

PARTICIPATING ADDENDUM

[hereinafter "Addendum"]

For

**WSCA/NASPO MAILING EQUIPMENT, SUPPLIES, AND MAINTENANCE
MASTER PRICE AGREEMENT No. ADSP011-00000411-7**

Between

Pitney Bowes Inc.

[hereinafter "Contractor"]

and

State of Hawaii

[hereinafter "Participating State"]

State of Hawaii SPO Vendor List Contract No. 12-15

This Participating Addendum will add the State of Hawaii as a Participating State to purchase from the WSCA/NASPO Master Price Agreement, Number ADSP011-00000411-7 with Pitney Bowes Inc.

1. Scope:

This addendum covers WSCA/NASPO Mailing Equipment, Supplies, and Maintenance contract lead by the State of Arizona for use by state agencies and other entities located in the Participating State authorized by the state's statutes to utilize state contracts.

2. Participation:

All jurisdictions of the State of Hawaii who have prior written approval by its Chief Procurement Officer will be allowed to purchase goods/services within the scope of the WSCA/NASPO Master Price Agreement for State Agencies and political subdivisions. Issues of interpretation and eligibility for participation are solely within the authority of the Administrator, State Procurement Office.

3. Changes:

- A. Pursuant to HRS §103D-804, nonprofit organizations, with current purchase of services contracts (HRS Chapter 103F) are eligible to participate in the SPO price/vendor list contracts upon mutual agreement between the vendor and the nonprofit.
- B. Referencing Hawaii Revised Statutes (HRS) § 103D-316, the State, at reasonable times, may inspect the part of the plant or place of business of the contractor or any subcontractor that is related to the performance of a contract awarded or to be awarded by the State.
- C. Usage Reporting Requirement. Contractor will provide a quarterly sales report showing the gross Hawaii sales for the quarterly period just ended to the Participating State contact person listed in Paragraph 6, below, in accordance with the following schedule:

PARTICIPATING ADDENDUM
For WSCA/NASPO MAILING EQUIPMENT, SUPPLIES, AND MAINTENANCE
MASTER PRICE AGREEMENT No. ADSP011-00000411-7
Between Pitney Bowes, Inc. and State of Hawaii
SPO Vendor List Contract No. 12-15

<u>Quarter Ending</u>	<u>Report Due</u>
March 31	April 30
June 30	July 31
September 30	October 31
December 31	January 31

The quarterly report will be subtotaled by State agency, or political subdivision. The quarterly report shall also include any adjustments from prior periods, if applicable.

- D. The laws and rules of the State of Hawaii, including the Hawaii Public Procurement Code, shall govern this contract.
- E. The Contractor agrees to comply with Section 11-355, HRS, which state that campaign contributions are prohibited from a State and government contractor during the term of the contract if the contractor is paid with funds appropriated by the Legislature.
- F. The State of Hawaii is not mandated to purchase from this contract. This contract may be secondary and non-mandatory.
- G. The State of Hawaii's purchasing card (pCard) is required to be used by the Executive departments/agencies, with the exception of the Department of Education and its Charter Schools, the Hawaii Health Systems Corporation and its Regional System Boards and Hospitals, the Office of Hawaiian Affairs, and the University of Hawaii, for orders totaling less than \$2,500. For purchases \$2,500 or more, agencies may use the pCard, subject to its credit limit, or issue a purchase order.

Contractor shall forward invoices, original and three (3) copies, directly to the ordering agency. General excise tax shall not be applied to the delivery charge.

Section 103-10, HRS, provides that the State shall have thirty (30) calendar days after receipt of invoice or satisfactory delivery of goods to make payment. For this reason, the State will reject any offer submitted with a condition requiring payment within a shorter period. Further, the State will reject any offer submitted with a condition requiring interest payments greater than that allowed by Section 103-10, HRS.

The State will not recognize any requirement established by the Contractor and communicated to the State after award of the contract, which requires payment within a shorter period or interest payment not in conformance with statute.

- H. Contractor will be required to be compliant with all laws governing entities doing business in the State, including the following chapters and pursuant to HRS §103D-310(c).

