



**STATE OF MICHIGAN  
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget  
525 W. Allegan, Lansing, MI 48913  
P.O. Box 30026, Lansing, MI 48909

**NOTICE OF CONTRACT**

NOTICE OF CONTRACT NO. **171 18000000011**

between

THE STATE OF MICHIGAN

and

<b>CONTRACTOR</b>	Pitney Bowes, Inc.
	3001 Summer St
	Stamford, CT 06926
	Russell Rodd, Director – Gov’t Sales
	860-680-3586
	Russell.rodd@pb.com
5050	

<b>STATE</b>	Program Manager	Various	SW
<b>STATE</b>	Contract Administrator	Joy Nakfoor	DTMB
		517-284-7042	
		nakfoorj@michigan.gov	

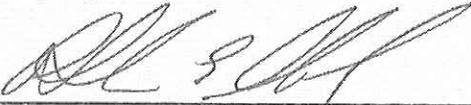
**CONTRACT SUMMARY**

**DESCRIPTION: Postage and Mail Equipment**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
10/27/2017	05/14/2019	3 – one year	
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45			
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input checked="" type="checkbox"/> P-card <input checked="" type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
The contract is a result of the NASPO Master Agreement # ADSP016-169897.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$450,000.00

FOR THE CONTRACTOR:

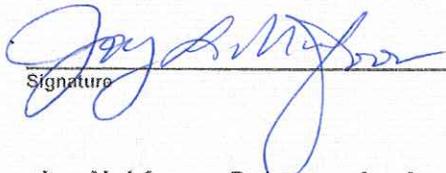
Pitney Bowes, Inc.  
Company Name

  
Authorized Agent Signature

Arthur E. Adams Jr. – Dir., Government Contract Compliance  
Authorized Agent (Print or Type)

10/30/2017  
Date

FOR THE STATE:

  
Signature

Joy Nakfoor – Category Analyst, Commodities  
Name & Title

DTMB  
Agency

11/2/2017  
Date

MAILROOM EQUIPMENT, SUPPLIES &  
MAINTENANCE  
Led by the State of **Arizona**

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Master Agreement #: ADSPO16-169897, as amended

Contractor: PITNEY BOWES INC.

Participating Entity: STATE OF MICHIGAN

The following products or services are included in this contract portfolio:

- *All products, services, and accessories listed on the Contractor page of the NASPO ValuePoint website.*

Master Agreement Terms and Conditions:

1. **Scope:** This addendum covers the NASPO ValuePoint Master Agreement for Mailroom Equipment, Supplies and Maintenance led by the State of Arizona for use by state agencies and other entities located in the Participating State [*or State Entity*] authorized by that State's statutes to utilize State contracts with the prior approval of the State's Chief Procurement Official.
2. **Participation:** The NASPO ValuePoint Master Agreement referenced above may be used by all state agencies, institutions of higher education, political subdivisions and other entities authorized by an individual state's statutes to use state/entity contracts are subject to the approval of the respective State Chief Procurement Official. Issues of interpretation and eligibility for participation are solely within the authority of the State Chief Procurement Official.
3. **Primary Contacts:** The primary contact individuals for this Participating Addendum are as follows (or their named successors):

Contractor

Name:	Art Adams, Director, Government Contract Compliance
Address:	Pitney Bowes, Inc. 3001 Summer Street, Stamford, CT 06926
Telephone:	(203) 351-7866
Fax:	(203) 460-3827
Email:	<a href="mailto:art.adams@pb.com">art.adams@pb.com</a>



MAILROOM EQUIPMENT, SUPPLIES &  
MAINTENANCE  
Led by the State of **Arizona**

Contractor – Government Sales Channel Director – Russell Rodd Region

<u>Name</u>	<u>Russell Rodd, Director, Government Sales</u>
<u>Address</u>	<u>3001 Summer Street, Stamford CT 06926</u>
<u>Telephone</u>	<u>860-680-3586</u>
<u>Fax</u>	
<u>E-mail</u>	<u>russell.rodd@pb.com</u>

Lead State

<u>Name</u>	<u>Christopher Lacey, MBA</u>
<u>Address</u>	<u>Arizona DOA-SPO, 100 N. 15<sup>th</sup> Ave, Suite 201, Phoenix, AZ 85007</u>
<u>Telephone</u>	<u>602-542-7165</u>
<u>Fax</u>	<u>602-542-5508</u>
<u>E-mail</u>	<u>Christopher.Lacey@azdoa.gov</u>

Participating Entity

Name:	Jeff Brownlee
Address:	320 S.Walnut St. Lansing, MI 48913
Telephone:	517-284-7003
Fax:	
Email:	brownleej@michigan.gov

4. MODIFICATIONS OR ADDITIONS TO THE MASTER AGREEMENT

These modifications or additions apply only to actions and relationships within the Participating Entity.

Participating Entity must check one of the boxes below.

No changes to the terms and conditions of the Master Agreement are required.

The following changes are modifying or supplementing the Master Agreement terms and conditions.

4.1 State of Michigan Terms and Conditions and Statement of Work are attached hereto as Schedule A and Schedule A-1, respectively.

MAILROOM EQUIPMENT, SUPPLIES &  
MAINTENANCE  
Led by the State of **Arizona**

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4.2 Software license terms and conditions shall be mutually agreed upon in writing by the purchasing entity's authorized individual and Pitney Bowes Inc. List of Software Licenses offered under this Addendum are attached hereto as Schedule B.

4.3 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 as provided by the Contractor and attached hereto as Schedule C.

4.4. Administrative Fee: Pursuant to the State of Michigan Terms and Conditions, Section 7 Administrative Fee and Reporting, the State Administrative Fee equals one (1) percent of the total quarterly sales reported net any returns, adjustments, or credits. The Contractor's NASPO Master Agreement pricing to the Participating Entity may be adjusted to reflect the equivalent amount of the Administrative Fee.

**4.5 Lease Agreements:**

Equipment Lease and Rental Agreements are authorized in accordance with the terms of NASPO ValuePoint Master Price Agreement number ADSPO16-169897.

(a) Schedule D reflects the lease and/or rental options Participating State/Entity has agreed to use for the SMB Product line. 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. 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 C1 and C2 to the Master Agreement.

(b) Schedule E reflects the lease options Participating State/Entity has agreed to use for the Pitney Bowes DMT Product Line and related services (as described in tabs on the Price Attachments C and C-1 to the Master 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 Addendum. 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 4.5(a). Further, the DMT Product Line is not available for an Equipment Rental program, as described in Section 3.16 of the Agreement.

**4.6 Sales & Purchase Tax** will be charged, if required under your State Statute.

**4.7 Subcontractors:**

All Pitney Bowes contractors, subcontractors, Authorized Sales and Services Representatives authorized in the State of Michigan, 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.

**4.8 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

**4.9 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: **17118000000011** and the Lead State price agreement number: ADSPO16-169897.

**4.10 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

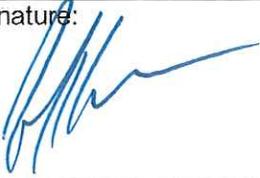
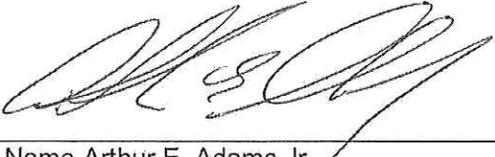
their own charges, fees, and liabilities. Each agency and political subdivision will have the same rights to any indemnity or to recover any costs allowed in the contract for their purchases. The Contractor will apply the charges to each Purchasing Entity individually.

**4.11** Section 7.2 [State of Arizona Uniform Terms and Conditions], subsection 6 [Risk and Liability], subsection 6.1 [Risk of Loss] is hereby amended by adding the following at the end of said subsection 6.1: “provided, however, that the State shall be deemed to have accepted a Product as to which it doesn’t indicate nonconformity within sixty (60) days of the delivery of the product.”

## 5. ENTIRE AGREEMENT

This Participating Addendum and the Master Price Agreement number ADSPO16-169897 (administered by the State of Arizona) together with its 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 Addendum and the Price Agreement, together with its exhibits, shall not be added to or incorporated into this Addendum or the Price Agreement and its 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 and the Price Agreement and its exhibits shall prevail and govern in the case of any such inconsistent or additional terms within the Participating State/Entity.

