (c) Failure by Renter to observe and perform any warranty, covenant, condition, promise or duty under this Agreement for a period of thirty (30) days after written notice specifying such failure is given to Renter by Owner, unless Owner agrees in writing to an extension of time. Owner will not unreasonably withhold its consent to an extension of time if corrective action is instituted by Renter. Subsection (c) does not apply to Rental Payments and other payments discussed above.
- (d) Any statement, material omission, representation or warranty made by Renter in or pursuant to this Agreement which proves to be false, incorrect or misleading on the date when made regardless of Renter's intent and which materially adversely affects the rights or security of Owner under this Agreement.
- (e) Any provision of this Agreement which ceases to be valid for whatever reason and the loss of such provision would materially adversely affect the rights or security of Owner.
- (f) Renter admits in writing its inability to pay its obligations. Renter defaults on one or more of its other obligations. Renter applies or consents to the appointment of a receiver or a custodian to manage its affairs. Renter makes a general assignment for the benefit of Owners.

Section 9.02. Remedies on Default. Whenever any Event of Default exists, Owner shall have the right to take one or any combination of the following remedial steps:

- (a) With or without terminating this Agreement, Owner may declare all Rental Payments and other amounts payable by Renter hereunder to the end of the then current Budget Year to be immediately due and payable.
- (b) With or without terminating this Agreement, Owner may require Renter at Renter's expense to redeliver any or all of the Equipment to Owner as provided below in Section 9.04. Such delivery shall take place within 15 days after the event of default occurs. If Renter fails to deliver the Equipment, Owner may enter the premises where the Equipment is located and take possession of the Equipment and charge Renter for cost incurred. Notwithstanding that Owner has taken possession of the Equipment, Renter shall still be obligated to pay the remaining Rental Payments due up until the end of the then current Original Term or Renewal Term. Renter will be liable for any damage to the Equipment caused by Renter or its employees or agents.
- (c) Owner may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights. Renter shall be responsible to Owner for all costs incurred by Owner in the enforcement of its rights under this Agreement including, but not limited to, reasonable attorney fees.

Section 9.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Owner is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof.

Section 9.04. Return of Equipment and Storage.

- (a) Surrender: The Renter shall, at its own expense, surrender the Equipment to the Owner in the event of a default by delivering the Equipment to the Owner to a location accessible by common carrier and designated by Owner.
- (b) Delivery: The Equipment shall be delivered to the location designated by the Owner by a common carrier unless the Owner agrees in writing that a common carrier is not needed. When the Equipment is delivered into the custody of a common carrier, the Renter shall arrange for the shipping of the item and its insurance in transit in accordance with the Owner's instructions and at the Renter's sole expense. Renter at its expense shall completely sever and disconnect the Equipment or its component parts from the Renter's property all without liability to the Owner. Renter shall pack or crate the Equipment and all of the component parts of the Equipment carefully and in accordance with any recommendations of the manufacturer. The Renter shall deliver to the Owner the plans, specifications operation manuals or other warranties and documents furnished by the manufacturer or vendor on the Equipment and such other documents in the Renter's possession relating to the maintenance and methods of operation of such Equipment.
- (c) Condition: When the Equipment is surrendered to the Owner it shall be in the condition and repair required to be maintained under this Agreement. It will also meet all legal regulatory conditions necessary for the Owner to sell or lease it to a third party and be free of all liens. If Owner reasonably determines that the Equipment or an item of the Equipment, once it is returned, is not in the condition required hereby, Owner may cause the repair, service, upgrade, modification or overhaul of the Equipment or an item of the Equipment to achieve such condition and upon demand, Renter shall promptly reimburse Owner for all amounts reasonably expended in connection with the foregoing.
- (d) Storage: Upon written request by the Owner, the Renter shall provide free storage for the Equipment or any item of the Equipment for a period not to exceed 60 days after the expiration of its lease term before returning it to the Owner. The Renter shall arrange for the insurance described to continue in full force and effect with respect to such item during its storage period and the Owner shall reimburse the Renter on demand for the incremental premium cost of providing such insurance.

X. Miscellaneous

Section 10.01. Notices. All notices shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at their respective places of business as first set forth herein or as the parties shall designate hereafter in writing.

Section 10.02. Binding Effect. Renter acknowledges this Agreement is not binding upon the Owner or its assignees unless the Conditions to Funding listed on the Documentation Instructions have been met to Owner's satisfaction, and Owner has executed the Agreement. Thereafter, this Agreement shall inure to the benefit of and shall be binding upon Owner and Renter and their respective successors and assigns.

Section 10.03. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.04. Amendments, Addenda, Changes or Modifications. This Agreement may be amended, added to, changed or modified by written agreement duly executed by Owner and Renter.

Section 10.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.06. Captions. The captions or headings in this Agreement do not define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 10.07 ARTICLE 2A WAIVERS. In the event that Article 2A of the Uniform Commercial Code is adopted under applicable state law and applies to this Agreement, then Renter, to the extent permitted by law, waives any and all rights and remedies conferred upon a Renter by Sections 2A-508 through 2A-522 of such Article 2A, including, but not limited to, Renter's rights to: (i) cancel or repudiate this Agreement; (ii) reject or revoke acceptance of the Equipment, Software or Services; (iii) claim, grant or permit a security interest in the Equipment in Renter's possession or control for any reason; (iv) deduct from Rental payments or other amounts due hereunder, all or any part of any claimed damages resulting from Owner's default, if any, under this Agreement; (v) accept partial delivery of the Equipment; (vi) "cover" by making any purchase or Agreement of or contract to purchase or Agreement equipment in substitution for Equipment designated in this Agreement; and (vii) obtain specific performance, replevin, detinue, sequestration, claim and delivery or the like for any Equipment identified to this Agreement. To the extent permitted by applicable law, Renter also hereby waives any rights now or hereafter conferred by statute or otherwise which may require Owner to sell, Agreement or otherwise use any Equipment in mitigation of Owner's damages or which may otherwise limit or modify any of Owner's rights or remedies.

Section 10.08. Master Rental. This Agreement can be utilized as a Master Rental Agreement. This means that the Owner and the Renter may agree to the rental of the additional Equipment under this Agreement at some point in the future by executing one or more Additional Schedules to Exhibit A, Exhibit B, Exhibit C and Exhibit D as well as other exhibits or documents that may be required by Owner. For purposes of this section, the term "Additional Schedule" refers to the proper execution of additional Schedules to Exhibit A, Exhibit B, Exhibit C and Exhibit D as well as other exhibits or documents that may be required by the Owner all of which relate to the renting of additional Equipment. Additional Schedules will be consecutively numbered on each of the exhibits which make up the Additional Schedule and all the terms and conditions of the Agreement shall govern to each Additional Schedule.

Section 10.09. Entire Writing. This Agreement constitutes the entire writing between Owner and Renter. No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Agreement or the Equipment rented hereunder. Any terms and conditions of any purchase order or other documents submitted by Renter in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on Owner and will not apply to this Agreement. If there is a conflict between any terms and conditions in this Agreement and the Master Agreement # _____, this Agreement shall prevail.

Section 10.10. Choice of Law. This Agreement shall be governed according to the laws of the State of the Renter.

Owner and Renter have caused this Agreement to be executed in their names by their duly authorized representatives listed below.