PARTICIPATING ADDENDUM
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SPO Vendor List Contract No. 12-15

1. Chapter 237, Tax Clearance;
2. Chapter 383, Unemployment Insurance;
3. Chapter 386, Workers' Compensation;
4. Chapter 392, Temporary Disability Insurance;
5. Chapter 393, Prepaid Health Care; and
6. Certificate of Good Standing for entities doing business in the State.

The Hawaii Compliance Express (HCE) is utilized for verification of compliance.

The SPO will conduct periodic checks to confirm Contractor(s) maintain compliance on the HCE throughout the term of the contract, including any extensions.

- I. Software license terms and conditions shall be mutually agreed upon in writing by the purchasing entity's authorized individual and Pitney Bowes Inc.
- J. 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.
- K. Effective Date and Contract Period: This Participating Addendum shall be effective upon the date of final execution by the State. The contract period for the State of Hawaii will be from the effective date of this participating addendum to the time period set forth in the Master Price Agreement No. ADSPO11-00000411-7.

4. Lease Agreements:

Equipment Lease and Rental Agreements are authorized in accordance with the terms of WSCA/NASPO Master Price Agreement number: ADSPO11-00000411-7. Attachment B reflects the lease and/or rental options Participating State has agreed to use.

5. Primary Contact:

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

Lead State

Name: Terri Johnson, Strategic Contracts Team Lead
Address: Arizona DOA-SPO,
100 N. 15th Ave, Suite 201
Phoenix, AZ 85007
Telephone: (602) 542-9125
Fax: (602) 542-5508
E-Mail: terri.johnson@azdoa.gov

Participating State

Name: Wendy Orita, Purchasing Specialist
Address: State Procurement Office

PARTICIPATING ADDENDUM
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MASTER PRICE AGREEMENT No. ADSPO11-00000411-7
Between Pitney Bowes, Inc. and State of Hawaii
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1151 Punchbowl Street, Room 416
Honolulu, HI 96813
Telephone: (808) 586-0563
Fax: (808) 586-0570
E-Mail: wendy.m.orita@hawaii.gov

Contractor

Name: Arthur E. Adams, Jr., Director State and Local Contracts
Address: 1 Elmcroft Rd
Stamford, CT 06926
Telephone: (203) 351-7866
Fax: (203) 460-3827
E-Mail: art.adams@pb.com

Contractor – Local Strategic State Account Manager

Name: Bill Walter, Government Account Manager – State of Utah
Address: 385 Inverness Pkwy, Suite #400
Centennial, CO 80112
Telephone: (303) 641-9575
Fax: (203) 460-5758
E-Mail: bill.walter@pb.com

6. Subcontractors:

All Contractor's dealers and resellers authorized in the State of Hawaii, as shown on the dedicated Pitney Bowes website, are approved to provide sales and service support to participants in the NASPO Master Price Agreement. The Contractor's dealer's participation will be in accordance with the terms and conditions set forth in the NASPO Master Price Agreement No. ADSPO11-00000411-7.

7. Purchase Order and Payment Instructions:

All purchase orders issued by purchasing entities within the jurisdiction of this participating addendum shall include the Participating State contract number: SPO Vendor List Contract No. 12-15 and the Lead State Master Price Agreement number: ADSPO11-00000411-7.

- Purchase Orders are issued to (a) Pitney Bowes or (b) to an AUTHORIZED reseller.
- Payments shall be made to Pitney Bowes.

8. Individual Customer:

Each State agency and political subdivision, as a Participating Entity, that purchases products/services 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 Master Price Agreement; and they will have the same rights and responsibilities for their purchases as the Lead State has in the Master Agreement. Each agency and political subdivision will be responsible

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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 Participating Entity individually.

This Addendum and the Master Price Agreement 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 Master Price Agreement, together with its exhibits, shall not be added to or incorporated into this Addendum or Master 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 Addendum and the Master Price Agreement and its exhibits shall prevail and govern in the case of any such inconsistent or additional terms within the Participating State.

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

Government Entity: STATE OF HAWAII

Signature: 

Name: AARON S. FUJIOKA

Title: Administrator, SPO

Date: 5/3/2012

Contractor: Pitney Bowes Inc.