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

Participating Entity: State of Michigan	Contractor: Pitney Bowes Inc.
Signature: 	Signature: 
Name: Jeff Brownlee	Name Arthur E. Adams Jr.
Title: Director – Enterprise Sourcing, Central Procurement	Title: Director, Government Contract Compliance
Date: 10/27/17	Date: 10/25/2017

*[Additional signatures may be added if required by the Participating Entity]*

For questions on executing a participating addendum, please contact:

NASPO ValuePoint

Cooperative Development Coordinator:	Ted Fosket
Telephone:	(907) 723-3360
Email:	tfosket@naspovaluepoint.org

***[Please email fully executed PDF copy of this document to  
[PA@naspovaluepoint.org](mailto:PA@naspovaluepoint.org)  
to support documentation of participation and posting in appropriate data bases.]***



## Schedule A to Participating Addendum

# STATE OF MICHIGAN

## STANDARD CONTRACT TERMS

These STANDARD CONTRACT PROVISIONS are hereby agreed to between the State of Michigan (the “**State**”) and Pitney Bowes Inc. (“**Contractor**”), a Delaware corporation and attached to the Participating Addendum. The Participating Addendum is effective on October 12, 2017 (“**Effective Date**”), and unless terminated, expires on May 14, 2019. The Participating Addendum may be renewed for up to three (3) additional one (1) year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of the Participating Addendum upon extension of the Master Agreement. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

- Duties of Contractor.** Contractor must perform the services and provide the products described in **Schedule A-1 – Statement of Work** (the “**Contract Activities**” or “**Product**” (as defined in the Master Agreement) attached hereto. An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Schedule A-1.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Participating Addendum (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Participating Addendum; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Participating Addendum; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Participating Addendum; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Participating Addendum; (j) comply with State physical and IT security policies and standards applicable to the Contract Activities provided by the contractor, and such policies may be found here: [http://www.michigan.gov/dtmb/0,4568,7-150-56355\\_56579\\_56755---,00.html](http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html) , that have been provided by the State and (k) work in good faith with the State to provide the State priority support in performance of the Participating Addendum except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

- Notices.** All notices and other communications required or permitted under the Participating Addendum must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

<b>If to State:</b> Joy Nakfoor <a href="mailto:nakfoorj@michigan.gov">nakfoorj@michigan.gov</a> 517-284-7042	<b>If to Contractor:</b> Andrew Shahin Suite 475 755 W Big Beaver Rd Troy MI 48084
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	<a href="mailto:Andrew.Shahin@pb.com">Andrew.Shahin@pb.com</a> 248-935-2813  And to the Contract Administrator identified in Section 3 below.
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3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of the Participating Addendum, and approve and execute any change under the Participating Addendum (each a “**Contract Administrator**”):

<b>State:</b> Joy Nakfoor <a href="mailto:nakfoorj@michigan.gov">nakfoorj@michigan.gov</a> 517-284-7042	<b>Contractor:</b> Art Adams, Director Government Contract Compliance 3001 Summer St Stamford, CT 06926 <a href="mailto:art.adams@pb.com">art.adams@pb.com</a> 203-351-7866
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4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Participating Addendum (each a “**Program Manager**”):

<b>State:</b> Joy Nakfoor <a href="mailto:nakfoorj@michigan.gov">nakfoorj@michigan.gov</a> 517-284-7042	<b>Contractor:</b> Andrew Shahin Suite 475 755 W Big Beaver Rd Troy MI 48084 <a href="mailto:Andrew.Shahin@pb.com">Andrew.Shahin@pb.com</a> 248-935-2813
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5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Participating Addendum and must provide proof upon request. The State may require a performance bond (as specified in Schedule A-1) if, in the opinion of the State, it will ensure performance of the Participating Addendum.

6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
<b>Commercial General Liability Insurance</b>	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.  Coverage must not have exclusions or limitations related to sexual abuse and molestation liability.
<b>Umbrella or Excess Liability Insurance</b>	
<u>Minimal Limits:</u> \$5,000,000 General Aggregate	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices,

	commissions, officers, employees, and agents" as additional insureds.
<b>Automobile Liability Insurance</b>	
<u>Minimal Limits:</u> \$1,000,000 Per Occurrence	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
<b>Workers' Compensation Insurance</b>	
<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
<b>Employers Liability Insurance</b>	
<u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the Participating Addendum or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Participating Addendum effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Participating Addendum formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under the Participating Addendum (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

- 7. Administrative Fee and Reporting.** Contractor must pay an administrative fee of 1% on net quarterly sales (total sales, less any returns, credits or adjustments) all payments made to Contractor under the Participating Addendum during the preceding quarter, including transactions with the State (including its departments, divisions, agencies, offices, and commissions), and MiDEAL members. The Contractor's NASPO pricing to the Participating Entity may be adjusted to reflect the equipment amount of the Administrative Fee. Administrative fee payments must be made by check payable to the State of Michigan and mailed to:

Department of Technology, Management and Budget  
Cashiering  
P.O. Box 30681  
Lansing, MI 48909

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to DTMB-Procurement.

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

- 8. Extended Purchasing Program.** This Participating Addendum is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at [www.michigan.gov/mideal](http://www.michigan.gov/mideal). Upon written agreement between the State and Contractor, the Participating Addendum may also be extended to State of Michigan employees.

If extended, Contractor must supply all Contract Activities at the established Participating Addendum prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Participating Addendum. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of the Participating Addendum. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. The Participating Addendum does not contemplate work for hire. The State and Contractor will negotiate a mutually agreeable development agreement in the event work for hire becomes a requirement within an underlying transaction.
10. **Subcontracting.** Contractor may not delegate any of its obligations under the Participating Addendum without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in the Participating Addendum in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of the Participating Addendum, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.
11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor. Such notice shall include a reason for said removal.
12. **Background Checks.** Contractor shall perform its' standard background checks on all employees and subcontractors and its employees prior to their employment with Contractor. Contractor shall confirm, upon request, that employees and subcontractors have successfully passed Contractor's standard background check. Contractor is responsible for all costs associated with the background checks. The State, in its sole discretion, may also perform background checks.
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Participating Addendum to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify the State of a change in Contractor's organizational structure or ownership promptly after the effective date of such change of control. For purposes of the Participating Addendum, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor by any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume the Participating Addendum and all of its obligations under the Participating Addendum.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A-1.
16. **Acceptance.** The State's review period for acceptance of the Product(s) is governed by the applicable Statement of Work, and if the Statement of Work does not specify the State's review period, it is by default 30 Days for a Product ("**State Review Period**")The State will notify the Contractor by the end of the State Review Period that either:
  - (a) the Product is accepted in the form delivered by the Contractor;
  - (b) the Product is accepted, but noted deficiencies must be corrected; or
  - (c) the Product is rejected along with notation of any deficiencies that must be corrected before acceptance of the Product.

If the State finds material deficiencies, it may: (i) reject the Products without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate the Participating Addendum in accordance with Section 23, Termination for Cause.

If the State delivers to the Contractor a notice of deficiencies, the Contractor will correct the described deficiencies and within 30 Days resubmit the Product(s) with an explanation that demonstrates all corrections have been made to the original Product(s). The Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Product from the Contractor, the State will have a reasonable additional period of time, not to exceed 30 Days, to accept the corrected Product.

If, after three opportunities the Contractor is unable or refuses to correct all deficiencies preventing Final Acceptance (where applicable), the State may (i) demand that the Contractor cure the failure and give the Contractor additional time to do so at the sole expense of the Contractor; or (ii) fully or partially terminate the underlying applicable Order for default by giving notice to the Contractor provided the Contractor is unable to cure the breach. Notwithstanding the foregoing, the State cannot use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in the Participation Addendum,

the State may cancel the specific Order which gave rise to the deficiency in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Schedule A-1 or in writing between the Contractor and the State. All containers and packaging becomes the State's exclusive property upon acceptance. Additional rigging charges may apply, as mutually agreed upon in writing.
18. **Risk of Loss and Title.** Title and risk of loss or damage to Equipment remains with Contractor until (1) delivery at the Participating Entity's premises or (2) acceptance by the Participating Entity if acceptance criteria is set forth in the statement of work attached to a specific Order. Contractor is responsible for filing, processing, and collecting all damage claims up to the point of delivery. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 15 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. 15 .The Contractor shall bear all loss of conforming material covered under the Participating Addendum until received by authorized personnel at the location designated in the purchase order or Participating Addendum. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt provided, however, that the State shall be deemed to have accepted a Product as to which it doesn't indicate nonconformity within sixty (60) days of the delivery of the product.
19. **Warranty Period.** The warranty period, if applicable, is 12 months per the NASPO Master Agreement # ADSP016-169897 for Contract Activities i commencing on the date of installation of equipment. If the Contract Activities do not function as warranted during the warranty period the Contractor will repair or replace (at no charge to the State Purchasing Entity) the Contracted Activity whose nonconformance is discovered and made known to the Contractor in writing. If the repaired and/or replaced Contracted Activity proves to be inadequate, or fails of its essential purpose, the State may return such non-conforming Contract Activities to the Contractor for a full refund after first allowing the Contractor a cure period of 30 days to rectify any non-performance issues.
20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A-1. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under the Participating Addendum.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under the Participating Addendum, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under the Participating Addendum through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under the Participating Addendum.

21. **Reserved.**
22. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Participating Addendum or purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
23. **Termination for Cause.** The State may terminate the Participating Addendum for cause, in whole or in part, if Contractor, as determined by the State: (a) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (b) breaches any of its material duties or obligations; or (c) fails to cure a breach within a 30 day cure period. Any reference to specific breaches being material breaches within the Participating Addendum will not be construed to mean that other breaches are not material.