«RENTERNAME»

«OWNERNAME»

Signature

Signature

Typed Name and Title

Typed Name and Title

EXHIBIT A

DESCRIPTION OF EQUIPMENT

RE: Rental Agreement dated as of «RentalAgreementDate», between «OwnerName» (Owner) and «RenterName» (Renter)

Below is a detailed description of all the items of Equipment including quantity, model number and serial number where applicable:

«EquipmentDescription»

Location of Equipment: _____

EXHIBIT B

PAYMENT SCHEDULE

RE: Rental Agreement dated as of «RentalAgreementDate», between «OwnerName» (Owner) and «RenterName» (Renter)

Date of First Payment: «FirstPaymentDueDate»
Original Balance: \$«LoanAmount»
Total Number of Payments: «TotalNumberOfPayments»
Number of Payments Per Year: «NumberofPaymentsPerYear»

Pmt. No.	Due Date	Rental Payment	*Stipulated Loss Value
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«RenterName»

Signature

Typed Name and Title

**Assumes all Rental Payments due to date are paid*

EXHIBIT C

CERTIFICATE OF ACCEPTANCE

RE: Rental Agreement dated as of «RentalAgreementDate», between «OwnerName» (Owner) and «RenterName» (Renter)

I, the undersigned, hereby certify that I am a duly qualified representative of Renter and that I have been given the authority by the Governing Body of Renter to sign this Certificate of Acceptance with respect to the above referenced Agreement. I hereby certify that:

1. The Equipment described on Exhibit A has been delivered and installed in accordance with Renter's specifications.
2. Renter has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
3. No event or condition that constitutes or would constitute an Event of Default exists as of the date hereof.
4. The governing body of Renter has approved the authorization, execution and delivery of this Agreement on its behalf by the authorized representative of Renter who signed the Agreement.
5. Please list the Source of Funds (Fund Item in Budget) for the Rental Payments that come due under Exhibit B of this Agreement.

«SourceOfFunds»

If the above Source of Funds is solely a grant type fund, then the Renter, by signing below, hereby authorizes the General Fund of the Renter as a backup source of funds from which the Rental Payments can be made.

«RenterName»

Signature

Typed Name and Title

EXHIBIT D

CERTIFICATE OF AUTHORIZATION

RE: Rental Agreement dated as of «RentalAgreementDate», between «OwnerName» (Owner) and «RenterName» (Renter)

[TO BE REPLACED BY
COPY OF PURCHASING
STATUTE OR
GUIDELINES.]

INSURANCE REQUIREMENTS

Pursuant to Article V in the Rental Agreement, you have agreed to provide us evidence of insurance covering the property in the Agreement. A Certificate of Insurance naming all insured parties and coverages must be determined to us as soon as possible, but no later than the date on which delivery of equipment occurs. **If you have not taken possession of the equipment, please write a memo to «OwnerName» stating your carrier, insurance agent and telephone number to reach them upon delivery.**

In the case of self-insurance, the amount of liability and physical damage coverage are to be listed on some form of certificate supplied by you. In addition, information regarding the nature of your self-insurance program should also be forwarded to us as soon as possible.

INSURANCE REQUIREMENTS BY «OwnerName»:

1. **LIABILITY**

- ✓ *Minimum of \$1,000,000.00 combined single-limit on bodily injury and property damage.*
- ✓ *Owner and/or Its Assigns MUST be listed as additional insured and loss payee.*

2. **PHYSICAL DAMAGE**

- ✓ *All risk coverage to guarantee proceeds sufficient to pay the applicable Stipulated Loss Value as set forth in Exhibit B of the Agreement. «OwnerName» MUST be listed as additional insured and loss payee.*
- ✓ *The deductible amounts listed on the insurance policy should not exceed \$«InsuranceDeductibleAmount».*

3. **ENDORSEMENT**

- ✓ *Owner will receive at least thirty (30) days written notice from Insurer prior to alteration, cancellation or reduction of insurance coverage.*

PLEASE FAX THE CERTIFICATE TO US AS SOON AS POSSIBLE AT [OWNER'S FAX #] AND MAIL THE ORIGINAL TO:

«OwnerName»
«OwnerAddress»
«OwnerCityStateZip»

YOUR ASSISTANCE IS GREATLY APPRECIATED TO COMPLETE THIS TRANSACTION, IF YOU HAVE ANY QUESTIONS, PLEASE GIVE US A CALL AT [OWNER'S PHONE #].

«RenterName»

Insurance Company: _____

Agent's Name: _____

Telephone #: _____

Fax #: _____

Address, City, State & Zip: _____

This Agreement only applies to Pitney Bowes' DMT Production Equipment Categories (Inserter Production, Production Folder-Inserter, Pre-Sorting Equipment and Software Licenses identified as DMT licenses) awarded under ADSPO16-00006328 - to Pitney Bowes Inc. It is not applicable to other Categories on Attachment C, Pricing.

Municipal Asset Management, Inc. will serve as an Independent Contractor under _____ and will be the Lessor under the terms and conditions in the attached Tax-Exempt Lease/Purchase Agreement. Municipal Asset Management is willing to negotiate in good faith these terms and conditions with each Participating State to be included in their respective Participating Addendum. With respect to the Lease of the Equipment, the Tax-Exempt Lease/Purchase Agreement will prevail in the event of any conflict between it and the Master Agreement _____.

Tax-Exempt Lease/Purchase Agreement, Dated <<StartDate>>

Accepted by Lessor: _____ _____ _____ (the "Lessor")
By:
Name:
Title:
Telephone:

Agreed to by Lessee: <<Lessee>> ("Lessee") <<LesseeAddress1>> <<LesseeAddress2>> <<LesseeCity>>, <<LesseeState>> <<LesseeZip>>
By:
Name:
Title:
Telephone:

AGREEMENT: Lessor hereby leases to Lessee and Lessee hereby leases from Lessor all the Property described in Property Schedule incorporated herein by reference, upon the terms and conditions set forth herein and as supplemented by the terms and conditions set forth in the Property Schedule. This Tax-Exempt Lease / Purchase Agreement together with the Property Schedule shall be defined as the Agreement.

LEASE TERM: The Lease Term of the Property listed in the Property Schedule shall commence upon the commencement date of the Property by Lessee and continue for the time period set forth in the Property Schedule. This Agreement cannot be canceled or terminated by Lessee except as expressly provided herein. This Agreement is a triple net lease.

LEASE PAYMENTS: Lessee shall pay rent to Lessor for the Property in the amounts, and on the dates specified, in the Property Schedule. Lessor and Lessee intend that the obligation of Lessee to pay Lease Payments hereunder shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of Lessee.

NO OFFSET: SUBJECT TO THE RIGHT TO NON-APPROPRIATE, SET FORTH BELOW, THE OBLIGATIONS OF LESSEE TO PAY THE LEASE PAYMENTS DUE UNDER THE PROPERTY SCHEDULE AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED IN THIS AGREEMENT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE PROPERTY OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES. THIS PROVISION SHALL NOT LIMIT LESSEE'S RIGHTS OR ACTIONS AGAINST ANY VENDOR. Lessee shall pay when due all taxes, fees and governmental charges assessed or levied against or with respect to the Property.

LATE CHARGES: Should Lessee fail to duly pay any part of any Lease Payment or other sum to be paid to Lessor under this Agreement on the date on which such amount is due hereunder, then Lessee shall pay late charges on such delinquent payment from the due date thereof until paid at the rate of 12% per annum or the highest rate permitted by law, whichever is less.

MAINTENANCE OF PROPERTY: At all times during the Lease Term, Lessee shall, at Lessee's own cost and expense, maintain, preserve, and keep the Property in good working order, and condition, and from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals to the Property, which shall become part of the Property. The Property is and will remain personal property.

INSURANCE OF PROPERTY: All risk of loss to the Property shall be borne by the Lessee. At all times during the Lease Term, Lessee shall, at Lessee's own cost and expense, cause casualty, public liability, and property damage insurance to be carried and maintained (or shall provide Lessor with a certificate stating that adequate self-insurance has been provided) with respect to the Property, sufficient to protect the full replacement value of the Property and to protect from liability in all events for which insurance is customarily available. Lessee shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term. Any insurance policy to be carried and maintained pursuant to this Agreement shall be so written or endorsed as to make losses, if any, payable to Lessee and Lessor as their respective interests may appear. All such liability insurance shall name Lessor as an additional insured. Each insurance policy carried and maintained pursuant to this Agreement shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially or adversely to the interest of the Lessor without first giving written notice thereof to Lessor at least 30 days in advance of such change of status.