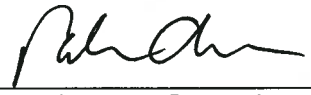
Signature: 

Name: Arthur E. Adams Jr.

Title: Director, State and Local Contracts

Date: April 2, 2012

APPROVED AS TO FORM:


Deputy Attorney General

OPTION B -- WSCA/NASPO FMV RENTAL TERMS AND CONDITIONS -- STATE OF HAWAII:

Pitney Bowes Global Financial Services LLC ("PBGFS") will serve as a sub-contractor under ADSPO11-00000411 and will be the Lessor under this Fair Market Value Rental Terms and Condition Agreement. This Fair Market Rental 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 ADSPO11-00000411-7 to Pitney Bowes Inc. 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 an Intellilink Control Center or Meter.

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

Monthly Billing:

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

Total Value of the Order multiplied by the applicable Monthly Rate Factor = Monthly Equipment Rental 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...

For further clarification a 36 month rental based on a \$10,000 equipment order would equal a \$377.00 monthly equipment rental payment, plus applicable service maintenance for years 2 thru end of initial term, monthly meter rental and value based services fees would be added to the payment.

L1. DEFINITIONS

L1.1 The following terms mean:

"Agreement" - the Order, your State's Participating Addendum, the WSCA/NASPO Master Agreement ADSPO11-00000411-7, 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 IntelliLink® Control Center or Meter, or any standalone software.

"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 IntelliLink Control Center or Meter, and any standalone software.

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

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

"IntelliLink Control Center" or "Meter" - any postage meter supplied by PBI under the Order, including (i) in the case of a Connect+™ 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.

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

"Master Agreement" - WSCA/NASPO Master Agreement ADSPO11-00000411-7 Mail Room Equipment, Services and Support contract administered by the State of Arizona and shall consist of: the solicitation as amended, any requests for clarifications and/or best and final offers, the proposal submitted by us, our responses to any requests for clarifications and/or our best and final offer.

"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 an IntelliLink Control Center or Meter you enter into with us.

"Rental" - the Order and this WSCA/NASPO FMV Rental Terms and Conditions.

"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.

"WSCA/NASPO" - Western States Contracting Alliance and the National Association of State Procurement Officials

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

L2. AGREEMENT

L2.1 You are leasing the Equipment listed on the Order. You will make each Monthly Payment by the due date shown on our invoice.

L2.2 You may not cancel this Rental for any reason except as expressly set forth in Sections L10 and L11 below.

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 IntelliLink® Control Center, 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 and attorneys' fees.

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 month for all payments on the Order (each, a "Monthly Payment"), except as provided in any SOW attached to this Agreement.

L3.2 Your Monthly Payment may include a one-time origination fee, amounts carried over from a previous unexpired Rental, and other costs.

L3.3 If you request, your IntelliLink® Control Center/Meter Rental fees, Service Level Agreement fees, and Soft-Guard® payments ("PBI Payments") will be included with your Monthly Payment and begin

with the start of the Rental Term. Your Monthly Payment will increase if your PBI Payments increase.

L4. EQUIPMENT OWNERSHIP

L4.1 We own the Equipment. PBI owns any IntelliLink® Control Center or Meter.

L5. RENTAL TERM

L5.1 The Rental term is the number of months stated on the Order ("Rental Term").

L6. END OF RENTAL OPTIONS

L6.1 During the 90 days prior to the end of your Rental, you may, if not in default, select one of the following options:

- (a) enter into a new Rental with us;
- (b) return the Equipment, IntelliLink Control Center and/or Meter subject to reasonable wear and tear. If you return the Equipment, IntelliLink Control Center and/or Meter, at our option you will either (i) properly pack them and insure them for their full replacement value (unless you are enrolled in the ValueMAX® program) and deliver them aboard a common carrier, freight prepaid, to a destination within the United States that we specify, or (ii) properly pack and return them in the return box and with the shipping label provided by us and, in either case, pay us our then applicable processing fee.