If the State terminates the Participating Addendum under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Participating Addendum, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating the Participating Addendum. The Contractor must pay all reasonable costs incurred by the State in terminating the Participating Addendum for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

#### **24. Termination for Convenience.**

The State may fully or partially terminate the Participating Addendum for its convenience if the State determines that a termination is in the State's best interest. Reasons for the termination are within the sole discretion of the State and may include: (a) the State no longer needs the Contract Activities specified in the Participating Addendum; (b) a relocation of office, program changes, or changes in laws, rules, or regulations make the Contract Activities no longer practical or feasible for the State; or (c) unacceptable prices for Participating Addendum changes. The State may terminate the Participating Addendum for its convenience by giving Contractor notice at least 30 days before the date of termination. If the State chooses to terminate the Participating Addendum in part, any charges payable to the Contractor must be equitably adjusted to reflect those Contract Activities that are terminated. Any underlying leases, rentals, maintenance and/or software license/subscription agreements entered into during the term of the Participating Addendum will remain in full force and effect throughout the stated term of such lease, rental, maintenance or software license/subscription agreement, is subject to termination provisions stipulated within such lease, rental, maintenance or software license/subscription.

**25. Termination for Non-Appropriation.** If sufficient funds to enable the State to continue payment are not appropriated, negatively appropriated, or otherwise not made available for a subsequent fiscal year, the State may fully or partially terminate the Participating Addendum immediately at the end of the last period for which funds have been appropriated or otherwise made available. The State must give the Contractor notice at least 30 days before the date of termination, unless the State receives notice of the non-appropriation or unavailability less than 30 days before the end of the last period for which funds have been appropriated or otherwise made available.. Any leases entered into during the term of the Participating Addendum shall continue in full force pursuant to the terms of said leases.

If the State fully or partially terminates the Participating Addendum for non-appropriation, the State must pay the Contractor for all work-in-progress performed through the effective date of the termination to the extent funds are available.

**26. Transition Responsibilities.** Upon termination or expiration of the Participating Addendum pursuant to Sections 23, 24, or 25, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, , and to facilitate the orderly transfer of such Contract Activities to the State. t Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Participating Addendum rates; (b) taking all reasonable and necessary measures to transition performance of the work, i (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; and (d) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). The Participating Addendum will automatically be extended through the end of the transition period.

**27. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

- 28. Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.
- 29. Limitation of Liability.** Neither the State nor Contractor is liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.
- 30. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 304 calendar days of receiving notice of any material litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor that arises during the term of the Participating Addendum, including: (a) a criminal Proceeding involving the Contractor (or any Subcontractor); (b) a parole or probation Proceeding; (c) a Proceeding involving the Contractor (or any Subcontractor) under the Sarbanes-Oxley Act; (d) a civil Proceeding to which the Contractor is a party and which involves: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud by Contractor; With the exception of allegations of fraud by Contractor, information provided to the State from the Contractor's publicly filed documents will satisfy the requirements of this Section.
- 31. State Data.** All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State ("**State Data**"); this definition is to be construed as broadly as possible. Upon request, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and supplying State Data. No State Data may be used for any marketing purposes
- 32. Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of the Participating Addendum.
- a. Meaning of Confidential Information. For the purposes of the Participating Addendum, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of the Participating Addendum, in all cases and for all matters, State Data is deemed to be Confidential Information.
  - b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with the Participating Addendum or to use such Confidential Information for any purposes whatsoever other than the performance of the Participating Addendum. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under the Participating Addendum; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
  - c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use reasonable efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of the Participating Addendum and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
  - d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek injunctive relief against the breach or threatened

breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination of the Participating Addendum for Cause, without liability to the State.

- e. Surrender of Confidential Information upon Termination. Upon termination of the Participating Addendum or a Statement of Work, in whole or in part, each party must, within 10 business days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in the Participating Addendum. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 10 business days from the date of termination to the other party. However, a Party's legal ability to destroy the other Party's data may be restricted by its retention and disposal schedule, in which case the disclosing Party's Confidential Information will be destroyed after the retention period expires.

33. **Reserved.**

34. **Reserved.**

35. **Reserved.**

36. **Records Maintenance, Inspection, Examination, and Audit.**

The State or its designee may, audit Contractor's records to verify compliance with the Participating Addendum. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Participating Addendum through the term of the Participating Addendum and for 4 years after the latter of termination, expiration, or final payment under the Participating Addendum or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to the Participating Addendum. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Participating Addendum must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with the Participating Addendum.

37. **Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Participating Addendum; (f) the Participating Addendum signatory has the authority to enter into the Participating Addendum; (g) all information furnished by Contractor in connection with the Participating Addendum fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; and (h) all information furnished and representations made in connection with the award of the Participating Addendum is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading. A breach of this Section is considered a material breach of the Participating Addendum, which entitles the State to terminate the Participating Addendum under Section 23, Termination for Cause.

38. **Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with the Participating Addendum; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Participating Addendum; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Participating Addendum. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with the Participating Addendum.

39. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations applicable to the Contract Activities provided under the Participating Addendum.

40. **Reserved.**

41. **Reserved.**

42. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of the Participating Addendum.

43. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Participating Addendum with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

44. **Governing Law.** The Participating Addendum is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of the Participating Addendum are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from the Participating Addendum must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.

45. **Non-Exclusivity.** Nothing contained in the Participating Addendum is intended nor will be construed as creating any requirements contract with Contractor. The Participating Addendum does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

46. **Force Majeure.** Neither party will be in breach of the Participating Addendum because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

47. **Dispute Resolution.** The parties will endeavor to resolve any Participating Addendum dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within a 30 day cure period. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Participating Addendum.

48. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Participating Addendum or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.

49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into the Participating Addendum by as an actual exhibit, attachment or schedule..

**Entire Agreement and Order of Precedence.** The Participating Addendum, which includes Schedule A-1 – Statement of Work, and expressly incorporated the NASPO ValuePoint Master Agreement No. ADSPO16-169897, as amended, together with all schedules and exhibits to the Participating Addendum and Master Agreement, is the entire agreement of the parties related to the Contract Activities. The Participating Addendum supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, the Participating Addendum, excluding its schedules, exhibits, and Schedule A-1– Statement of Work; (b) second, Schedule A-1 – Statement of Work as of the Effective Date; (c) third, schedules expressly incorporated into the Participating Addendum as of the Effective Date and (d) fourth, the NASPO ValuePoint Master Agreement No. ADSPO16-169897, as amended, together with all exhibits and schedules attached thereto and (e) fifth, Contractor's response to the Solicitation No. ADSPO16-00006328. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

50. **Severability.** If any part of the Participating Addendum is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from the Participating Addendum and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Participating Addendum will continue in full force and effect.

51. **Waiver.** Failure to enforce any provision of the Participating Addendum will not constitute a waiver.

52. **Survival.** The provisions of the Participating Addendum that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, Purchasing Entity payments and confidentiality, will survive the expiration or termination of the Participating Addendum.
53. **Participating Addendum Modification.** The Participating Addendum may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend the Participating Addendum unless it specifically states its intent to do so and cites the section or sections amended.

### Section 3: Scope of Work

Contractor shall provide equipment, services, and support to meet the mailing needs of the customer per the limitations of their award. The applicable product range will include software license and subscriptions, ultra-low volume equipment through equipment used in mailing production environments, including postage meter rental, accessories, supplies, and maintenance. All equipment and services offered must meet the approval of the USPS® if applicable.

#### 3.1. Products and Services Categories by Geographic Area

While the primary purpose of this solicitation is to select a manufacturer(s) who can provide the equipment, supplies and service for all potential Participating Entities, a Contractor is permitted to respond for more limited geographical areas, however not less than a single Participating State. Contractor must clearly describe the geographical limits (e.g. by state name) if proposing a geographical area less than that of all potential Participating States (see Attachment A Offer Response Form Capacity of Offeror Questionnaire). However, if a Contractor elects to submit a proposal for a limited geographical area the Contractor must be willing to service the entire state(s) within that geographical area. The Contractor may request to add additional states to the contract at a later date following the award if mutually agreed upon by the Contractor and the Master Agreement Contract Administrator. Any award received does not guarantee any State will sign a Participating Addendum with the Contractor and additional states.

#### 3.2 Products

- 3.2.1 Contractor(s) shall provide equipment and support to meet the mailing needs of the customer per the extent of their award. The applicable product range will include mailroom-related software license and subscriptions, ultra-low volume equipment and all other mail room equipment including mailing production environment equipment and accessories. The equipment, support, accessories and options as contained in specific product manufacturer's established catalog/price lists are placed into groups specified within this solicitation. All equipment, and support offered must meet the approval of the USPS® if applicable. Any awarded contractor(s) shall also include information on all environmental features of each item, including but not limited to: energy efficiency modes and their operation, double sided copying operations and double sided default programming, the extent to which any supplies and other packaging may qualify for recycling, re-manufacturing, and will provide the environmental and economic benefits of these features.
- 3.2.1.1. **Printers** – The only printers allowed for purchase through this solicitation are special printers sole use for which is tied to mail room equipment. If a regular printer (e.g. an HP Printer) is able to be utilized in the same fashion, and function as the printer available

from the Contractor, then the printer from the Contractor is not allowed. Allowable printers may be purchased with a mail room equipment system or as a product replacement from a purchase from this or a previous Master Agreement.