QUIET ENJOYMENT AND TERMINATION OF LESSOR'S INTEREST: To secure Lessee's obligations hereunder, Lessor is granted a security interest in the Property, including substitutions, repairs, replacements and renewals, and the proceeds thereof, which is a first lien thereon. Lessee hereby authorizes Lessor to file all financing statements which Lessor deems necessary or appropriate to establish, maintain and perfect such security interest. Provided there does not exist an Event of Default as defined herein, the Lessee shall have the right of quiet enjoyment of the Property throughout the Lease Term. If Lessee shall have performed all of its obligations and no default shall have occurred and be continuing under this Agreement, and this Agreement shall not have been earlier terminated with respect to the Property, then, at the end of the Lease Term with respect to any item of Property, Lessor's interest in such Property shall terminate. Unless otherwise required by law, title to the Property shall be in the name of Lessee, subject to Lessor's interest hereunder.

TAX EXEMPTION: The parties contemplate that interest payable under this Agreement will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The tax-exempt status of this Agreement provides the inducement for the Lessor to offer financing at the interest rate set forth herein. Therefore, should this Agreement be deemed by any taxing authority not to be exempt from taxation, Lessee agrees that the interest rate shall be adjusted, as of the date of loss of tax exemption, to an interest rate calculated to provide Lessor or its assignee an after tax yield equivalent to the tax exempt rate and Lessor shall notify Lessee of the taxable rate. Provided, however, that the provision of the preceding sentence shall apply only upon a final determination that the interest payments are not excludable from gross income under Section 103(a) of the Code, and shall not apply if the determination is based upon the individual tax circumstances of the Lessor, or a finding that the party seeking to exclude such payments from gross income is not the owner and holder of the obligation under the Code.

REPRESENTATIONS AND WARRANTIES OF LESSEE: Lessee hereby represents and warrants to Lessor that: (a) Lessee is a State, possession of the United States, the District of Columbia, or political subdivision thereof as defined in Section 103 of the Code and Treasury Regulations and Rulings related thereto. If Lessee is incorporated, it is duly organized and existing under the Constitution and laws of its jurisdiction of incorporation and will do or cause to be done all things necessary to preserve and keep such organization and existence in full force and effect. (b) Lessee has been duly authorized by the Constitution and laws of the applicable jurisdiction and by a resolution of its governing body (which resolution, if requested by Lessor, is attached hereto), to execute and deliver this Agreement and to carry out its obligations hereunder. (c) All legal requirements have been met, and

procedures have been followed, including public bidding, in order to ensure the enforceability of this Agreement. (d) The Property will be used by Lessee only for essential governmental or proprietary functions of Lessee consistent with the scope of Lessee's authority and will not be used in a trade or business of any person or entity, by the federal government or for any personal, family or household use. Lessee's need for the Property is not expected to diminish during the term of the Agreement. (e) Lessee has funds available to pay Lease Payments until the end of its current appropriation period, and it intends to request funds to make Lease Payments in each appropriation period, from now until the end of the term of this Agreement. (f) The Lessee shall comply at all times with all applicable requirements of the Code, including but not limited to the registration and reporting requirements of Section 149, to maintain the federal tax-exempt status of the Agreement. The Lessee shall maintain a system with respect to this Agreement, which tracks the name, and ownership interest of each assignee who has both the responsibility for administration of, and ownership interest in this Agreement. (g) Lessee's exact legal name is as set forth on the first page of this Agreement. Lessee will not change its legal name in any respect without giving thirty (30) days prior written notice to Lessor.

RISK OF LOSS COVENANTS: 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 bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Property, including, but not limited to, the possession, ownership, lease, use or operation thereof, and the loss of federal tax exemption of the interest on any of the Lease Payments, except that Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after Lessee has surrendered possession of the Property in accordance with the terms of the Agreement to Lessor or that arise directly from the gross negligence or willful misconduct of the Lessor.

NON-APPROPRIATION: If sufficient funds are not appropriated to make Lease Payments under this Agreement, this Agreement shall terminate and Lessee shall not be obligated to make Lease Payments under this Agreement beyond the then current fiscal year for which funds have been appropriated. Upon such an event, Lessee shall, no later than the end of the fiscal year for which Lease Payments have been appropriated, deliver possession of the Property to Lessor. If Lessee fails to deliver possession of the Property to Lessor, the termination shall nevertheless be effective but Lessee shall be responsible for the payment of damages in an amount equal to the portion of Lease Payments thereafter coming due that is attributable to the number of days after the termination during which the Lessee fails to deliver possession and for any other loss suffered by Lessor as a result of Lessee's failure to deliver possession as required. Lessee shall notify Lessor in writing within seven (7) days after the failure of the Lessee to appropriate funds sufficient for the payment of the Lease Payments, but failure to provide such notice shall not operate to extend the Lease Term or result in any liability to Lessee.

ASSIGNMENT BY LESSEE: Without Lessor's prior written consent, Lessee may not, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of the Property, this Agreement or any interest therein.

ASSIGNMENT BY LESSOR: Lessor may assign, sell or encumber all or any part of this Agreement, the Lease Payments and any other rights or interests of Lessor hereunder. Such assignees may include trust agents for the benefit of holders of certificates of participation.

EVENTS OF DEFAULT: Lessee shall be in default under this Agreement upon the occurrence of any of the following events or conditions ("Events of Default"), unless such Event of Default shall have been specifically waived by Lessor in writing: (a) Default by Lessee in payment of any Lease Payment or any other indebtedness or obligation now or hereafter owed by Lessee to Lessor under this Agreement or in the performance of any obligation, covenant or liability contained in this Agreement and the continuance of such default for ten (10) consecutive days after written notice thereof by Lessor to Lessee, or (b) any warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee proves to have been false in any material respect when made or furnished, or (c) actual or attempted sale, lease or encumbrance of any of the Property, or the making of any levy, seizure or attachment thereof or thereon, or (d) dissolution, termination of existence, discontinuance of the Lessee, insolvency, business failure, failure to pay debts as they mature, or appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by the Lessee, or the commencement of any proceedings under any bankruptcy, reorganization or arrangement laws by or against the Lessee.

REMEDIES OF LESSOR: Upon the occurrence of any Event of Default and at any time thereafter, Lessor may, without any further notice, exercise one or more of the following remedies as Lessor in its sole discretion shall elect: (a) terminate the Agreement and all of Lessee's rights hereunder as to any or all items of Property; (b) proceed by appropriate court action to personally, or by its agents, take possession from Lessee of any or all items of Property wherever found and for this purpose enter upon Lessee's premises where any item of Property is located and remove such item of Property free from all claims of any nature whatsoever by Lessee and Lessor may thereafter dispose of the Property; provided, however, that any proceeds from the disposition of the Property in excess of the sum required to (i) pay to Lessor an amount equal to the total unpaid principal component of Lease Payments under the Property Schedule, including principal component not otherwise due until future fiscal years, (ii) pay any other amounts then due under the Property Schedule and this Agreement, and (iii) pay Lessor's costs and expenses associated with the disposition of the Property and the Event of Default (including attorneys fees), shall be paid to Lessee or such other creditor of Lessee as may be entitled thereto, and further provided that no deficiency shall be allowed against Lessee; (c) proceed by appropriate court action or actions to enforce performance by Lessee of its obligations hereunder or to recover damages for the breach hereof or pursue any other remedy available to Lessor at law or in equity or otherwise; (d) declare all unpaid Lease Payments and other sums payable hereunder during the current fiscal year of the Lease Term to be immediately due and payable without any presentment, demand or protest and / or take any and all actions to which Lessor shall be entitled under applicable law. No right or remedy herein conferred upon or reserved to Lessor is exclusive of any right or remedy herein or at law or in equity or otherwise provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time. Lessee agrees to pay to Lessor or reimburse Lessor for, in addition to all other amounts due hereunder, all of Lessor's costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Lessee and Lessor hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement.