L6.2 If you do not select one of the options in Section L6.1, you shall be deemed to have agreed to enter into month to month extensions of the term of this Agreement. You may opt to cease the automatic extensions by providing us with written notice within 60 days (but no less than 30 days or such shorter period as may be contemplated by law) prior to the expiration of the then-current term of this Agreement. Upon cancellation, you agree to return all items pursuant to Section L6.1(b).

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, AND PBI WILL HAVE ONLY SUCH LIABILITY AS SET FORTH IN THE MASTER AGREEMENT..

L8. EQUIPMENT OBLIGATIONS

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

L8.2 Inspection. We may inspect the Equipment and any 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 Delivery Date by PBI until the end of the Rental Term (including any

extensions), regardless of cause, ordinary wear and tear excepted ("Loss").

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

- (c) You will keep the Equipment insured against Loss for its full replacement value under an arrangement or with an insurer of your choice, provided that it is reasonably satisfactory to us ("Insurance").

L9.2 ValueMAX Program.

- (a) If you do not provide evidence of insurance and have not enrolled in our own 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.
- (b) We will provide written notification reminding you of your insurance obligations described above in Section L9.1(c).
- (c) 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.
- (d) 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.
- (e) If we are required to repair or replace the Equipment under the ValueMAX program and we fail to do so within 20 days of receiving your written notice of loss or damage, you may terminate this Rental.
- (f) 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 Rental, this program or its associated fees, nor are they overseeing our financial condition.

L10. NON-APPROPRIATION

L10.1 See Master Agreement – Non Appropriations

L11. EARLY TERMINATION

L11.1 You further warrant that you intend to enter into this Rental for the entire Stated Term and you acknowledge that we have relied upon such represented intention when determining the applicable pricing plan.
Cancelable Rentals – 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 Rental, liability is joint and several.

L12.2 YOU MAY NOT ASSIGN OR SUBLET THE EQUIPMENT OR THIS RENTAL WITHOUT OUR PRIOR WRITTEN CONSENT, WHICH CONSENT WILL NOT BE UNREASONABLY WITHHELD.

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

L12.4 We may sell, assign, or transfer all or any part of this Rental or the Equipment. Any sale, assignment, or transfer will not affect your rights or obligations under this Agreement.

L12.5 All applicable taxes required to be collected by us will be shown on the invoice.

L12.6 If there is a conflict between any of the terms and conditions in this Agreement, your State's Participating Addendum and the Master Agreement ADSPO11-00000411, this Agreement shall prevail.

L12.7 Any IntelliLink Control Center or Meter rented under this Agreement is subject to the applicable USPS regulations and meter terms and conditions as may be provided by PBI.

L12.8 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 12.9 The Connect+ Series Equipment 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+ Series Equipment 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.

OPTION C – WSCA/NASPO FAIR MARKET VALUE LEASE TERMS AND CONDITIONS – STATE OF HAWAII:

Pitney Bowes Global Financial Services LLC will serve as a sub-contractor under ADSPO11-00000411 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 an Intellilink Control Center or Meter.

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

Monthly Billing:

Term:	Lease Rate:
36	.0342
48	.0277
60	.0237

L1. DEFINITIONS

L1.1 The following terms mean:

"Agreement" - the Order, your State's Participating Addendum, the WSCA/NASPO Master Agreement ADSPO11-00000411-7, 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 Intellilink® Control Center or Meter, or any standalone software.
"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 Intellilink Control Center or Meter, and any standalone software.
"Initial Term" - the lease period listed on the Order
"Install Date" - the date the Equipment or other item is installed at your location.
"Intellilink Control Center" or "Meter" - any postage meter supplied by PBI under the Order, including (i) in the case of a Connect+™ 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 WSCA/NASPO FMV Lease Terms and Conditions.
"Maintenance Service" - the maintenance service for the Covered Equipment selected by you on the Order, excluding software maintenance.
"Master Agreement" - WSCA/NASPO Master Agreement ADSPO11-00000411-7 Mail Room Equipment, Services and Support contract administered by the State of Arizona and shall consist of: the solicitation as amended, any requests for clarifications and/or best and final offers, the proposal submitted by us, our responses to any requests for clarifications and/or our best and final offer.
"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 an Intellilink Control Center or 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.