3.2.1.2. **Computers** - The only computers allowed for purchase through this solicitation are those computers dedicated to mail room equipment and operations.

3213 **Furniture** - Furniture is being awarded within each category as well as being classified as an independent category. The furniture that is applicable to the independent furniture category is furniture that is specific to mail rooms but not specific to the mail equipment category. E.g. Case work or mobile mail cart etc. The furniture section within each category is relevant to furniture that would be considered agreeable with the mailroom equipment with which they are compatible.

3214 **Accessories** – All accessories, including tablets and scanners, shall be relevant to the functioning of a mail room. If there is any concern over a specific item being included in this category, said items will be submitted to the Contract Administrator for a decision. The Contract Administrator’s decision is the final determination as to whether an item is included in the Scope of any Master Agreement.

3215 **Trade In/Buy Back** - Contractor shall provide a Trade in /Buy Back program to help ensure Participating Entity has the best options to meet their needs. This program is required; however, it is at the sole option of the Participating Entity to utilize this program. Please provide the details of your Trade In/Buy Back program in your response.

3216 All equipment identified as EnergyStar compliant shall be delivered and installed with the Energy Star or similar power management features enabled.

### 3.3. Remanufactured Equipment

3.3.1 A Contractor may offer Remanufactured or Refurbished Equipment that is certified by the Manufacturer. All Remanufactured or Refurbished Equipment will be clearly labeled as Remanufactured equipment. Pricing will be based on a quote and on an Individual Case Basis (ICB). All quotes will also provide the fixed annual maintenance rate for years 2-5. Remanufactured equipment shall come with a 1 year all-inclusive as new-warranty and the Offeror shall be able to provide maintenance for years 2-5 that includes all service, labor, software maintenance, and parts. If for any reason a Contractor is not able to provide maintenance (including parts), the Contractor(s) will provide, entirely at their expense, a replacement

piece of equipment and/or software. Any replacement items shall have the equal or greater performance and functionality along with the maintenance for the equipment for the duration of the original five (5) year maintenance period (including maintenance on the replacement equipment) at no additional charge. All other requirements of the Master Agreement continue to apply.

### 3.3.2

Shipping is to be FOB destination, inside to the contiguous 48 states, Washington DC and point of exportation for Alaska, Hawaii, Puerto Rico, and territories for shipments outside the 48 contiguous states. The point of exportation location must be agreed to, in writing, by the vendor and the Participating Entity. At that point, shipping terms, charges and conditions should be negotiated with the end-user. These Participating Entities must be notified in advance of any possible shipping charges and mutually agreed to in writing before any purchase or lease is allowed.

The Contractor(s) shall furnish equipment within twenty (20) business days after receipt of order, or a delivery time mutually agreed upon, in writing, between the Participating Entity and the Contractor. The Contractor shall notify the Participating Entity in advance of delivery of equipment so that the Participating Entity can make necessary arrangements. Delivery of start-up supplies shall be made upon or before delivery of equipment. Delivery shall be made in accordance with instructions (time and quantities ordered) from the Participating Entity as detailed on the Purchase Order. All deliveries shall be accompanied with a Bill of Lading containing the Purchase Order number, the items ordered, the Master Agreement numbers, (both the Master Agreement number and the Participating Entities number) pricing and any special instructions. If there is a discrepancy between the Purchase Order and what is listed on the Master Agreement, it is the Contractor's obligation to seek clarification from the Participating Entity.

All deliveries and installation work shall be performed during regular working hours, defined as 7:00 A.M. to 6:00 P.M. Monday through Friday. Changes may be granted with written approval of the Participating Entity. Any delivery required to be performed outside regular working hours or on Saturdays, Sundays or legal holidays, as may be reasonably required consistent with contractual obligations, and if agreeable to both the Contractor and the Participating Entity, shall be agreed to in writing by both parties.

The Contractor shall be responsible for the delivery of equipment in first class condition at the point of assembly, and in accordance with good commercial practices. The Contractor shall also be responsible for the removing of all debris associated with the purchase from the premises.

- Packing for shipment shall be provided to adequately protect the product and ensure safe shipment.
- Shipping cases shall be marked to indicate the name of the Contractor/Manufacturer's name and address of receiving Participating Entity, Purchase Order number, and Contract number (both the Master Agreement number and the Participating Entities number).

Participating Entities are authorized to order and the Contractor is authorized to ship only those items approved and awarded under the Master Agreement. If any items other than those awarded in the applicable Master Agreement and not eliminated in the PA negotiation process have been ordered and delivered, the Participating Entity shall take any steps necessary to have the items returned to the Contractor. Contractor shall issue full credit upon return of item(s). Violation may result in administrative actions including, but not be limited to termination of the Participating Addendum or the Master Agreement.

### **3.4 Training & Support Services**

3.4.1 Upon delivery and installation of specified equipment, the Contractor shall provide training to personnel designated by the Participating Entity. Operational Training must be provided to the designated personnel until the personnel are able to operate the equipment independently. The amount of training is determined by the complexity of the equipment purchased, rented or leased by the Participating Entity. Installed product and system training shall be included in the price. Contractor shall provide additional training at the Participating Entity's request throughout the life of the equipment. All training will be performed on the Participating Entity's sites, via remote or electronic delivery. Site required training will be at no additional charge if the equipment is either under warranty or an active maintenance plan. Upon the mutual agreement of both parties, additional training outside of initial installation will be at the participating entity's expense. Contractor will be responsible for the cost of all travel, lodging and food; no charges will be passed on to the Participating Entity.

The Contractor must agree to maintain a toll-free technical support telephone line. The telephone line shall be accessible to Participating Entity personnel who need to obtain competent technical assistance regarding the installation or operation of the Contractors Equipment. The toll-free support line shall be available during regular working hours, defined as 7:00 A.M. to 6:00 P.M. local time Monday through Friday.

### 3.5 Instruction Manuals

- 3.5.1 Instruction manuals shall be included at no cost for each piece of equipment that is purchased or rented. The instruction manual shall contain, but not be limited to:
- Glossary
  - A section defining the capabilities of the equipment (specifications)
  - A general section describing the technical operation of the equipment
  - A section describing the installation and use criteria of the equipment
  - A section on the primary points of contacts for sales, training and maintenance/service
  - All manuals and instruction shall be in the English language

### 3.6 Technology Advancements

New equipment and technologies will be considered for the possible implementation as long as they are in consonance with USPS rules and guidelines.

### 3.7 Software purchases or subscriptions

Software acquired under this Master Agreement shall be specific to the needs of mail operations. Purchase order shall reference a manufacturer's most recent release or version of the product unless the Participating Entity specifically requests in writing a different version. As a minimum, software licenses shall provide license rights as prescribed in section 20 of the NASPO ValuePoint Master Agreement Terms and Conditions in Section 6 of this RFP. Rights in software other than as proposed shall be negotiated and agreed to by the Participating Entity as defined in the PA.

- 3.7.1 In addition to the services directly associated with the receipt of product under this Scope, the Contractor(s) will provide services related to the selection, purchase and management of distributed software, these services include, but are not limited to:
- 3.7.1.1 Assemble, Production Equipment Only
  - 3.7.1.2 Software Installation/Integration
  - 3.7.1.3 Design, Production Equipment only
  - 3.7.1.4 Maintenance, Annual and Time and Material
  - 3.7.1.5 Legacy Maintenance
  - 3.7.1.6 Lease/Rental/Purchase Options

### 3.8. Equipment Performance

- 3.8.1 Equipment at each individual location shall maintain, at all times a 95% or better uptime. Downtime shall be computed from the time the

Contractor representative is notified of equipment failure until the equipment is fully operational. Equipment that does not meet the performance standard of 95% for a two (2) consecutive month period or for three (3) months in a rolling twelve (12) month period shall be replaced by the Contractor with equal or better equipment. It is understood and accepted that equipment failure may not be attributed to the use of recycled paper and/or recycled/remanufactured supplies, as long as those products meet the specifications set by the USPS.

3.8.2 *Replacement of Unsatisfactory Equipment.*

The Contractor shall grant a credit for any equipment which fails to perform at the effectiveness level defined in section 3.8.1 The credit shall be equivalent to the percentage of down time experienced within that month.

The Contractor may elect to replace an individual component or section that is defective in Production Equipment. The Participating Entity shall notify the Contractor in writing if the repair does not resolve the issue. This written notification will act as a cure letter allowing fifteen (15) days to have resolution plan in place.

During the warranty period, unsatisfactory equipment performance will require an even exchange of equipment of equal or greater performance at no additional cost.