NOTICES: All notices, and other communications provided for herein shall be deemed given when delivered or mailed by certified mail, postage prepaid, addressed to Lessor or Lessee at their respective addresses set forth herein or such other addresses as either of the parties hereto may designate in writing to the other from time to time for such purpose.

AMENDMENTS AND WAIVERS: This Agreement and the Property Schedule executed by Lessor and Lessee constitute the entire agreement between Lessor and Lessee with respect to the Property and this Agreement may not be amended except in writing signed by both parties. If there is a conflict between any terms and conditions of this Agreement and the Master Agreement # _____, this Agreement shall prevail.

CONSTRUCTION: This Agreement shall be governed by and construed in accordance with the laws of the Lessee's State. Titles of sections of this Agreement are for convenience only and shall not define or limit the terms or provisions hereof. Time is of the essence under this Agreement. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns. This Agreement may be simultaneously executed in counterparts, each shall be an original with all being the same instrument.

Property Schedule to Tax-Exempt Lease/Purchase Agreement

This **Property Schedule** is entered into pursuant to Tax-Exempt Lease/Purchase Agreement dated as of <<StartDate>> between Lessor and Lessee.

1. Interpretation. The terms and conditions of the Tax-Exempt Lease/Purchase Agreement (the "Agreement") are incorporated herein.
2. Commencement Date. The Commencement date of this Property Schedule is <<StartDate>>.
3. Property Description. The Property subject to this Property Schedule is described in Exhibit A, attached hereto. It includes all replacements, parts, repairs, additions, accessions and accessories incorporated therein or affixed or attached thereto and any and all proceeds of the foregoing, including, without limitation, insurance recoveries.
4. Term and Payments. Lease Term and Lease Payments are per Amortization & Payment Schedule. [If the Payment Due Dates are not defined, they shall be defined as the _____ day of each _____ period in the Amortization & Payment Schedule commencing with the Acceptance Date as stated in the Certificate of Acceptance, attached as Exhibit B, hereto.] If the parties enter into an escrow agreement for the acquisition of the Property, then the escrow agreement shall be attached hereto. In lieu of the Acceptance Date for commencement of Lease Payments, the date of deposit of the Property Cost into the escrow by Lessor shall be used. Lessee shall have the option to prepay the Lease Payments due under this Property Schedule by paying the Termination Amount shown in the Amortization & Payment Schedule, plus any other amounts due and owing at the time of prepayment, subject to per diem adjustment.
5. Expiration. Lessor, at its sole determination, may choose not to accept this Property Schedule if the fully executed, original Agreement (including this Property Schedule and all ancillary documents) are not received by Lessor at its place of business by <<ExpirationDate>>.
6. Property Cost. The total principal amount under this Property Schedule for the acquisition cost of the Property is <<Amount>>.
7. Acceptance Certificate. The form of Acceptance Certificate is attached as Exhibit B.
8. Opinion of Counsel. Lessee has provided the opinion of its legal counsel substantially in the form as attached as Exhibit C, hereto.
9. Lessee's Certificate. Lessee has provided the Lessee's Certificate in the form attached as Exhibit D, hereto.
10. Proceeds. Intentionally omitted.
11. Private Activity Issue. Lessee understands that among other things, in order to maintain the exclusion of the interest component of Lease Payments from gross income for federal income tax purposes, it must limit and restrict the rights private businesses (including, for this purpose, the federal government and its agencies and organizations described in the Code § 501(c)(3)) have to use the Property. Each of these requirements will be applied beginning on the later of the Commencement Date or date each portion of the Property is placed in service and will continue to apply until earlier of the end of the economic useful life of the property or the date the Agreement or any tax-exempt obligation issued to refund the Property Schedule is retired (the "Measurement Period").

Lessee will comply with the requirements of Section 141 of the Code and the regulations thereunder which provide restrictions on special legal rights that users other than Lessee or a state or local government or an agency or instrumentality of a state or a local government (an "Eligible User") may have to use the Property. For this purpose, special legal rights may arise from a management or service agreement, lease, research agreement or other arrangement providing any entity except an Eligible User the right to use the Property. Any use of the Property by a user other than an Eligible User is referred to herein as "Non-Qualified Use".

Throughout the Measurement Period, all of the Property is expected to be owned by Lessee. Throughout the Measurement Period, Lessee will not permit the Non-Qualified Use of the Property to exceed 10%.

12. Payment Schedule.

Payment No.	Due Date	Lease Payment	Principal Portion	Interest Portion	Termination Amount (After Making Payment for said Due Date)
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13. Interest Rate. <<InterestRate>>

IN WITNESS WHEREOF, Lessor and Lessee have caused this Property Schedule to be executed in their names by their duly authorized representatives.

Lessor: «Lessor»
By:
Name:
Title:

Lessee: «Lessee»
By:
Name:
Title:

Attest: By
Name:
Title:

EXHIBIT A
Property Description

Vendor Name: <<Vendor>>

Street Address: <<VendorAddress1>>

City, State, Zip Code: <<VendorCity>>, <<VendorState>> <<VendorZip>>

Property:

Equipment as described in <<Vendor>>'s Quote No. <<QuoteNo.>>, dated <<QuoteDate>>, [incorporated herein by this reference][inserted below].

Lessee: <<Lessee>>
By:
Name:
Title:

EXHIBIT B
Certificate of Acceptance to Tax-Exempt Lease/Purchase Agreement

This **Certificate of Acceptance** is pursuant to Tax-Exempt Lease/Purchase Agreement dated as of <<StartDate>> and the related Property Schedule, between Lessor and Lessee (the "Agreement").

- Property Acceptance. Lessee hereby certifies and represents to Lessor that the Property referenced in the Agreement has been acquired, made, delivered, installed and accepted as of the date indicated below. Lessee has conducted such inspection and/or testing of the Property as it deems necessary and appropriate and hereby acknowledges that it accepts the Property for all purposes. Lessee will immediately begin making Lease Payments in accordance with the times and amounts specified herein. LESSOR MAKES NO (AND SHALL NOT BE DEEMED TO HAVE MADE ANY) WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN, OPERATION OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE PROPERTY, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE STATE OF TITLE THERETO OR ANY COMPONENT THEREOF, THE ABSENCE OF LATENT OR OTHER DEFECTS (WHETHER OR NOT DISCOVERABLE), AND LESSOR HEREBY DISCLAIMS THE SAME; IT BEING UNDERSTOOD THAT THE PROPERTY IS LEASED TO LESSEE "AS IS" ON THE DATE OF THIS AGREEMENT OR THE DATE OF DELIVERY, WHICHEVER IS LATER, AND ALL SUCH RISKS, IF ANY, ARE TO BE BORNE BY LESSEE.

IN WITNESS WHEREOF, Lessee has caused this Certificate of Acceptance to be executed by their duly authorized representative.

Acceptance Date:

Lessee: <<Lessee>>

By:

Name:

Title:

EXHIBIT C

Lessee's Counsel's Opinion

[To be provided on letterhead of Lessee's counsel.]

<<StartDate>>

_____ (the "Lessor")

<<Lessee>> ("Lessee")

<<LesseeAddress1>>

<<LesseeAddress2>>

<<LesseeCity>>, <<LesseeState>> <<LesseeZip>>

RE: Agreement between _____ and <<Lessee>>

Ladies and Gentlemen:

We have acted as special counsel to <<Lessee>> ("Lessee"), in connection with the Tax-Exempt Lease/Purchase Agreement, and Property Schedule dated as of <<StartDate>>, between <<Lessee>>, as Lessee, and _____ as Lessor, and any amendment or addendum thereto, if any (together, the "Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

Based upon the foregoing, we are of the opinion that, under existing law:

1. Lessee is a public body corporate and politic, duly organized and existing under the laws of the State, and 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.

2. Lessee has all requisite power and authority to enter into the Agreement and to perform its obligations thereunder.

3. All proceedings of Lessee and its governing body relating to the authorization and approval of the Agreement, the execution thereof and the transactions contemplated thereby have been conducted in accordance with all applicable open meeting laws and all other applicable state and federal laws.

