

CONTRACT AMENDMENT

CONTRACT NAME: Mail room equipment, Services and Support (ADSP011-00000411-4), ND State Contract #046

AMENDMENT NUMBER: 2

AMENDMENT 2 to Participating Addendum /Contract between the State of North Dakota, acting through its North Dakota State Procurement Office, "STATE," and Pitney Bowes, "CONTRACTOR."

The parties agree to the following terms and conditions and expressly agree that if any of the following terms and conditions conflict with any of the terms and conditions of the Contract, then, notwithstanding any term in the Participating Addendum, the following terms and conditions govern and control the rights and obligations of the parties.

Whereas, Page 1, Section 3a. MERGER AND MODIFICATION of the contract states, "This Participating Addendum and its exhibits constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this contract. This contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by both parties." Therefore, the contract is amended as follows:

1. Contract Renewal:

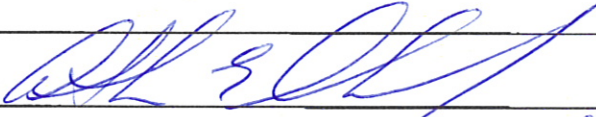
The Contract commenced on October 13, 2011 for a period of two years with an option to renew the contract for up to three (3) one year periods.

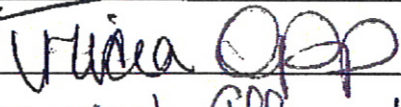
The parties have agreed to renew the Contract using Option Year 1 for an additional twelve months; therefore, the contract is amended to change the expiration date to October 11, 2014.


All other terms of the Contract remain in effect.

This Contract Amendment is not effective until fully executed by all parties.

EXECUTION

CONTRACTOR NAME Pitney Bowes
ADDRESS 1 Elmcroft Road Stamford, CT 06926
SIGNATURE 
TITLE Director, State and local Contracts
DATE 8/29/2013

STATE OF NORTH DAKOTA acting through its Office of Management and Budget
ADDRESS 600 East Boulevard Ave, Dept 012 Bismarck, ND 58505-0310
SIGNATURE 
TITLE Procurement Officer II
DATE 8/29/13

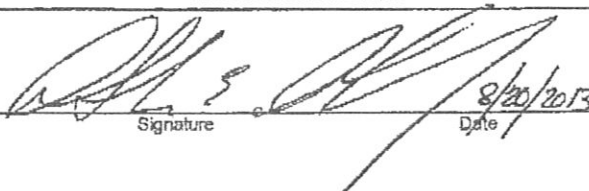

	Contract Amendment		State of Arizona State Procurement Office 100 N. 15 TH Avenue, Suite 201 Phoenix, AZ 85007
	Contract No.: ADSP011-00000411-7		PAGE 1 OF 1
	Amendment No.: THREE (3)		

CONTRACTOR: Pitney Bowes One Elmcroft Road Stamford, CT 06926 CONTACT: Bill Walter PHONE: 480.206.2984 EMAIL: bill.walter@pb.com	STATE AGENCY: AZ Department of Administration State Procurement Office 100 N. 15 TH Avenue, Suite 201 Phoenix, AZ 85007 CONTACT: Delia A. Walters PHONE: 602.642.9125 EMAIL: delia.walters@azdoa.gov
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**WSCA/NASPO Mailing Equipment, Supplies and Maintenance
 Amendment to Master Agreement**

Pursuant to the WSCA Master Price Agreement, Special Terms and Conditions, Paragraph 3.6.1 the above Contract shall be extended from October 12, 2013 to October 11, 2014.

