

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

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

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

Monthly Rate Factors:

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

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

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

L1. DEFINITIONS

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L1.1 The following terms mean:

- Agreement - the Order, your State's Participating Addendum, the NASPO ValuePoint Master Agreement ADSPO16-00006328, these terms and conditions, and any attached exhibits.
- Bank - The Pitney Bowes Bank, Inc.
- Consumable Supplies - ink, ink rollers, printheads, toner and drum cartridges, ribbons and similar items. Product-specific consumable supplies are identified in the product operator guide.
- Covered Equipment - the equipment rented or sold to you from PBGFS or PBI that is covered by the SLA as stated on the Order. Covered Equipment does not include any Meter, or any standalone software, and SendKit equipment.
- Delivery Date - the date the Equipment or other item is delivered to your location.
- Effective Date - the date the Order is received by us.
- Equipment - the equipment listed on the Order, excluding any Meter, and any standalone software and SendKit equipment.
- Initial Term - the lease period listed on the Order
- Install Date - the date the Equipment or other item is installed at your location.
- Meter - any postage meter supplied by PBI under the Order, including (i) in the case of a Connect+™ or SendPro™ P series mailing system, the postal security device, the application platform, the system controller and the print engine and (ii) in the case of all other mailing systems, the postal security device, the user interface or keyboard and display and the print engine.
- Lease - the Order and this NASPO ValuePoint Fair Market Value Lease Terms and Conditions.
- Maintenance Service - the maintenance service for the Covered Equipment selected by you on the Order, excluding software maintenance.
- Master Agreement - NASPO ValuePoint Master Agreement ADSPO16-00006328 Mail Room Equipment, Supplies and Maintenance contract administered by the State of Arizona and shall consist of: the solicitation as amended, any requests for clarifications and/or best and final offers, the proposal submitted by us, our responses to any requests for clarifications and/or our best and final offer.

- NASPO ValuePoint - NASPO ValuePoint Cooperative Purchasing Organization LLC, a wholly owned subsidiary of National Association of State Procurement Officials (NASPO).
- Order - the executed agreement between the applicable Pitney Bowes company and you for the Equipment.
- PBGFS - Pitney Bowes Global Financial Services LLC.
- PBI - Pitney Bowes Inc.
- Pitney Bowes - PBGFS and its subsidiaries, and PBI.
- Postage Meter Rental Agreement - an agreement governing the use and rental of a Meter you enter into with us.
- SLA - the Service Level Agreement.
- SLMA - a Software License and Maintenance Agreement you enter into with us
- SOW - a Statement of Work you enter into with us.
- State Participating Addendum - the bilateral agreement executed by us and your participating state incorporating the Master Agreement.
- We, Our, or Us - the Pitney Bowes company with whom you've entered into the Order.
- You, Your, "Lessee", or Customer - the entity identified on the Order.

L2. AGREEMENT

- L2.1 You are leasing the Equipment listed on the Order.
- L2.2 **You may not cancel this Lease for any reason except as expressly set forth in Sections L10 and L11 below, all payment obligations are unconditional.**
- L2.3 If you do not pay the fees when due or you do not comply with the Agreement and fail to cure the same within thirty (30) days of receipt of written notice thereof, we may disable the Meter, terminate the Agreement, retake the Equipment and Meter, and collect from you all fees due for the remainder of the Initial Term, or if after the Initial Term, all fees then due, plus interest at the lesser of 18% per year or the maximum allowed by law.
- L2.4 You authorize us to file a Uniform Commercial Code financing statement naming you as debtor/lessee with respect to the Equipment.

L3. PAYMENT TERMS

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

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

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

L4. EQUIPMENT OWNERSHIP

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

L5. LEASE TERM

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

L6. END OF LEASE OPTIONS

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

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

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

L7. WARRANTY AND LIMITATION OF LIABILITY

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

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

- (a) PBI warrants that the Equipment will be free from defects in material and workmanship and will perform according to the equipment user guide for a period of one year (360) days from the date of acceptance (the "Warranty Period").
- (b) PBI warrants that the Maintenance Service provided will be performed in a professional and workmanlike manner.
- (c) Your remedy in the event of any warranty claim is as provided within the Master Agreement.
- (d) A "defect" does not include the failure of rates within a rate update to conform to published rates.
- (e) There is no warranty for Equipment requiring repair or replacement because of your negligence, usage which exceeds PBI's recommendations, damage in transit, virus contamination or loss of data, misuse, external forces, loss or fluctuation of power, fire, flood, or other natural causes, or service by anyone other than PBI. There is no warranty for Equipment arising from the use of third party supplies (such as ink) that results in: (i)

damage to PBI Equipment; (ii) poor indicia, text, or image print quality; (iii) indicia readability failures; or (iv) a failure to print indicia, text, or images.

- (f) The print engine(s), print engine components, structural components and printed circuit board assemblies supplied with the PBI Equipment may be reclaimed, reconditioned or remanufactured. Any such item is warranted to perform according to the same standards as the equivalent new item.
- (g) The warranty does not cover Consumable Supplies.

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

L8. EQUIPMENT OBLIGATIONS

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

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

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

L9. RISK OF LOSS AND VALUEMAX® PROGRAM

L9.1 Risk of Loss.

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

L10. NON-APPROPRIATION

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

L11. EARLY TERMINATION

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

L12. MISCELLANEOUS

- L12.1 If more than one lessee is named in this Lease, liability is joint and several.
- L12.2 YOU MAY NOT ASSIGN OR SUBLET THE EQUIPMENT OR THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT, WHICH CONSENT WILL NOT BE UNREASONABLY WITHHELD. ANY ASSIGNMENT WITHOUT OUR CONSENT IS VOID.
- L12.3 We may sell, assign, or transfer all or any part of this Lease or the Equipment. Any sale, assignment, or transfer will not affect your rights or obligations under this Agreement.
- L12.4 All applicable taxes required to be collected by us will be shown on the invoice.
- L12.5 If there is a conflict between any of the terms and conditions in this Agreement, your State's Participating Addendum and the Master Agreement ADSPO16-00006328, this Agreement shall prevail.
- L12.6 Any Meter rented under this Agreement is subject to the applicable USPS regulations and meter terms and conditions as may be provided by PBI.

- L12.7 Our Equipment may contain embedded software. You agree: (i) that PBI and its licensors own the copyrights and other intellectual property in and to the embedded software; (ii) that you do not acquire any right, title or interest in or to the embedded software; (iii) only to use the embedded software with our Equipment in which the embedded software resides; (iv) that you may not copy the embedded software; (v) that you may neither modify nor create derivative works of the embedded software (vi) that you may neither distribute nor disclose the embedded software (or any portion thereof) to any other person; (vii) that you may not translate, de-compile, disassemble, or otherwise attempt to unbundle, reverse engineer or create derivative works of the embedded software, except as permitted by applicable law; and (viii) that you may not export the embedded software in contravention of applicable export control laws. The embedded software contains third party software. Notwithstanding the above, this section does not modify any terms that may accompany such third party software.
- L 12.8 The Connect+ and SendPro P-Series mailing system may use an internet access point (e.g., wireless router) provided by us. You may only use this access point for connectivity between the Connect+ and SendPro P-Series mailing system and the internet and for no other purpose. You agree to pay all costs associated with use of the access point in violation of this restriction.
- L 12.9 We will provide you with a welcome letter by email.