4. The Agreement has been duly executed and delivered by Lessee and constitute legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with the terms thereof, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other laws of equitable principles of general application, or of application to municipalities or political subdivisions such as the Lessee, affecting remedies or creditors' rights generally, and to the exercise of judicial discretion in appropriate cases.

5. As of the date hereof, based on such inquiry and investigation as we have deemed sufficient, no litigation is pending, (or, to our knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Agreement; (b) questioning the authority of Lessee to execute the Agreement, or the validity of the Agreement, or the payment of principal of or interest on, the Property Schedule; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Agreement; or (d) affecting the provisions made for the payment of or security for the Agreement.

This opinion may be relied upon by Lessor, its successors and assigns, and any other legal counsel who provides an opinion with respect to the Agreement and the Property Schedule.

Very truly yours,

By: _____

EXHIBIT D

Lessee's Evidence of Authority

[TO BE REPLACED BY
COPY OF PURCHASING
STATUTE OR
GUIDELINES.]

EXHIBIT E

Payment of Proceeds Instructions

[Intentionally Omitted]

INSURANCE AUTHORIZATION AND VERIFICATION

Date: <<StartDate>>

Re: Tax-Exempt Lease/Purchase Agreement, Dated <<StartDate>>

To: <<Lessee>> (the "Lessee")

From: _____ (the "Lessor")

Attn: <<DocumentationSpecialist>>

TO THE LESSEE: In connection with the above-referenced Property Schedule, Lessor requires proof in the form of this document, executed by both Lessee* and Lessee's agent, that Lessee's insurable interest in the financed property (the "Property") meets Lessor's requirements as follows, with coverage including, but not limited to, fire, extended coverage, vandalism, and theft:

Lessor, AND ITS SUCCESSORS AND ASSIGNS, shall be covered as both ADDITIONAL INSURED and LENDER'S LOSS PAYEE with regard to all equipment financed or leased by policy holder through or from Lessor. All such insurance shall contain a provision to the effect that such insurance shall not be canceled or modified without first giving written notice thereof to Lessor and Lessee at least thirty (30) days in advance of such cancellation or modification.

Lessee must carry GENERAL LIABILITY (and/or, for vehicles, Automobile Liability) in the amount of no less than \$1,000,000.00 (one million dollars).

Lessee must carry PROPERTY Insurance (or, for vehicles, Physical Damage Insurance) in an amount no less than the 'Insurable Value' \$<<Amount>>, with deductibles no more than \$10,000.00.

**Lessee: Please execute this form and return with your document package. Lessor will fax this form to your insurance agency for endorsement. In lieu of agent endorsement, Lessee's agency may submit insurance certificates demonstrating compliance with all requirements. Should you have any questions, please contact <<DocumentationSpecialist>> at <<DocumentationSpecialistPhone>>.*

By signing, Lessee authorizes the Agent named below: 1) to complete and return this form as indicated; and 2) to endorse the policy and subsequent renewals to reflect the required coverage as outlined above.

Agency/Agent:		
Address:		
Phone/Fax:		
Email:		

Lessee: <<LESSEE>>
By:
Name:
Title:

TO THE AGENT: In lieu of providing a certificate, please execute this form in the space below and promptly fax it to Lessor at <<DocumentationSpecialistFax>>. This fully endorsed form shall serve as proof that Lessee's insurance meets the above requirements.

Agent hereby verifies that the above requirements have been met in regard to the Property listed below.

Print Name Of Agency: **X** _____

By: **X** _____
(Agent's Signature)

Print Name: **X** _____

Date: **X** _____

Insurable Value: \$<<Amount>>

ATTACHED: PROPERTY DESCRIPTION FOR PROPERTY SCHEDULE DATED <<StartDate>>

Notification of Tax Treatment to Tax-Exempt Lease/Purchase Agreement

This **Notification of Tax Treatment** is pursuant to the Tax-Exempt Lease/Purchase Agreement dated as of <<StartDate>>, between Lessor and Lessee (the "Agreement").

- _____ Lessee agrees that this Property Schedule SHOULD be subject to sales/use taxes
- _____ Lessee agrees that this Property Schedule should NOT be subject to sales/use taxes and Lessee has included our tax-exemption certificate with this document package
- _____ Lessee agrees that this Property Schedule should NOT be subject to sales/use taxes and no tax-exemption certificate is issued to us by the State
- _____ Lessee agrees that this Property Schedule is a taxable transaction and subject to any/all taxes
- _____ Lessee agrees that this Property Schedule is subject to sales/use taxes and will pay those taxes directly to the State or Vendor

IN WITNESS WHEREOF, Lessee has caused this Notification of Tax Treatment to be executed by their duly authorized representative.

Lessee: <<Lessee>>
By:
Name:
Title:

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.
Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>
1 Issuer's name		2 Issuer's employer identification number (EIN)
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)
6 City, town, or post office, state, and ZIP code		7 Date of issue
8 Name of issue		9 CUSIP number
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)		10b Telephone number of officer or other employee shown on 10a

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a		<input type="checkbox"/>	
If obligations are BANs, check only box 19b		<input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box		<input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21		\$	\$	years	%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22		
23 Issue price of entire issue (enter amount from line 21, column (b))	23		
24 Proceeds used for bond issuance costs (including underwriters' discount)	24		
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to currently refund prior issues	27		
28 Proceeds used to advance refund prior issues	28		
29 Total (add lines 24 through 28)	29		
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30		

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ► _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ► _____ years

33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ► _____

34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b Enter the final maturity date of the GIC ▶ _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:			
b Enter the date of the master pool obligation ▶ _____			
c Enter the EIN of the issuer of the master pool obligation ▶ _____			
d Enter the name of the issuer of the master pool obligation ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box			<input type="checkbox"/>
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box			<input type="checkbox"/>
41a If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box			<input type="checkbox"/>
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box			<input type="checkbox"/>
44 If the issuer has established written procedures to monitor the requirements of section 148, check box			<input type="checkbox"/>
45a If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____			
b Enter the date the official intent was adopted ▶ _____			

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Lease/Purchase Master Agreement For State and Local Government

Licensed Software & Services Only

Lease/Purchase Master Agreement No: _____

This Lease/Purchase Master Agreement For State and Local Government ("Agreement") covers the terms and conditions under which IBM Credit LLC will finance various charges. In addition, attached is the form of Lease/Purchase Supplement and Exhibits thereto.

This Agreement and its applicable Supplements and Addenda are the complete agreement regarding the Financing Transactions and replace any prior oral or written communications between both parties. If there is a conflict of terms among the documents, the order of precedence will be as follows: (a) attachments or addenda to the Supplement, (b) Supplement, (c) attachments or addenda to the Agreement, (d) this Agreement.

By signing below, both parties agree to the terms of this Agreement. Once signed, any reproduction of this Agreement or a Supplement made by reliable means (for example, photocopy or facsimile) is considered an original.

Part 1 – Definitions

The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Agreement" means this Lease/Purchase Master Agreement.

"Commencement Date" is the date when the term of a Financing Transaction and Lessee's obligation to pay Lease Payments for such Financing Transaction commence, which date shall be set forth in each Lease/Purchase Supplement.

"Event of Default" is defined in Section 12.1.

"Financed Items" means any software program licenses, maintenance, services, and other one-time charges to be lease/purchased pursuant to this Agreement, and with respect to each Lease/Purchase Supplement, such items described therein.

"Financing Transaction" means the lease/purchase transaction for Property set forth in any Lease/Purchase Supplement entered into pursuant this Agreement.

"Lease/Purchase Supplement" or **"Supplement"** means a Lease/Purchase Supplement in the form attached hereto.

"Lease Payments" means the Lease Payments payable by Lessee under Part 6 of this Agreement and with respect to each Lease/Purchase Supplement, the Payment Amounts set forth in each Lease/Purchase Supplement in Exhibit 1 thereto.