ALL OTHER PROVISIONS OF THE CONTRACT SHALL REMAIN IN THEIR ENTIRETY

This Contract Amendment is not binding against the State of Arizona unless signed by an authorized representative of the Contractor and then accepted in writing by an authorized representative of the State.	
Contractor hereby acknowledges receipt and understanding of the above amendment.	The above referenced contract amendment is hereby executed this date by the State.
 Signature	 Signature
8/20/2013 Date	08/22/2013 Date
_____ Arthur E. Adams Jr. _____ Pitney Bowes Inc. Printed/Typed Name and Title	_____ Delia A. Walters _____ Procurement Supervisor Printed/Typed Name and Title

CONTRACT AMENDMENT

CONTRACT NAME: Mail room equipment, Services and Support (ADSP011-00000411-4), ND State Contract #046

AMENDMENT NUMBER: 1

AMENDMENT 1 to Participating Addendum /Contract between the State of North Dakota, acting through its North Dakota State Procurement Office, "STATE," and Pitney Bowes, "CONTRACTOR."

The parties agree to the following terms and conditions and expressly agree that if any of the following terms and conditions conflict with any of the terms and conditions of the Contract, then, notwithstanding any term in the Participating Addendum, the following terms and conditions govern and control the rights and obligations of the parties.

Whereas, Page 1, Section 3a. MERGER AND MODIFICATION of the contract states, "This Participating Addendum and its exhibits constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this contract. This contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by both parties." Therefore, the contract is amended as follows:

1. Addition of Usage Reports:

Contractor must maintain monthly records of sales under the contract and submit quarterly/annually to the State Procurement Office as soon as available, or within 20 days following the last day of the quarter/contract year, or upon written request of the Procurement Officer. Reports will be provided in an Excel type spreadsheet, not in a pdf format or locked. All reports must list the Contractor name, contract #, and date range or report. Additionally reports will include the following sections:

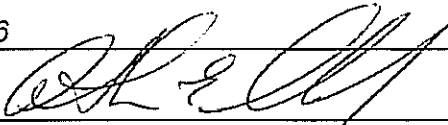
Quarterly

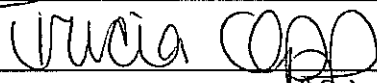
- Equipment Sales and Leases
 - Report columns that show Agency Name, Order #, Order Date, Delivery Date, Brand, Description, Model #, Sales or Lease, Quantity, Unit Price, Total Price; Grand total of sales of State of ND, Equipment Performance (uptime in percentage).
- Supplies
 - Report columns that show Agency Name, Order #, Order Date, Delivery Date, Description, Model # if applicable, Quantity, Unit Price, Total Price; Grand total of sales of State of ND.
- Maintenance
 - Agency Name, Type of Maintenance Performed, Date, Response Time in Hours, Onsite Time.

All other terms of the Contract remain in effect.

This Contract Amendment is not effective until fully executed by all parties.

EXECUTION

CONTRACTOR NAME Pitney Bowes Inc.
ADDRESS 1 Elmcroft Road Stamford, CT 06926
SIGNATURE 
TITLE Director, State and Local Contracts
DATE 5/24/2012

STATE OF NORTH DAKOTA acting through its Office of Management and Budget
ADDRESS 600 East Boulevard Ave, Dept 012 Bismarck, ND 58505-0310
SIGNATURE 
TITLE Procurement Officer II
DATE 5/24/12

PARTICIPATING ADDENDUM
WESTERN STATES CONTRACTING ALLIANCE and
NATIONAL ASSOCIATION OF STATE PROCUREMENT OFFICIALS
MAIL ROOM EQUIPMENT, SERVICES AND SUPPORT
Administered by the State of Arizona (hereinafter "Lead State")

MASTER PRICE AGREEMENT

Pitney Bowes, Inc.
ADSP011-00000411-7
(hereinafter "Contractor")

And

State of North Dakota
(hereinafter "Participating State")
North Dakota State Contract #046

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1. Scope and Order of Precedence: This addendum covers the WSCA/NAPSO Mail Room Equipment, Services and Support contract lead by the State of Arizona for use by state agencies and other entities located in the Participating State authorized by that state's statutes to utilize state contracts. The parties agree to the following terms and conditions and expressly agree that in the event of any conflict among the Master Price Agreement (including its exhibits, attachments and amendments) and this Participating Addendum (including its exhibits, attachments and amendments), the following order of precedence shall apply:

- a. Executed Participating Addendum(s);
- b. Exhibits and amendments to the Master Price Agreement
- c. Terms and conditions of the Master Price Agreement;
- d. The list of products and services contained in the purchase order; and
- e. Contractor's proposal in response to the RFP including best and final offer, if any.