After the warranty period, the credit value shall be the amount paid at the time of purchase.

If equipment or software is not functional after 60 days of delivery, the Purchasing Entity may return for full refund or cancel any rental or lease agreement with no fees or charges of any kind.

### **3.9. Maintenance on Purchased Equipment**

3.9.1 This Master Agreement recognizes two (2) categories of maintenance, Preventive maintenance and Repair Service which is covered by the Service Level Agreement. The Contractor must have the resources, distribution capabilities, inventory of parts, consumable supplies, and staff to meet the requirements of the Master Agreement. Contractor or Contractor's Authorized Dealers/Partners shall maintain replacement parts to ensure minimum downtime. Pricing shall include all maintenance including, but not limited to, all parts, labor and time, and preventative maintenance services at the levels specified for each piece of equipment. The Contractor must offer a full service maintenance contract for all equipment placed. However, the Participating Entity shall have the option of not entering into a maintenance/service contract on purchased equipment, but choose to utilize the Time and Materials option. On-site service shall be available on an immediate

need service call basis. Preventive scheduled maintenance is based on the equipment requirements by the Manufacturer. These shall include, cleaning, lubrication, parts replacement and necessary adjustments. Maintenance on any equipment purchased under the Master Agreement must be available for five years.

- Contractor /Authorized Dealer shall provide and maintain a toll-free number, an email address and a fax number for Maintenance and Repair Service.

3.9.2 If a Contractor is called due to non-performance of a system, and the Contractor arrives and determines that the issue is with an excluded item and not their product, they will notify the Purchasing Entity. If the equipment is under a maintenance agreement or in the initial one-year warranty time frame, there will be no cost to the Purchasing Entity for the diagnostic call. If the equipment is not under warranty or a maintenance plan the Contractor may charge their hourly contracted rate.

### 3.10 Service Level Agreements

3.10.1 All Service Level Agreements shall meet the following requirements:

3.10.1.1 Two (2) hour response time (acknowledgement) to all written or oral notices of a service requirement due to an equipment stoppage or malfunction.

3.10.1.2 A factory trained service technician, shall be on site before close business or within 4 hours at the start of the next business day.

3.10.1.3 Any Purchasing Entities that require a 24hr/7 days per week maintenance agreement will be negotiated during the PA process.

3.10.1.4 All parts that require maintenance by a service technician are to be included and considered part of the service repair plan. Failed/defective parts shall be replaced at no additional charge to the Participating Entity.

3.10.1.5 Consumable supplies shall be billed separately.

3.10.1.6 If the equipment includes licensed software, the Contractor shall provide software support.

3.10.1.7 Contractor shall maintain a service log for each piece of equipment at each location. Service log shall be available for Participating entity to review.

3.10.1.8 The Contractor shall supply loaner equipment at equal or greater functionality, at no additional charge, for any inoperable equipment exceeding three (3) business days from time of diagnosis. The Contractor may offer, in lieu of loaner equipment, to provide

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production or alternative services during the period of

repair. This shall be mutually agreed upon in writing beforehand.

### **3.11 Legacy Maintenance**

- 3.11.1 The Contractor shall provide maintenance on legacy devices already sold to a Participating Entity. Pricing will be provided on an Individual Case Basis (ICB), through a quote process.
- 3.11.2 The Contractor must have the resources, distribution capabilities, inventory of parts, consumable supplies and staff to meet the requirements of any Master Agreement. Legacy maintenance pricing shall include but not limited to all parts, labor and time at the levels specified for each piece of equipment that has previously been purchased from the Manufacturer. The Participating Entity shall have the option of not entering into a maintenance/service contract on purchased equipment, but choose to utilize the Time and Materials option. On-site service is to be available on both an immediate need service call basis, and as needed for preventive maintenance. Preventive maintenance shall be based on the needs of the individual equipment as determined by the manufacturer. This shall include cleaning, lubrication, necessary adjustments, and replacement of unserviceable parts. Maintenance shall be available for equipment that is up to 10 years old from date of purchase.

### **3.12 Design and Software Consulting Services**

Design layout services must be provided at no cost by the Contractor, with the exception of production environment equipment and software consulting services. The total number of hours/days required for services must be agreed to in writing before any design services or software consulting services are initiated. The Contractor shall only charge for actuals costs incurred.

### **3.13 Installation/Integration**

- 3.13.1 All equipment prices shall include installation, with the exception of integrating software solutions and Production Equipment. Contractor may charge the contracted rate for integrating software and Production equipment installation. The total number of hours/days needed shall be agreed to, in writing, before any Installation or, Integration services may be initiated. The Contractor shall charge only for actual costs incurred.
- 3.13.2 If a Contractor needs to utilize special Rigging (e.g. a crane) where the Participating Entity does not have an elevator accessible for moving the equipment, they may charge the hourly Installation /Integration rate. However, all “rigging” charges shall be mutually agreed to, in writing, before work begins.

- 3.13.3 Contractor shall affix a label or a decal to the equipment at the time of installation showing warranty period by dates, and the name, address, and telephone number of the Contractor responsible for warranty service of the equipment.
- 3.13.4 The Contractor and the participating entity shall, prior to purchase, review the installation location to ensure the proposed location meets the manufacturer's installation criteria. If special installation is required, the Contractor and Participating Entity shall agree in writing, to the total cost of the installation based on the hourly/daily rates provided within the Master Agreement. Should the proposed installation location not meet established installation criteria, the Contractor and the Participating Entity may attempt to locate an alternate mutually agreeable location for the equipment.

### **3.14 Software Maintenance.**

Maintenance shall be available for all software licenses purchased. Software maintenance shall include all software updates, patches and new releases/versions and shall be available to all Participating Entities. It is the Contractor's responsibility to communicate all updates, patches, and new releases/versions to all end users. No additional fee shall be charged for installation of the upgrades. The Contractor shall be responsible for Postage Scale software licensing.

### **3.15 Equipment Leasing.**

Participating Entities may enter into lease agreements for the products covered in the Master Agreement. Responders who wish to participate in lease agreements with these individual states/entities must submit copies of all of their lease agreements with their response to this RFP. The lease agreements will not be reviewed or evaluated as part of the RFP evaluation process. The agreements will simply be made available to any state or entity who wishes to negotiate a lease agreement with a Contractor. Any additional Terms and Conditions submitted that are specifically for Equipment Leasing will not become part of the Master Agreement, but the negotiated Lease T&C's will be made part of the PA.

### **3.16 Equipment Rental.**

Individual Participating States and Participating Entities may enter in to rental agreements for the products covered in the Master Agreements resulting from the RFP, if they have the legal authority to enter into these types of agreements. Responders who wish to participate in rental agreements with these individual states/entities must submit copies of all of their pertinent rental agreements with their responses to this RFP. No additional Terms and Conditions shall apply to any rental agreements. The rental agreements will not be reviewed or evaluated as part of the evaluation process. The agreements will simply be made available to any state or entity who wishes to negotiate a rental agreement with a Contractor. Any additional Terms and Conditions submitted that are specifically for Equipment Rental will not become part of the Master Agreement, but the

negotiated Rental T&C's will be made part of the PA.

### **3.17 Develop and Maintain Website.**

For each Participating Entity, the Contractor shall develop and support a website specific to that Participating Entity, with content approved by the Contract Administrator and/or State Procurement Officer as appropriate. This web site information shall be available through the Internet without the use of additional software or licenses. Website should be user friendly to allow for quick and easy access and use. Contractor should provide web-based training regarding use of website at no additional cost, and online, email, or telephone help should be available to assist during the Participating Entity's standard working hours. Website must be available 24 x 7, except for scheduled maintenance and be ADA compliant. No costs or expenses associated with providing this information shall be charged to the Participating Entity. Universal Resource Locator (URL) for the website must be supplied to the Participating Entity and the Master Agreement Contract Administrator within 60 days of the execution of a PA. The website shall include Master Agreement information, product information/catalog, and other pertinent information as may be reasonably requested by Participating Entity.

- 3.17.1 *Contract and General Information.* The website will provide Master Agreement information to include, at a minimum: the contract number(s) (Master Agreement and PA); the Contractor's contact names and titles, including primary contact and contacts to whom incidents should be escalated; areas of responsibility for each contact name as well as their phone numbers and email addresses; Complete information for all Authorized Dealers/Partner for the geographical area of the Purchasing Entity to include contact names and titles, phone numbers, email addresses and a copy of the escalation plan for the Purchasing Entity; information on use of website; quote and ordering information; and any relevant notifications concerning the equipment, supplies and support available under any Master Agreement.
- 3.17.2 *Online Catalog.* The website shall provide Master Agreement and ordering information to include, at a minimum: product names, product numbers, product MSRP pricing, and product descriptions (photos optional or links to access product literature optional), and the contracted discount rate applicable to the product. Non-authorized products or groups of products shall either not be viewable on the website or shall be clearly marked as excluded products. Regardless of the number and types of links to the Contractor's electronic catalog, the Contractor shall ensure that all eligible agencies purchasing from one PA are able to access one, and only one, version of the product catalog.
- 3.17.3 *Product Searching Capability.* At a minimum, the online catalog should be searchable by product name, product number, and description.