"Lease Payment Dates" means the dates for the Lease Payments as set forth in the Payment Schedules for each Lease/Purchase Supplement.

"Lease Term" means, with respect to a Financing Transaction, the Original Term and all Renewal Terms. The Lease Term for each Financing Transaction entered into hereunder shall be set forth in a Lease/Purchase Supplement, as provided in Section 4.2.

"Lessee" or "Customer" means the entity identified on the Supplement, and its permitted successors and assigns.

"Lessor" means the entity identified on the Supplement, and its successors and assigns.

"Nonappropriation Event" is defined in Section 6.6.

"Original Term" means, with respect to a Financing Transaction, the period from the Commencement Date until the end of the budget year of Lessee in effect at the Commencement Date.

"Payment Schedule" means, with respect to a Financing Transaction, a schedule of lease payments for the Original Term and all Renewal Terms that indicates the Payment Due Date, the Lease Payment, the Interest Component and the Prepayment Price as set forth in each Payment Schedule.

"Property" means, collectively, Financed Items lease/purchased pursuant to this Agreement, and with respect to each Lease/Purchase Supplement, the Financed Items described in such Lease/Purchase Supplement.

"Renewal Terms" means the renewal terms of a Financing Transaction, each having a duration of one year and a term coextensive with Lessee's budget year.

"State" means the state or commonwealth where Lessee is located.

"Supplier" means International Business Machines Corporation "IBM", or any other manufacturer, vendor or provider of the Property leased/purchased by Lessee.

Part 2 - Separate Financings

Each Supplement executed and delivered under this Agreement shall be a separate financing, distinct from other Supplements. Without limiting the foregoing, upon the occurrence of an Event of Default or a Nonappropriation Event with respect to a Supplement, Lessor shall have the rights and remedies specified herein with respect to the Property financed and the Lease Payments payable under such Supplement, and except as expressly provided in Section 11.2 below, Lessor shall have no rights or remedies with respect to Property financed or Lease Payments payable under any other Supplements unless an Event of Default or Nonappropriation Event has also occurred under such other Supplements.

Part 3 – Lessee's Covenants

As of the Commencement Date for each Supplement executed and delivered hereunder, Lessee shall be deemed to represent, covenant and warrant for the benefit of Lessor as follows:

a. 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 Agreement and the Supplement 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: (i) the power to tax, (ii) the power of eminent domain, and (iii) the police power.

b. Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic. To the extent Lessee should merge with another entity under the laws of the State, Lessee agrees that as a condition to such merger it will require that the remaining or resulting entity shall be assigned Lessee's rights and shall assume Lessee's obligations hereunder.

c. Lessee has been duly authorized to execute and deliver this Agreement and the Supplement by proper action by its governing body, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and the Supplement, and Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the Supplement and the acquisition by Lessee of the Property thereunder. On or before the Commencement Date, Lessee shall cause to be executed an Opinion of Lessee's Counsel in substantially the form attached to the form of the Supplement as Exhibit 2 and a Lessee's Certificate in substantially the form attached to the form of the Supplement as Exhibit 3.

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d. During the Lease Term for the Supplement, the Property thereunder will perform and will be used by Lessee only for the purpose of performing essential governmental uses and public functions within the permissible scope of Lessee's authority.

e. Lessee will provide Lessor with current financial statements, budgets and proof of appropriation for the ensuing budget year and other financial information relating to the ability of Lessee to continue this Agreement and the Supplement in such form and containing such information as may be requested by Lessor.

f. Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including Sections 103 and 148 thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the excludability from gross income for federal income tax purposes of the interest component of Lease Payments under the Supplement and will not use or permit the use of the Property in such a manner as to cause a Supplement to be a "private activity bond" under Section 141(a) of the Code. Lessee covenants and agrees that no part of the proceeds of the Supplement shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Agreement, would have caused any portion of the Supplement to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Supplement.

g. The execution, delivery and performance of this Agreement and the Supplement and compliance with the provisions hereof and thereof by Lessee does not conflict with, or result in a violation or breach or constitute a default under, any resolution, bond, agreement, indenture, mortgage, note, lease of, or other instrument to which Lessee is a party or by which it is bound by any law or any rule, regulation, order or decree of any court, governmental agency or body having jurisdiction over Lessee or any of its activities or properties resulting in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any property or assets of Lessee or to which it is subject.

h. Lessee's exact legal name is as set forth on the first page of this Agreement. Lessee will not change its legal name in any respect without giving thirty (30) days' prior notice to Lessor.

Part 4 - The Transactions

4.1 Lease of Property. On the Commencement Date of each Financing Transaction executed in the Supplement hereunder, Lessor will be deemed to demise, lease and let to Lessee, and Lessee will be deemed to rent, lease and hire from Lessor, the Property described in such Supplement, in accordance with this Agreement and such Supplement, for the Lease Term set forth in such Supplement.

4.2 Lease Term. The term of each Financing Transaction shall commence on the Commencement Date set forth in the Certificate of Acceptance and shall terminate upon payment of the final Lease Payment set forth in such Payment Schedule, unless terminated sooner pursuant to this Agreement or the Supplement.

4.3 Delivery, Installation and Acceptance of Property. Lessee shall order the Property, shall cause the Property to be delivered and installed at the locations specified in the applicable Supplement, and shall pay all taxes, delivery costs and installation costs, if any, in connection therewith. To the extent funds are deposited under an escrow agreement for the acquisition of the Property, such funds shall be disbursed as provided therein. When the Property described in such Supplement is delivered, installed and accepted as to Lessee's specifications, Lessee shall immediately accept the Property and evidence said acceptance by executing and delivering to Lessor the Certificate of Acceptance substantially in the form attached to the Supplement.

4.4 Assignment to Lessor. With respect to Property, Lessee assigns for security purposes to Lessor, effective upon Lessor signing the Supplement, its right to purchase the Property from its Supplier. Although Lessor shall have the obligation to pay the Supplier for the Property, not to exceed the principal amount set forth in the Supplement, all other rights and obligations as defined in the agreement between Lessee and Lessee's Supplier governing the purchase of the Property ("Purchase Agreement") shall remain with Lessee. Lessee represents that it has reviewed and approved the Purchase Agreement. Lessor will not modify or rescind the Purchase Agreement.

4.5 Credit Review. For each Financing Transaction, Lessee consents to a reasonable credit review by Lessor.

Part 5 - Enjoyment of Property. Lessee shall during the Lease Term peaceably and quietly have, hold and enjoy the Property, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Agreement. Neither Lessor nor its successors or assigns shall interfere with such quiet use and enjoyment during the Lease Term so long as Lessee is not in default under the subject Supplement.

Part 6 - Payments

6.1 Lease Payments to Constitute a Current Expense of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Lease Payments hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional, statutory or charter limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the faith and credit or taxing power of Lessee. Upon the appropriation of Lease Payments for a fiscal year, the Lease Payments for said fiscal year, and only the Lease Payments for said current fiscal year, shall be a binding obligation of Lessee; provided that such obligation shall not include a pledge of the taxing power of Lessee.

6.2 Payment of Lease Payments. Lessee shall promptly pay Lease Payments under each Supplement, exclusively from legally available funds, in lawful money of the United States of America, to Lessor in such amounts and on such dates as described in the applicable Payment Schedule, at Lessor's address set forth as the "remit to" address in the invoice, unless Lessor instructs Lessee otherwise. Lessee shall pay Lessor a charge on any delinquent Lease Payments in an amount sufficient to cover all additional costs and expenses incurred by Lessor from such delinquent Lease Payment. In addition, Lessee shall pay a late charge of five cents per dollar or the highest amount permitted by applicable law, whichever is lower, on all delinquent Lease Payments and interest on said delinquent amounts from the date such amounts were due until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

6.3 Interest Component. A portion of each Lease Payment due under each Supplement is paid as, and represents payment of, interest, and each Supplement hereunder shall set forth the interest component (or method of computation thereof) of each Lease Payment thereunder during the Lease Term.