"WSCA/NASPO" - Western States Contracting Alliance and the National Association of State Procurement Officials
"You," "Your," "Lessee," or "Customer" - the entity identified on the Order.

L2. AGREEMENT

L2.1 You are leasing the Equipment listed on the Order. You will make each Monthly Payment by the due date shown on our invoice.

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 Intellilink® Control Center, 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 and attorneys' fees.

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 month for all payments on the Order (each, a "Monthly Payment"), except as provided in any SOW attached to this Agreement.

L3.2 Your Monthly Payment may include a one-time origination fee, amounts carried over from a previous unexpired lease, and other costs.

L3.3 If you request, your Intellilink® Control Center/Meter Rental fees, Service Level Agreement fees, and Soft-Guard® payments ("PBI Payments") will be included with your Monthly Payment and begin with the start of the Lease Term. Your Monthly Payment will increase if your PBI Payments increase.

L4. EQUIPMENT OWNERSHIP

L4.1 We own the Equipment. PBI owns any Intellilink® Control Center or Meter.

L5. LEASE TERM

L5.1 The Lease term is the number of months stated on the Order ("Lease Term").

L6. END OF LEASE OPTIONS

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

- enter into a new lease with us;
- return the Equipment, Intellilink Control Center and/or Meter subject to reasonable wear and tear. If you return the Equipment, Intellilink Control Center and/or Meter, at our option you will either (i) properly pack them and insure them for their full replacement value (unless you are enrolled in the ValueMAX® program) and deliver them aboard a common carrier, freight prepaid, to a destination within the United States that we specify, or (ii) properly pack and return them in the return box and with the shipping label

provided by us and, in either case, pay us our then applicable processing fee.

L6.2 If you do not select one of the options in Section L6.1, you shall be deemed to have agreed to enter into successive month to month extensions of the term of this Agreement. You may opt to cease the automatic extensions by providing us with written notice within 60 days (but no less than 30 days or such shorter period as may be contemplated by law) prior to the expiration of the then-current term of this Agreement. Upon cancellation, you agree to return all items pursuant to Section L6.1(b).

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, AND PBI WILL HAVE ONLY SUCH LIABILITY AS SET FORTH IN THE MASTER AGREEMENT.

L8. EQUIPMENT OBLIGATIONS

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

L8.2 Inspection. We may inspect the Equipment and any 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

Because we own the equipment while you lease it from us, we need to make sure it is protected while it is in your possession. You can demonstrate to us that the equipment will be protected either by showing us that your insurance will cover the equipment or by enrolling in our fee-based ValueMAX program. The terms of that program are listed in Section L9.2.

L9.1 Risk of Loss.

- (a) You bear the entire risk of loss to the Equipment from the Delivery Date by PBI until the end of the Lease Term (including any extensions), 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 the occurrence of any Loss.
- (c) You will keep the Equipment insured against Loss for its full replacement value under an arrangement or an insurer of your choice, provided that it is reasonably satisfactory to us ("Insurance").

L9.2 ValueMAX Program.

- (a) If you do not provide evidence of insurance and have not enrolled in our own 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.

- (b) We will provide written notification reminding you of your insurance obligations described above in Section L9.1(c).
- (c) 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.
- (d) 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.
- (e) If we are required to repair or replace the Equipment under the ValueMAX program and we fail to do so within 20 days of receiving your written notice of loss or damage, you may terminate this Lease.
- (f) 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 – Non Appropriations

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.

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 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.

L12.5 All applicable taxes required to be collected by us will be shown on the invoice.

L12.6 If there is a conflict between any of the terms and conditions in this Agreement, your State's Participating Addendum and the Master Agreement ADSP011-00000411, this Agreement shall prevail.

L12.7 Any IntelliLink Control Center or Meter rented under this Agreement is subject to the applicable USPS regulations and meter terms and conditions as may be provided by PBI.

L12.8 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.

L12.9 The Connect+ Series Equipment 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+ Series Equipment 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.