2. Participation: Use of specific WSCA/NASPO cooperative contracts by agencies, political subdivisions and other entities (including cooperatives) authorized by an individual state's statutes to use state 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. Participating State Modifications or Additions to Master Price Agreement:

The following are in addition to or shall modify the terms and conditions contained the Master Price Agreement for transactions pursuant to this Participating Addendum. Nothing in this addendum is intended to modify the Master Price Agreement as it relates to transactions conducted by the Lead State or pursuant to any other Participating Addenda to the Master Price Agreement:

- a) **Merger and Modification.** This Participating Addendum and, its exhibits and attachments, the Master Price Agreement as amended and its Terms and Conditions, Contractor's proposal in response to the RFP including best and final offer constitute the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this contract. This contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by both parties.
- b) **Assignment and Subcontracts.** Contractor may not assign or otherwise transfer or delegate any right or duty without Participating State's express written consent. However,

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Contractor may enter into subcontracts provided that any subcontract acknowledges the binding nature of this contract and incorporates this contract, including any attachments. Contractor is solely responsible for the performance of any subcontractor. Contractor does not have authority to contract for or incur obligations on behalf of Participating State.

- c) **Spoilation.** Contractor shall promptly notify State of all potential claims that arise or result from this contract. Contractor shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to State the opportunity to review and inspect the evidence, including the scene of an accident.
- d) **Indemnification.** Contractor agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State), from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by Contractor to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Contractor also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and reasonable attorneys' fees incurred if the State prevails in an action against Contractor in establishing and litigating the indemnification coverage provided herein. However, the parties further agree that the state of North Dakota, its agencies, officers and employees (State) shall be responsible for all costs, expenses and attorneys' fees related to its' own negligence. Each party is responsible for its' own negligence. This obligation shall continue after the termination of this agreement.
- e) **Insurance.** Contractor shall secure and keep in force during the term of this agreement and Contractor shall require all subcontractors, prior to commencement of an agreement between Contractor and the subcontractor, to secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:
- a. Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
 - b. Automobile liability, including Owned (if any), Hired, and Non-Owned

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automobiles, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.

- c. Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.
- d. The insurance coverages listed above (a.-c.) must meet the following additional requirements:
- i. Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Contractor.
 - ii. This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State. The policies shall be in form and terms approved by the State.
 - iii. The duty to defend, indemnify, and hold harmless the State under this agreement shall not be limited by the insurance required in this agreement.
 - iv. The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights and coverages of an additional insured under these policies.
 - v. The insurance required in this agreement, through a policy or endorsement, shall include:
 1. "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State;
 2. a provision that the policy and endorsements may not be canceled or modified without thirty (30) days' prior written notice to the undersigned State representative
 3. a provision that any attorney who represents the State under this policy must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08;
 4. a provision that Contractor's insurance coverage shall be primary

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(i.e. pay first) as respects any insurance, self-insurance or self-retention maintained by the State and that any insurance, self-insurance or self-retention maintained by the State shall be in excess of the Contractor's insurance and shall not contribute with it; with respect to any claim, loss, or liability arising directly from the operations of the Contractor under this agreement.

5. cross liability/severability of interest for all policies and endorsements;
 6. the legal defense provided to the State under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary;
 7. the insolvency or bankruptcy of the insured Contractor shall not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured Contractor from meeting the retention limit under the policy.
- e. The Contractor shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement. All endorsements shall be provided as soon as practicable.
- f. Failure to provide insurance as required in this agreement is a material breach of contract entitling the State to terminate this agreement immediately.
- f) **Attorney's Fees.** In the event a lawsuit is instituted by State to obtain performance due under this contract, and State is the prevailing party, Contractor shall, except when prohibited by N.D.C.C. § 28-26-04, pay State's reasonable attorney fees and costs in connection with the lawsuit. State will not pay attorney fees incurred by Contractor for Contractor's defense.
- g) **Alternative Dispute Resolution - Jury Trial.** State does not agree to any form of binding arbitration, mediation, or other forms of mandatory alternative dispute resolution. The parties have the right to enforce their rights and remedies in judicial proceedings. State does not waive any right to a jury trial.
- h) **Confidentiality.** CONTRACTOR shall not use or disclose any information it receives from STATE under this contract that STATE has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this contract or as authorized in advance by STATE. STATE shall not disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential

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and that STATE determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law, N.D.C.C. § 44-04-18. The duty of STATE and CONTRACTOR to maintain confidentiality of information under this section continues beyond the term of this contract.

- i) **Compliance with Open Records Law.** Contractor understands that, except for disclosures prohibited in this contract, State must disclose to the public upon request any records it receives from Contractor under this contract. Contractor further understands that any records that are obtained or generated by Contractor under this contract, except for records that are confidential under this contract, may, under certain circumstances, be open to the public upon request under the North Dakota open records law. Contractor agrees to contact State immediately upon receiving a request for information under the open records law and to comply with State's instructions on how to respond to the request.
- j) **Limit of Liability.** Any and all limitations of liability contained in the Master Price Agreement and associated documents shall be construed and be consistent with N.D.C.C. § 32-12.2-15.
- k) **Takeback and Other Environmental Programs.** Take back and/or recycling of state owned products by agencies covered by this Addendum is subject to approval of OMB State Surplus Property pursuant to N.D.C.C § 54-44.4-04.5.
- l) **Software License** Terms and conditions shall be mutually agreed upon in writing by the purchasing entity's authorized individual and the Contractor.
- m) **Postage Meter Use and Regulations:** 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.

4. Lease Agreements: State agencies, institutions and other eligible participating entities of the Participating State (hereinafter referred to as "Participating Entity") may finance their purchase subject to the terms and conditions contained in the Attachment A – Lease Terms and Conditions, or, at the Participating Entity's option, purchase the equipment (excluding Meters, postal security devices, IntelliLink® Control Center) from the Contractor and utilize a third party leasing company not associated with Contractor ("Third Party Lessor") If a lease or financing agreement is entered into between the Participating Entity and a Third Party Lessor, that agreement is separate from this Participating Addendum between Contractor and Participating Entity.

5. Primary Contacts: The primary contact individual for this participating addendum are

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as follows (or their named successors):

Lead State

Name	Stacy Ingalls, Senior Procurement Officer
Address	Arizona DOA-SPO, 100 N. 15 th Ave, Suite 201, Phoenix, AZ 85007
Telephone	602-542-9134
Fax	602-542-5508
E-mail	stacy.ingalls@azdoa.gov

Contractor – Contract Terms and Conditions

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	Kerry Lea Fellers State Strategic Account Manager – State of North Dakota
Address	2801 Crossroads Dr., Ste 1800, Madison, WI 53718
Telephone	608-312-8227
Fax	203-617-6160
E-mail	Kerrylea.fellers@pb.com

Participating Entity

Name	Nancy Abfalter, Procurement Officer II – State of North Dakota
Address	600 East Boulevard Ave – 14 th Floor, Bismarck, ND 58505-0310
Telephone	701-328-2767
Fax	701-328-1615
E-mail	nmabfalter@nd.gov

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6. Subcontractors: All Pitney Bowes Inc. dealers and resellers authorized in the State of North Dakota, as shown on the dedicated Pitney Bowes Inc. website, are approved to provide sales and service support to participants in the NASPO Master Price Agreement. The Pitney Bowes Inc. dealer's participation will be in accordance with the terms and conditions set forth in the aforementioned Master Price Agreement.

7. Purchase Order Instructions: All orders should contain the following (1) Mandatory Language "PO is subject to WSCA/NASPO Contract # ADSP011-00000411-7" (2) Participating Entity's Address, Contact, & Phone-Number.

Orders can be made out to either (a) Pitney Bowes Inc., or (b) to an AUTHORIZED reseller depending upon the preference of the Participating State or Participating Entity, or (c) leasing company as set forth in leasing terms and conditions.