6.4 Lease Payments to be Unconditional. SUBJECT TO SECTION 6.6, THE OBLIGATIONS OF LESSEE TO PAY THE LEASE PAYMENTS DUE UNDER THE SUPPLEMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE PROPERTY OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES. THIS PROVISION SHALL NOT LIMIT LESSEE'S RIGHTS OR ACTIONS AGAINST ANY SUPPLIER AS PROVIDED IN SECTION 9.2.

6.5 Continuation of Lease by Lessee. Lessee intends to continue all Supplements entered into pursuant to this Agreement and to pay the Lease Payments thereunder. Lessee reasonably believes that legally available funds in an amount sufficient to make all Lease Payments during the term of all Supplements can be obtained. Lessee agrees that during the budgeting process for each budget year its staff will provide to the governing body of Lessee notification of any Lease Payments due under the Supplements during the following budget year.

6.6 Nonappropriation. If, during the then current Original Term or Renewal Term, sufficient funds are not appropriated to make Lease Payments required under a Supplement for the following fiscal year, Lessee shall be deemed to not have renewed such Supplement for the following fiscal year and the Supplement shall terminate at the end of the then current Original Term or Renewal Term and Lessee shall not be obligated to make Lease Payments under said Supplement beyond the then current fiscal year for which funds have been appropriated. Upon the occurrence of such nonappropriation (a "Nonappropriation Event") Lessee shall, no later than the end of the fiscal year for which Lease Payments have been appropriated, deliver possession of the Property under said Supplement to Lessor. If Lessee fails to deliver possession of the

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Property to Lessor upon termination of said Supplement by reason of a Nonappropriation Event, the termination shall nevertheless be effective but Lessee shall be responsible for the payment of damages in an amount equal to the portion of Lease Payments thereafter coming due that is attributable to the number of days after the termination during which the Lessee fails to deliver possession and for any other loss suffered by Lessor as a result of Lessee's failure to deliver possession as required. In the event of a Nonappropriation Event under a Supplement, Lessee shall cease use of all software financed or acquired under the applicable Supplement and shall confirm and state in writing to Lessor that it has: (1) deleted or disabled all files and copies of the software from the equipment on which it was installed; (2) returned all software documentation, training manuals, and physical media on which the software was delivered; and (3) has no ability to use the returned software. Lessee shall also cease receipt and/or acceptance of any Property consisting of services which shall not have been performed by the service provider prior to the date of such Nonappropriation Event. Lessor may, by written instructions to any escrow agent who is holding proceeds of the Supplement, instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to Lessee's obligations under the Supplement and this Agreement. Lessee shall notify Lessor in writing within seven (7) days after the failure of the Lessee to appropriate funds sufficient for the payment of the Lease Payments, but failure to provide such notice shall not operate to extend the Lease Term or result in any liability to Lessee. In the event of such nonappropriation, upon request from Lessor, Lessee agrees to provide in a timely manner, written evidence of such nonappropriation, a copy of the fiscal year budget in which such nonappropriation occurred and any other related documentation reasonably requested by Lessor.

Part 7 – Title to the Property. Software that the Lessee acquires from the Supplier and finances with Lessor remains the property of the licensor. Ownership of the software is governed by the license agreement between the licensor and the Lessee and is not affected by this Agreement.

Part 8 – Ancillary Charges

8.1 Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Property free of all levies, liens and encumbrances, except for the interest of Lessor under this Agreement. The parties to this Agreement contemplate that the Property will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Property will be exempt from all property taxes. The Lease Payments payable by Lessee under this Agreement and the Supplements hereunder have been established to reflect the savings resulting from this exemption from taxation. Lessee will take such actions necessary under applicable law to obtain said exemption. Nevertheless, if the use, possession or acquisition of the Property is determined to be subject to taxation or later becomes subject to such taxes, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Property. Lessee shall pay such taxes or charges as the same may become due; provided that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the then current fiscal year of the Lease Term for such Property.

8.2 Insurance. At its own expense, Lessee shall maintain (a) liability insurance that protects Lessor from liability in all events in an amount reasonably acceptable to Lessor, and (b) worker's compensation insurance covering all employees working on, in, near or about the Property; provided that Lessee may self-insure against all such risks. All such insurance shall be with insurers that are authorized to issue such insurance in the State. All such liability insurance shall name Lessor as an additional insured. All such insurance shall contain a provision to the effect that such insurance shall not be canceled or modified without first giving written notice thereof to Lessor and Lessee at least thirty (30) days in advance of such cancellation or modification. Such changes shall not become effective without Lessor's prior written consent. Upon Lessor's request, Lessee shall, within thirty (30) days of such request, furnish to Lessor, for each Supplement, certificates evidencing such coverage, or, if Lessee self-insures, a written description of its self-insurance program together with a certification from Lessee's risk manager or insurance agent or consultant to the effect that Lessee's self-insurance program provides adequate coverage against the risks listed above.

8.3 Advances. In the event Lessee shall fail to maintain the insurance required by this Agreement, Lessor may, but shall be under no obligation to, purchase the required insurance and pay the cost of the premiums thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term for the Supplement for which the Property is under and shall be due and payable on the next Lease Payment Date and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date such amounts are advanced until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

Part 9 – Warranties: Use of Financed Items

9.1 Disclaimer of Warranties. LESSOR MAKES NO (AND SHALL NOT BE DEEMED TO HAVE MADE ANY) WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN, OPERATION OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, OR WORKMANSHIP IN, THE PROPERTY, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE STATE OF TITLE THERETO OR ANY COMPONENT THEREOF, THE ABSENCE OF LATENT OR OTHER DEFECTS (WHETHER OR NOT DISCOVERABLE), AND LESSOR HEREBY DISCLAIMS THE SAME; IT BEING UNDERSTOOD THAT THE PROPERTY IS LEASED TO LESSEE "AS IS" ON THE DATE OF THIS AGREEMENT OR THE DATE OF DELIVERY, WHICHEVER IS LATER, AND ALL SUCH RISKS, IF ANY, ARE TO BE BORNE BY LESSEE. Lessee acknowledges that it has made (or will make) the selection of the Property from the Supplier based on its own judgment and expressly disclaims any reliance upon any statements or representations made by Lessor. Lessee understands and agrees that (a) neither the Supplier nor any sales representative or other agent of Supplier, is (i) an agent of Lessor, or (ii) authorized to make or alter any term or condition of this Agreement, and (b) no such waiver or alteration shall vary the terms of this Agreement unless expressly set forth herein. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, the Supplements, or the existence, furnishing, functioning or use of any item, product or service provided for in this Agreement or the Supplements.

9.2 Supplier's Warranties. Lessor hereby irrevocably assigns to Lessee all rights that Lessor may have to assert from time to time whatever claims and rights (including without limitation warranties) related to the Property against the Supplier. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the Supplier of the Property, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Agreement, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties of the Supplier of the Property.

9.3 Use of the Property. Lessee will not install, use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement and the applicable Supplement. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Property. In addition, Lessee agrees to comply in all respects with all laws of the jurisdiction in which its operations involving any item of Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the items of the Property (including compliance with any applicable privacy laws, rules or regulations and in conjunction therewith Lessee, upon cessation of the use, operation and control of, and prior to any disposition of the Property, shall destroy any data contained thereon that would be subject to such privacy laws, rules or regulations); provided that Lessee may contest in good faith the validity or application of any such law or rule in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Property or its interest or rights under this Agreement. Lessee shall promptly notify Lessor in writing of any pending or threatened investigation, inquiry, claim or action by any governmental authority which could adversely affect this Agreement, any Supplement or the Property thereunder.