### **3.18 Customer Service and Representation**

- 3.18.1 *Dedicated Representation and Timely Response.* Contractor shall provide a dedicated representative for each Participating Entity. The Contractor shall submit a list of all Authorized Dealers/Partners by State. The list shall include the name of the dealer, the contact name, title, phone number, physical address, and email address. The Participating Entity shall have sole discretion as to which of the Authorized Dealers/Partner they choose to utilize. The Representative will provide an individual for quote assistance, equipment, services and support recommendations, track and report on equipment lease/rental renewal deadlines, and serve as a contact point for the Participating Entity. Contractor and Authorized Dealers must commit to returning phone calls or responding to emails within two business days.
- 3.18.2 *Problem Escalation.* Contractor must provide an incident escalation path for each Participating Entity, providing on that Participating Entity's website, the name, contact information, and role of individuals to whom problems should be escalated if the problems are not resolved by primary contact with both the Contractor and Authorize Dealer/Partner.
- 3.18.3 *Contract Reviews.* The Contractor shall attend an annual meeting with Master Agreement Contract Administrator and sourcing team to review usage and discuss any issues that are occurring, if requested. The Contractor shall meet more often if the Master Agreement Contract Administrator deems necessary. The Contractor shall conduct a customer satisfaction survey and detailed issues encountered during the previous six-month term. The Contractor shall be prepared to discuss overall effectiveness of contract, total sales, potential cost savings opportunities when could be passed through to the Participating Entities. In a renewal year, the annual review will take place prior to contract extensions. It is the Contractors responsibility to schedule meetings. The Contractor Administrator shall schedule the meeting with the Contactor.

### **3.19 Price Quote, General**

Pricing shall be submitted in the Master Agreement as a discount off of MSRP list price, with the following exceptions: Maintenance shall be priced based on a Time and Material basis (hourly rate), Design (For Production Equipment only), Installation (Production Equipment only), and Software Consulting Services shall be provided on an hourly/daily rate basis. Individual PA's may use the Master Agreement pricing as a base and may negotiate an adjusted rate. Any negotiated PA rates, exclusive of taxes or any individual state's administrative fee, shall not exceed the MPA rates. As requested by Purchasing Entity, for example on a high volume single order, Contractor may negotiate to reduce cost for the Participating Entity. Firm individual order quotes shall be provided to Purchasing Entity prior to order submittal. All quotes for purchase, rental or lease shall

contain enough detail to easily validate pricing contained within the Master Agreement.

- 3.19.1 *Telephone or Email Quote Support.* Contractor/Authorized Dealer shall accept requests for quotes by telephone, fax, and email. Contractor /Authorized Dealer shall provide and maintain a toll-free number for Purchasing Entity to use. Contractor shall provide an email address for receipt of requests for price quotes. The Contractor must provide written quotes by fax, email or online as requested by the Participating Entity.
- 3.19.2 *Timely Quotes.* Contractor/Authorized Dealer agrees to provide quotes in a timely fashion. Expected response should be within 24 hours but no more than three business days after receiving all of the pertinent information.
- 3.19.3 *Guaranteed 90 Day Quote.* Contractor is required to honor all quotes for 90 calendar days.
- 3.19.4 *Sales Promotion.* The Contractor may conduct sales promotions involving specific products for specified time periods. The promotion should include: the product, the promotional price as compared to the original price and the start and end dates of the sales promotion. The contractor shall maintain a record of all sales promotions and make it available upon request.
- 3.19.5 *Extra-contractual Products and Services Prohibited.* Products and services not awarded in this contract are prohibited from being offered.

### **3.20 Line Item Specifications**

#### **Postage Meter Rental (to include Legacy Postage Meters)**

- Digital postage meter must have display that provides date, piece-count, postage used, and postage unused.
- Must be refillable by phone and/or electronically that may be placed on a master account or paid by P-Card.
- Must imprint postage from \$0.01 to \$99.99.
- No administrative fees for postage meter refills.
- Rental renewal available annually.
- No automatic renewals shall be allowed on this contract.
- No penalties for early rental termination.

#### **Mailing Systems, Ultra Low Volume**

- Digital or IBI (Information Based Indicia) Operation to conform with all USPS® requirements.

- Manual Feed.
- Must meter, date envelopes.
- Handles mail envelopes from 3½" x 5" to 12" x 15".
- Interfaces with postage scales.
- Must include locking key or security feature.
- Must imprint postage from \$0.01 to \$99.99.
- Must have replaceable ink cartridge.
- Must have wet or dry tape system for oversize packages.

### **Mailing Equipment. Mailing Systems. Low Volume**

- Digital or IBI (Information Based Indicia) Operation to conform with all USPS® requirements.
- Minimum feed speed of 30 pieces/minute.
- Must meter, date, and seal envelopes.
- Handles standard mail envelopes from 3½" x 5" to 12" x 15".
- Interfaces with postage scales.
- Must include locking key or security feature.
- Must imprint postage from \$0.01 to \$99.99.
- Must have replaceable ink cartridge.
- Must have wet or dry tape system for oversize packages.

### **Mailing Equipment. Mailing Systems. Medium Volume**

- Digital or IBI (Information Based Indicia) Operation to conform with USPS® requirements.
- Minimum feed speed of 45 pieces/minute.
- Must meter, date, and seal envelopes.
- Handles letter mail and large envelopes up to 3/8" thick and 7-1/2" wide.
- Interfaces with postage scales up to 100 lbs.
- Includes tape dispenser for parcel.
- Must imprint postage from \$0.01 to \$99.99.
- Must include locking key or security feature.
- Must have replaceable ink cartridge.
- To include water reservoir with water level indicator.
- Must have sealed and non-sealed modes.

### **Mailing Systems. High Volume**

- Digital or IBI (Information Based Indicia) Operation to conform with USPS® requirements.
- Minimum feed speed of 200 pieces/minute.
- Must meter, date, and seal envelopes.
- Handles letter mail and large envelopes from 3"x 5" to 13" x 13".
- Interfaces with postage scales up to 100 lbs.
- Includes Tape Dispenser for parcel.
- Must imprint postage from \$0.01 to \$99.99.

- Must include locking key or security feature.
- Must have replaceable ink cartridge.
- To include water reservoir with water level indicator.
- Must have sealed and non-sealed modes.

### **Mailing System, Production**

- Digital or IBI Operation to conform with USPS® requirements.
- Minimum feed speed of 300+ pieces/minute.
- Must meter, date, and seal envelopes.
- Handles letter mail and large envelopes from 3”x 5” to 13” x 13”.
- Interfaces with postage scales up to 100 lbs.
- Includes Tape Dispenser for parcel.
- Must imprint postage from \$0.01 to \$99.99.
- Must include locking key or security feature.
- Must have replaceable ink cartridge.
- To include water reservoir with water level indicator.
- Must have sealed and non-sealed modes.

### **Integrated Postal Scales**

- Capable of Interfacing with Postage Meter.
- Includes variety of rates including: Standard, First Class, Priority Mail, Certified Mail, Return Receipt Registered, C.O.D., Insured, Registered, Bulk Rates, etc.
- Includes keyboard graphics, operator prompts and menu selections.
- Special Carrier Rates.
- Capable of weighing to a 32<sup>nd</sup> of an oz., displaying in increments of 0.5 oz.
- Must electronically set postage meter by the touch of one button.
- Must include postal rate changes at no additional cost throughout the lease or maintenance contract.

### **Letter Openers, Low Volume**

- Includes Feeder and Stacker, Variable Trim Control.
- Processing speed up to 10,000 pieces per hour Minimum.
- Self-Sharpening trim blade adjusts to allow for narrow or wide cut.
- Includes Tray that collects 80 #10 opened envelopes and trimmings

### **Letter Openers, High Volume**

- Includes Feeder and Stacker, Variable Trim Control.
- Processing speed over 20,000 pieces per hour Minimum.
- Self-Sharpening trim blade adjusts to allow for narrow or wide cut.
- Includes Tray that collects 150 opened envelopes and trimmings.

### **Letter Folders, Low Volume**

- Automatic.
- Folds up to 10,000 sheets per hour minimum.
- Completes Standard or Custom folds. •
- Handles at a minimum paper from 3-1/8" x 4" x 9-1/2" x 14".

### **Letter Folders, High Volume**

- Automatic.
- Folds more than 20,000 sheets per hour minimum.
- Completes Standard or Custom folds.
- Handles at a minimum paper from 3-1/8" x 4" x 12" x 18".
- Able to process Multiple Folds.

### **Inserters, Production**

- Processes up to 5,500 sheets per hour minimum.
- Feeds, collates, folds, and, inserts material into envelopes.
- Jobs can be pre-programmed.

### **Folder/Inserters, Low volume**

- Automatic.
- Completes Standard or Custom folds.
- Handles paper from 3-1/8" x 4" x 9-1/2" x 14".
- Processes up to 1,500 sheets per hour minimum.
- Feeds, collates, folds, and, inserts material into envelopes.
- Jobs can be pre-programmed.

### **Folders/Inserters, Medium Volume**

- Automatic.
- Completes Standard or Custom folds.
- Handles paper from 3-1/8" x 4" x 9-1/2" x 14".
- Processes up from 1501 – 4,999 sheets per hour minimum.
- Feeds, collates, folds, and, inserts material into envelopes.
- Jobs can be pre-programmed.

### **Folders/Inserters, High Volume**

- Automatic.
- Completes Standard or Custom folds.
- Handles paper from 3-1/8" x 4" x 9-1/2" x 14".
- Processes up to 5,000 – 9,999 sheets per hour minimum.
- Feeds, collates, folds, and, inserts material into envelopes.
- Jobs can be pre-programmed.

### **Folders/Inserters, Production**

- Automatic.

- Completes Standard or Custom folds.
- Handles paper from 3-1/8" x 4" x 9-1/2" x 14".
- Processes over 10,000 sheets per hour minimum.
- Feeds, collates, folds, and, inserts material into envelopes.
- Jobs can be pre-programmed.

#### **Envelope Mail Labeler, Low Volume**

- Label Speed: up to 5,000 # 10 envelopes per hour.
- Applies permanent (peel off) labels ranging in size from 1" to 4" high and maximum backing strip of 6".
- Adjustable label positioning from side-to-side and top-to-bottom of document.
- Motor driven take-up reel for label backing and control for adjusting for different types of labels and backing.
- Includes digital counter.

#### **Envelope Mail Labeler, Medium Volume**

- Label Speed: up to 10,000 # 10 envelopes per hour.
- Applies permanent (peel off) labels ranging in size from 1" to 4" high and maximum backing strip of 6".
- Adjustable label positioning from side-to-side and top-to-bottom of document.
- Motor driven take-up reel for label backing and control for adjusting for different types of labels and backing.
- Includes digital counter.

#### **Envelope Mail Labeler, High Volume**

- Label Speed: up to 15,000 # 10 envelopes per hour.
- Applies permanent (peel off) labels ranging in size from 1" to 4" high and maximum backing strip of 6".
- Adjustable label positioning from side-to-side and top-to-bottom of document.
- Motor driven take-up reel for label backing and control for adjusting for different types of labels and backing.
- Includes digital counter.

#### **Envelope Mail Labeler, Production**

- Label Speed: up to 25,000 # 10 envelopes per hour.
- Applies permanent (peel off) labels ranging in size from 1" to 4" high and maximum backing strip of 6".
- Adjustable label positioning from side-to-side and top-to-bottom of document.
- Motor driven take-up reel for label backing and control for adjusting for different types of labels and backing.
- Includes digital counter.

#### **Envelope Addressing System, Ink Jet, Low Volume**

- Label Speed: up to 2,500 # 10 envelopes per hour.
- Applies address information directly to envelopes.

- Adjustable printing positioning from side-to-side and top-to-bottom of document.
- Adjustable print resolution.
- Scalable fonts.
- Interface with Windows based software.
- Includes digital counter.

**Envelope Addressing System, Ink Jet, Medium Volume**

- Label Speed: up to 5,000 # 10 envelopes per hour.
- Applies address information directly to envelopes.
- Adjustable printing positioning from side-to-side and top-to-bottom of document.
- Adjustable print resolution.
- Interface with Windows based software.
- Includes digital counter.

**Envelope Addressing System, Ink Jet, High Volume**

- Label Speed: up to 24,999 # 10 envelopes per hour.
- Applies address information directly to envelopes.
- Adjustable printing positioning from side-to-side and top-to-bottom of document.
- Adjustable print resolution.
- Multiple print heads.
- Movable print heads.
- Print USPS Bar Codes.
- Scalable fonts.
- Interface with Windows based software.
- Includes digital counter.

**Envelope Addressing System, Ink Jet, Production**

- Label Speed: over 25,000 # 10 envelopes per hour.
- Applies address information directly to envelopes.
- Adjustable printing positioning from side-to-side and top-to-bottom of document.
- Adjustable print resolution.
- Multiple print heads.
- Movable print heads.
- Scalable fonts.
- Print USPS Bar Codes.
- Interface with Windows based software.
- Includes digital counter.

**Tabbers, Low Volume**

- Complies with all USPS® regulations.
- Single-tab speeds up to 15,000/Hr.

- Multiple tabbing options (paper, clear translucent with or without perforation etc.).
- Easy Programming and Set up.
- Automatic size adjusting (accepts various tab sizes).
- Accepts various types and sizes of media.

### **Tabbers. Medium Volume**

- Complies with all USPS® regulations.
- Single-tab speeds from 15,001 -22,000/Hr.
- Multiple tabbing options (paper, clear translucent with or without perforation etc.).
- Easy Programming and Set up.
- Automatic size adjusting (accepts various tab sizes).
- Accepts various types and sizes of media.

### **Tabbers. High Volume**

- Complies with all USPS® regulations.
- Single-tab speeds greater than 22,001/Hr. –50,000/Hr.
- Multiple tabbing options (paper, clear translucent with or without perforation etc.).
- Easy Programming and Set up.
- Accepts various types and sizes of media.

### **Tabbers. Production**

- Complies with all USPS® regulations.
- Single-tab speeds greater than 50,000/Hr.
- Multiple tabbing options (paper, clear translucent with or without perforation etc.).
- Easy Programming and Set up.
- Accepts various types and sizes of media.

### **Check Imprinting/Endorsing**

- Minimum monthly volume of 25,000.
- Utilize both cut sheet and continuous style documents.
- Able to provide a variety of options with regards to signatures, date stamps, seals and logos on various locations on the document.
- Counters that can be reset and non-reset for audit purposes.
- Offers both tri-color and ultraviolet ink roll options.

### **Pressure Sealing. Production**

- Creates a single piece mailer from a full range of stock or custom forms.
- Creates a single piece mailer with a continuous seal formed to assure security and confidentiality.
- Must be able to detect when “double documents” are processed.
- Must be able to detect document jams during production.
- Shall have emergency shut off/safety device.

### **Bursting Equipment, Production**

- Able to burst cut sheet.
- Able to burst at the perforation.
- Stack sequentially and continuous multipart documents.
- Burst at the horizontal perforations.
- Burst various locations of perforations.

### **Pre-sorting Equipment, Production**

- Minimum monthly volume of 100,000.
- Ability to sort various sizes of envelopes, flats and packages.
- Multiple Station.
- Various rates of speed.
- Ability to process the entire range of USPS.

### **Extractors**

- Processes up to 3000 pieces per hour.
- One, Two, or, Three Sided Opening.
- Includes counting and monitoring system that counts pieces processed.
- Capable of processing various sizes of intermixed mail up to and including #11 envelopes, heights to 5-1/4".

### **Mailing Furniture (specific to a category)**

- Mailroom furniture shall be appropriate for the mailroom category being it is being offered in.
- Mailroom work tables, pedestals, bins etc. must be constructed of wood, steel or plastic bases with steel, laminate or wood tops that can support the daily use and weight of mailroom product and equipment.
- Only furniture specifically related to the category/group of equipment may be purchased under this category.

### **Mailing Furniture (general)**

- Mailroom furniture shall not be specific to a piece of equipment or a category/group.
- Mailroom free standing mail sorter tables, case works, mail carts etc. must be constructed of wood, steel or plastic bases with steel, laminate or wood tops that can support the dialing use and weight of mailroom activity.

### **Accessories**

- Mailroom accessories must be appropriate for a mailroom operation.
- All accessories related to equipment configurations must be identified in the equipment catalogs with the associated percentage % discount(s) off the manufacturer's suggested retail price.

### **Software, License and Subscription**

- Commercial off-the-shelf (COTS) and customized mail room related software utilized by mailing equipment (e.g. tracking software or accounting software) and purchased/leased on either a monthly or annual basis.
- All software must be specifically utilized only for mailing equipment operations.
- Includes licensing, software maintenance, technical support and updates.
- All installations will be performed by the Contracted Supplier.
- Updates shall be performed by Contracted Supplier or user.

### **Software Consulting Services**

- Consulting services for mailing solutions that may require requirements definition, custom design, programming, testing and implementation as outlined in a detailed statement of work.

### **Software Integration**

- Consulting services provided by Contractor that includes but not limited to the process of bringing together applications into one system to ensure the applications function together as a whole for mailing room operations functionality.

### **Training**

- *Additional* training services as specified in Section 3.4.1.

### **Supplies /Consumables**

- All Supplies/Consumables needed to operate the mailing device or equipment.
- Regular paper is not included in this category.
- Labels for addressing and other mail room purposes are included.

### **Design, Production Only**

- Billable only for Production equipment.
- Total hours/days with total fee will be agreed to in writing from both parties before any work will begin.
- All other Design work is included in the cost of the mailing equipment.

### **Assembly/Installation, Production Only**

- Billable only for Production equipment.
- Total hours/days with total fee will be agreed to in writing from both parties before any work will begin.
- All other Installation work is included in the cost of the mailing equipment.

**Equipment Leasing**

- See section 3.15.

**Equipment Rental**

- See section 3.16.

**Equipment Relocations Services**

- Equipment Relocation Services include: dismantling, packing, transporting and re-installing equipment at the Client Agency’s request. No additional charges shall be incurred for fuel or tolls. Awarded Vendors may charge for device moves. Such charges must be in the format listed below according to the distance from the original placement:

<b>Move Zone</b>	<b>Distance from the Original Device Placement</b>	<b>Allowable Charge Format</b>
Zone 1	100 Yards or less; or within the same building	No Charge Allowed
Zone 2	Between Zone 1 and 50 miles	Flat Fee
Zone 3	Outside of Zone 2	Per mile fee

NASPO 2017 Attachments

List of Software and Maintenance Agreements on Arizona website:

**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  
pbSmartPostage-terms

**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

To get to the actual agreements on the NASPO website, please follow the link below:

<https://procure.az.gov/bsa/external/purchaseorder/poSummary.sdo?docId=ADSP016-169897&releaseNbr=0&parentUrl=contract>

**SCHEDULE C**

**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, as amended, 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 or C 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, as amended, 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.
- (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

**NASPO VALUEPOINT ADSP016-169897  
POSTAGE METER RENTAL TERMS AND CONDITIONS**

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. The State of Michigan will not agree to indemnify any third parties for any claims, known or unknown, or to permit any third party access to the State's systems, or to mediation, or to be bound by the laws of another jurisdiction.

**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 or C 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 P or C series 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.

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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.

**The Pitney Bowes Bank, Inc.  
PURCHASE POWER TERMS AND CONDITIONS**

The following provisions apply to the optional Purchase Power Program (the "Program"). Additionally, you will receive from us a set of more specific provisions within thirty (30) days of the date of this Agreement.

P1.1 General. (a) In order to participate in the Program, you must provide the information described in Section P1.8. (b) The Purchase Power credit line is a product of the Bank and is not available to individuals for personal, family, or household purposes.

P1.2 Account Charges. (a) Your Purchase Power account (the "Account") will be charged for the amount of postage, products, and services requested and the related fees, if applicable. (b) Unless prohibited by law, you agree to pay the fees and charges of which the Bank has given you notice, including those relating to: (i) transaction fees, if applicable; (ii) if transaction fees are inapplicable, overage fees; (iii) your failure to pay in a timely manner; (iv) your exceeding your credit line; and (v) fees attributable to the return of any checks.

P1.3 Billing, Payments, and Collection. (a) You will receive a billing statement for each billing cycle in which you have activity on the Account. The Bank may deliver any statement electronically to the email address that is then on file for you. (b) Payments are due by the due date shown on your billing statement. (c) You may pay the entire balance due or a portion of the balance, provided that you pay at least the minimum payment shown on the statement. In the event of a partial payment, you will be responsible for the unpaid balance.

P1.4 Deferred Payment Terms. (a) By using the Program, you agree that whenever there is an unpaid balance outstanding on the Account which is not paid in full by the due date shown on your billing statement, the Bank will charge you, and you will pay, interest on the unpaid balance of the Account from time to time, for each day from the date the transaction is posted to the Account until the date the unpaid balance is paid in full, at a variable rate equal to the Annual Percentage Rate applicable to the Account from time to time. (b) (i) The Annual Percentage Rate applicable to the Account will be: the greater of (a) 22% and (b) the sum of the highest "Prime Rate" published in the "Money Rates" section of *The Wall Street Journal* on the last business day of the month and the margin set forth below (the sum of the margin and the Prime Rate is herein called the "Floating Rate"). (ii) The Annual Percentage Rate will be adjusted on a monthly basis based on any fluctuation in the Floating Rate, if applicable. (iii) Any change in the Annual Percentage Rate based on the calculation described in this section will become effective on the first day of your next billing cycle. (iv) The margin which will be added to the Prime Rate to determine the Floating Rate will be 14.75% (using the Prime Rate in effect as of March 31, 2013,

the daily periodic rate would be .049315% and the corresponding annual percentage rate would be 18.00%). (v) The Account balance that is subject to a finance charge each day will include (a) outstanding balances, minus any payments and credits received by the Bank on the Account that day, and (b) unpaid interest, fees, and other charges on the Account. (vi) The Bank will charge a minimum finance charge of \$1.00 in any billing cycle if the finance charge as calculated above is less than \$1.00. (vii) Each payment that you make will be applied to reduce the outstanding balance of the Account and replenish your available credit line. (viii) The Bank may refuse to extend further credit if the amount of a requested charge plus your existing balance exceeds your credit limit.

P1.5 Account Cancellation and Suspension. (a) The Bank may at any time close or suspend the Account, and may refuse to allow further charges to the Account. (b) Cancellation or suspension will not affect your obligation to pay any amounts you owe.

P1.6 Amendments; Electronic Delivery; Termination. (a) The Bank can amend any of the provisions and terms related to the Program at any time by written notice to you (including by electronic notice via the email address that is then on file for you). You are consenting to electronic delivery of any amendments to the Program terms. (b) Each time you use the Program, you are signifying your acceptance of the terms then in effect. (c) An amendment becomes effective on the date stated in the notice and will apply to any outstanding balance on the Account. (d) The Bank may terminate the Program at any time and will notify you in the event of any termination. (e) Any outstanding obligation will survive termination of the Program.

P1.7 Governing Law. The Program and any advances are governed by and construed in accordance with the laws of the State of Utah and applicable federal law.

P1.8 USA PATRIOT Act. (a) Federal law requires financial institutions to obtain, verify and record information that identifies each person who opens an account. (b) The Bank asks that you provide identifying information, including your address and taxpayer identification number. (c) The Bank may also ask for additional identifying information, where appropriate, including asking that your representative who is opening the Account provide his/her name, address, date of birth, driver's license and/or other documents and information that will allow the Bank to identify him/her.

**PBSMARTPOSTAGE™ TERMS AND CONDITIONS**

If you have ordered pbSmartPostage™, your use of that product will be subject to the Terms of Use which are available at <http://www.pitneybowes.com/us/license-terms-of-use/smart-postage-terms-and-conditions.html> and which are incorporated by reference. Your use of pbSmartPostage is entirely governed by the pbSmartPostage Terms of Use and any other provisions of the Pitney Bowes Terms will not apply.

**SENDPRO™ TERMS AND CONDITIONS**

If you are acquiring a SendPro subscription: (i) without SendKit equipment, your Terms Of Use are available at <http://www.pitneybowes.com/us/license-terms-of-use/sendpro-subscription.html>; and (ii) with SendKit equipment, your Terms Of Use are available at <http://www.pitneybowes.com/us/license-terms-of-use/sendpro-term.html>. Your use of the SendPro application is entirely governed by the SendPro Terms of Use and any other provisions of the Pitney Bowes Terms will not apply.

## SCHEDULE D

### SUMMARY OF LEASING/RENTAL PROGRAMS FOR THE SMB PRODUCT LINE UNDER ADSP016-169897

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.

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 available at the link below:

<https://procure.az.gov/bso/external/purchaseorder/poSummary.sdo?docId=ADSP016-169897&releaseNbr=0&parentUrl=contract>

the DMT Product Line apply which are provided under the below link.

#### **TERM RENTAL (INSTALLMENT PURCHASE) - Option A (Schedule D.1)**

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 (Schedule D.2)**

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 (Schedule D.3)**

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:**

Pitney Bowes Global Financial Services LLC will serve as a sub-contractor under ADSPO16-169897, as amended, 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 ADSPO16-00006328- 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 ADSPO16-169897, as amended, 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 or C 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 ADSPO16-169897 Mail Room Equipment, Services and Maintenance contract, as amended, 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, as amended, this Agreement shall prevail.

L 12.8 The Connect+ and SendPro P or C 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 or C 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 ADSP016-169897, as amended, 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 ADSP016-00006328- 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 ADSP016-169897, as amended, 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 or C 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 ADSP016-169897 Mail Room Equipment, Supplies and Maintenance contract, as amended, 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 ADSPO16-169897, as amended, 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 or C 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 or C 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 ADSPO16-169897, as amended, 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 ADSPO16-00006328- 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 ADSPO16-169897, as amended, 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 or C 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 ADSPO16-169897 Mail Room Equipment, Supplies and Maintenance contract, as amended, 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.

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(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. 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 ADSPO16-169897, as amended, 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 or C 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 or C 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.

## Schedule E

### SUMMARY OF DMT LEASING PROGRAMS UNDER ADSP016-169897

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 available at the link below:

<https://procure.az.gov/bso/external/purchaseorder/poSummary.sdo?docId=ADSP016-169897&releaseNbr=0&parentUrl=contract>