8. Price Agreement Number:

All purchase orders issued by purchasing entities within the jurisdiction of this participating addendum shall include the Participating State contract number: #046 and the Lead State price agreement number: ADSP011-00000411-7.

9. Compliance with reporting requirements of the "American Recovery and Reinvestment Act of 2009" ("ARRA"):

If or when contractor is notified by ordering entity that a specific purchase or purchases are being made with ARRA funds, contractor agrees to comply with the data element and reporting requirements as currently defined in Federal Register Vol 74 #61, Pages 14824-14829 (or subsequent changes or modifications to these requirements as published by the Federal OMB). Ordering entity is responsible for informing contractor as soon as the ordering entity is aware that ARRA funds are being used for a purchase or purchases. Contractor will provide the required report to the ordering entity with the invoice presented to the ordering entity for payment. The contractor, as it relates to purchases under this contract, is not a subcontractor or subgrantee, but simply a provider of goods and related services.

10. 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

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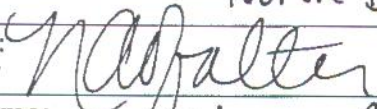
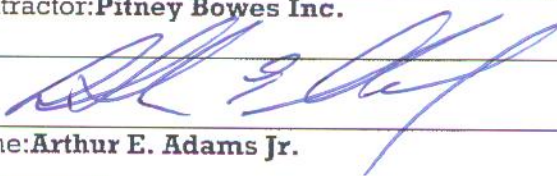
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responsible to follow the terms and conditions of the Master Agreement; and they will have the same rights and responsibilities for their purchases as the Lead State has in the Master Agreement. Each agency and political subdivision will be responsible 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 Participating Addendum and the Master Price Agreement number ADSP011-00000411-7 (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 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.

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

Participating State: North Dakota	Contractor: Pitney Bowes Inc.
By: 	By: 
Name: Nancy Abfalter	Name: Arthur E. Adams Jr.
Title: Procurement Officer II	Title: Director, State and Local Contracts
Date: 4/4/12	Date: 4/4/12

SUMMARY OF LEASING/RENTAL PROGRAMS

Pitney Bowes Global Financial Services LLC offers a variety of equipment leasing and rental programs to enable your agency to acquire the equipment it needs with the innovative financing solution that works best for you.

TERM RENTAL (INSTALLMENT PURCHASE)-Option A

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

STATE & LOCAL Rental - Option B This program provides you with 36, 48 or 60 Month Rental. At the end of the rental period, you may purchase the equipment at the end of the Rental for its then Fair Market Value, or you can enter into a new Rental term or return the equipment. ***This 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 ADSPO11-0000411-7 to Pitney Bowes Inc.*** Sales Tax will be charged, if required under Your State Statute.

STATE & LOCAL FAIR MARKET VALUE LEASE - Option C

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

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

LEASE RATES			
Term	Option A	Option B	Option C
36	.0323	.0377	.0342
48	.0252	.0309	.0277
60	.0210	.0270	.0237

MONTHLY LEASE PAYMENT BASED ON \$10,000 TRANSACTION			
Term	Option A	Option B	Option C
36	\$323.00	\$377.00	\$342.00
48	\$252.00	\$309.00	\$277.00
60	\$210.00	\$270.00	\$237.00

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

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

Monthly Billing:

<u>Term:</u>	<u>Lease Rate:</u>
36	.0323
48	.0252
60	.0210

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 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" - 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 will make each Monthly Payment by the due date shown on our invoice.

L2.2 You may not cancel this Agreement 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 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 Term. Your Monthly Payment will increase if your PBI Payments increase.

L3.4 Your obligations, including your obligation to pay the Monthly 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 Intellilink® Control Center or 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 10.

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 10, or (iii) the expiration of the Term and your payment of all Monthly 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 10, 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 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, EXCEPT FOR DIRECT LOSS WHICH CANNOT BE LIMITED BY N.D.C.C. 32-12-2.15.

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

L9.1 You bear the entire risk of loss to the Equipment from the Delivery Date by PBI until the end of the Term (including any extensions), regardless of cause, ordinary wear and tear excepted ("Loss").

L9.2 No Loss will relieve you of any of your obligations under this Agreement. You must immediately notify us in writing of the occurrence of any Loss.

L9.3 You will 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"). YOU MUST CALL US AT 1-800-243-9506 AND PROVIDE US WITH EVIDENCE OF INSURANCE.

L10. NON-APPROPRIATION

L10. See Master Agreement - Non Appropriations Clause.

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 Monthly Payment you shall pay includes interest and that this Agreement is entered into based on the assumption that the interest portion of each Monthly 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 Monthly Payment shall be adjusted in an amount sufficient to maintain our original after tax yield utilizing our consolidated

marginal tax rate, which adjusted Monthly Payments you agree to pay as provided in this Agreement, subject to Section L10. The rate at which the interest portion of Monthly 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 customer is named in this Agreement, liability is joint and several.

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

L12.3 We may not sell, assign, or transfer all or any part of this Agreement or the Equipment without your prior written consent, which will not be unreasonably withheld. Any sale, assignment, or transfer will not affect your rights or obligations under this Agreement.

L12.4 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.

L12.5 This Agreement is being offered to any purchasing entity who is authorized to file a 8038-G and/or 8028-GC and such form must be included provided when placing an order.

L12.6 All applicable taxes required to be collected by us will be shown on the invoice.

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 B – WSCA/NASPO FMV RENTAL TERMS AND CONDITIONS – STATE OF NORTH DAKOTA:

Pitney Bowes Global Financial Services LLC (“PBGFS”) will serve as a sub-contractor under ADSP011-00000411 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 ADSP011-00000411-7 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 ADSP011-00000411-7, 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 ADSP011-00000411-7 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. Except as stated in Section L6.1, you will not have the right to become the owner at the end of this Agreement.

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) purchase the Equipment "as is, where is" for fair market value; or
- (c) return the Equipment, IntelliLink Control Center and/or Meter in its original condition, reasonable wear and tear excepted. 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 We will endeavor to provide you notice as to the end of your Rental and seek an acknowledgement of your intent pursuant to Section L6.1. 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 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 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, AND PBI WILL HAVE ONLY SUCH LIABILITY AS SET FORTH IN THE MASTER AGREEMENT, EXCEPT FOR DIRECT LOSS WHICH CANNOT BE LIMITED BY N.D.C.C. 32-12.2-15..

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 date of delivery 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 a comprehensive policy of insurance or other arrangement 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 not sell, assign, or transfer all or any part of this Rental or the Equipment without your prior written consent, which will not be unreasonably withheld. 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 ADSP011-00000411, this Agreement shall prevail.

L12.6 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.

L12.7 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+ 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:

Pitney Bowes Global Financial Services LLC will serve as a sub-contractor under ADSP011-00000411 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:

<u>Term:</u>	<u>Lease Rate:</u>
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 ADSP011-00000411-7, 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 ADSP011-00000411-7 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. Except as stated in Section L6.1, you will not have the right to become the owner at the end of this Agreement.

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;
- purchase the Equipment "as is, where is" for fair market value; or
- return the Equipment, Intellilink Control Center and/or Meter in its original condition, reasonable wear and tear excepted. 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 We will endeavor to provide you notice as to the end of your Rental and seek an acknowledgement of your intent pursuant to Section L6.1. 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 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 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, AND PBI WILL HAVE ONLY SUCH LIABILITY AS SET FORTH IN THE MASTER AGREEMENT, EXCEPT FOR DIRECT LOSS WHICH CANNOT BE LIMITED BY N.D.C.C. 32-12.2-15.

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.

9. 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 a comprehensive policy of insurance or other arrangement 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 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 not may sell, assign, or transfer all or any part of this Lease or the Equipment, without your prior written consent, which consent will not be unreasonably withheld. 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 ADSP011-00000411, this Agreement shall prevail.

L12.6 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.

L12.7 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+ 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.