Part 10 – Prepayments. Lessee shall have the option to prepay in whole, but not in part, the Lease Payments due under a Supplement on any Lease Payment Date, at the Prepayment Price set forth in the Payment Schedule as the "Prepayment Price", plus any past due amounts, accrued interest to the date of such prepayment and any other monetary amounts due under the Supplement to Lessor. The Prepayment Price shall be an amount equal to the present value of the remaining Lease Payments multiplied by the Prepayment Fee Rate set forth in such Lease Payment Schedule as the "Prepayment Fee Rate". Upon payment of all Lease Payments or the prepayment of all Lease Payments under the applicable Supplement, and performance by Lessee of all other terms, conditions and provisions hereof, Lessor shall deliver to Lessee all such documents and instruments as Lessee may reasonably require to evidence the transfer, without warranty by or recourse to Lessor, of all of Lessor's right, title and interest in and to the Property subject to such Supplement to Lessee.

Part 11 – Assignment; Risk of Loss

11.1 Assignment by Lessor. Lessor's right, title and interest in, to and under each Supplement and the Property under such Supplement may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor without the consent of Lessee; provided that any assignment shall not be effective against the Lessee until Lessee has received written notice, signed by the assignor, of the name, address and tax identification number of the assignee. Lessee shall retain all such notices as a register of all assignees and shall make all payments to the assignee or assignees designated in such register. Lessee agrees to execute all documents, including notices

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of assignment and chattel mortgages or financing statements that may be reasonably requested by Lessor or any assignee to protect its interests in this Agreement and the Supplements.

11.2 Supplements Separate Financings. Assignees of the Lessor's rights in one Supplement shall have no rights in any other Supplement unless such rights have been separately assigned.

11.3 Assignment and Subleasing by Lessee. NONE OF LESSEE'S RIGHT, TITLE AND INTEREST IN, TO AND UNDER THIS AGREEMENT OR ANY SUPPLEMENT AND IN THE PROPERTY MAY BE ASSIGNED, SUBLEASED OR ENCUMBERED BY LESSEE FOR ANY REASON, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR. Any request by Lessee to assign a Supplement or any Property thereunder must be accompanied by an opinion of tax counsel satisfactory to Lessor that the assignment will cause no material change to the federal income tax treatment of the amounts payable as interest under the Supplement.

11.4 Risk of Loss Covenants. 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 bear the risk of loss for, shall pay directly, and shall defend Lessor against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Property, including, but not limited to, the possession, ownership, lease, use or operation thereof, except that (provided that Lessee has complied with its obligations under Section 9.3) Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after Lessee has surrendered possession of the Property in accordance with the terms of the Agreement to Lessor or that arise directly from the gross negligence or willful misconduct of the Lessor.

Part 12 – Defaults and Remedies

12.1 Events of Default Defined. Any of the following shall constitute an "Event of Default" under a Supplement:

- a. Failure by Lessee to pay any Lease Payment under the Supplement or other payment required to be paid with respect thereto at the time specified therein;
- b. Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed with respect to the Supplement, other than as referred to in subparagraph (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;
- c. Any statement, representation or warranty made by Lessee in or pursuant to the Supplement or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;
- d. Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or
- e. An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 consecutive days.

The foregoing provisions of Section 12.1 are subject to the following limitation: if by reason of force majeure Lessee is unable in whole or in part to perform its agreements under this Agreement and the Supplement (other than the obligations on the part of Lessee contained in Part 6 hereof) Lessee shall not be in default during the continuance of such inability. The term "force majeure" as used herein shall mean the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections, riots, landslides, earthquakes, fires, storms, droughts, floods, explosions, breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee.

A Nonappropriation Event is not an Event of Default.

12.2 Remedies on Default. Whenever any Event of Default exists with respect to a Supplement, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

- a. Without terminating the Supplement, and by written notice to Lessee, Lessor may declare all Lease Payments and other amounts payable by Lessee thereunder to the end of the then current budget year of Lessee to be due, including without limitation delinquent Lease Payments under the Supplement from prior budget years, and such amounts shall thereafter bear interest at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is less;
- b. Lessor may terminate the Supplement, and require Lessee to discontinue use of any Financed Items, and return to Lessor, at Lessee's expense the Financed Items; provided, however, that any proceeds from the disposition of the property in excess of the sum required to (i) pay off any outstanding principal component of Lease Payments, (ii) pay any other amounts then due under the Supplement, and (iii) pay Lessor's costs and expenses associated with the disposition of the Property (including attorneys fees), shall be paid to Lessee or such other creditor of Lessee as may be entitled thereto, and further provided that no deficiency shall be allowed against Lessee. Lessee shall confirm and state in writing to Lessor that it has: (1) deleted or disabled all files and copies of the software from the equipment on which it was installed; (2) returned all software documentation, training manuals, and physical media on which the software was delivered; and (3) has no ability to use the returned software;
- c. By written notice to any escrow agent who is holding proceeds of the Supplement, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment of Lessee's obligations under the Supplement;
- d. By written notice and demand to Lessee, Lessee shall cease receipt and/or acceptance of any Property consisting of services which shall not have been performed by the service provider prior to the date of Event of Default
- e. Lessor may take any action, at law or in equity, that is permitted by applicable law and that may appear necessary or desirable to enforce or to protect any of its rights under the Supplement and this Agreement.

12.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Part it shall not be necessary to give any notice, other than such notice as may be required in this Part.

12.4 Costs and Attorney Fees. Upon the occurrence of an Event of Default by Lessee in the performance of any term of this Agreement, Lessee agrees to pay to Lessor or reimburse Lessor for, in addition to all other amounts due hereunder, all of Lessor's costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Lessee, shall be secured by this Agreement until paid and shall bear interest at the rate of 12% per annum or the maximum amount permitted by law, whichever is less. In the event suit or action is instituted to enforce any of the terms of

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this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

Part 13 – General

13.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, to the parties hereto at the addresses immediately after the signatures to this Agreement/Supplement (or at such other address as either party hereto shall designate in writing to the other for notices to such party).

13.2 Arbitrage Certifications. Lessee shall be deemed to make the following representations and covenants as of the Commencement Date for each Supplement:

- a. The estimated total costs, including taxes, freight, installation, cost of issuance, of the Financed Items under the Supplement will not be less than the total principal amount of the Lease Payments.
b. Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Lease Payments under the Supplement, or (ii) that may be used solely to prevent a default in the payment of the Lease Payments under the Supplement.
c. The Property under the Supplement has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Lease Payments under the Supplement.
d. There are no other obligations of Lessee which (i) are being sold within 15 days of the Commencement Date of the Supplement; (ii) are being sold pursuant to the same plan of financing as the Supplement; and (iii) are expected to be paid from substantially the same source of funds.
e. The officer or official who has executed the Supplement on Lessee's behalf is familiar with Lessee's expectations regarding this Section 13.2. To the best of Lessee's knowledge, information and belief, the facts and estimates set forth in herein are accurate and the expectations of Lessee set forth herein are reasonable.

13.3 Further Assurances. Lessee agrees to execute such other and further documents, including, without limitation, confirmatory financing statements, continuation statements, certificates of title and the like, and to take all such action as may be necessary or appropriate, from time to time, in the reasonable opinion of Lessor, to perfect, confirm, establish, reestablish, continue, or complete the interests of Lessor in this Agreement and the Supplements, to consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement and the Supplements.

13.4 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns. Any county, township, municipality, political subdivision or affiliate (collectively, "Affiliate") of Lessee may enter into a Financing Transaction under this Agreement by signing a Supplement referencing this Agreement and so will be bound to the terms and conditions of this Agreement as Lessee. Nothing in this Agreement obligates the Lessor to provide financing to an Affiliate.

13.5 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

13.6 Amendments, Changes and Modifications. This Agreement may be amended in writing by Lessor and Lessee to the extent the amendment or modification does not apply to outstanding Supplements at the time of such amendment or modification

13.7 Execution in Counterparts. This Agreement and the Supplements hereunder may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

13.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

13.9 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Agreed to:
<Lessee Legal Name>

Agreed to:
IBM Credit LLC

By _____
Authorized signature

By _____
Authorized signature

Name (type or print):

Name (type or print):

Title (type or print):

Title (type or print):

Date:

Date:

Email Address: