AGENDA

Each item on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as “For Information” or “For Discussion” may also be the subject of an “action” taken by the Board or a Committee at the same meeting.

1. DETERMINATION OF A QUORUM

2. PLEDGE OF ALLEGIANCE

3. INVOCATION

4. PUBLIC COMMENT
   Pursuant to Government Code Section 54954.3

5. ADDITIONAL ITEMS TO THE AGENDA

6. CONSENT CALENDAR

   6A. APPROVE THE MINUTES OF FEBRUARY 6, 2020 BOARD OF DIRECTORS MEETING
       Staff Recommendation: Staff recommends that the Board of Directors approve the minutes of the February 6, 2020 Board of Directors Meeting as submitted.

   6B. 36-MONTH LEASE AGREEMENT WITH NEOPOST FOR DISTRICT’S POSTAGE MACHINE
       Recommendation: The Board of Directors authorized entering into an agreement with NeoPost for the District’s postage machine at their February 6, 2020 meeting for an amount not to exceed $17,200. Because the actual contract was not presented at the February 6th meeting, the recommendation is for the Board to authorize entering into the attached contract with NeoPost, subject to approval as to form by District Counsel.

7. CLOSED SESSION

   7A. Conference with Legal Counsel – Anticipated Litigation, pursuant to Government Code §54956.9 (b), Two (2) Matters
8. **CLOSED SESSION REPORT**

9. **ADJOURNMENT**
   
   The Board will adjourn to the next Board of Directors meeting currently scheduled for Thursday, February 20, 2020, at 9:30 AM.

In compliance with ADA requirements, this document can be made available in alternative formats upon request.

In compliance with the Americans with Disabilities Act (ADA), if special assistance is needed to participate in the meeting, please contact the Deputy Secretary at (562) 921-5521 for assistance to enable the District to make reasonable accommodations.

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 4040 Paramount Boulevard, Lakewood, California 90712.

Agendas are available at the District’s website, [www.wrd.org](http://www.wrd.org).

EXHAUSTION OF ADMINISTRATIVE REMEDIES – If you challenge a District action in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Deputy Secretary at, or prior to, the public hearing. Any written correspondence delivered to the District office before the District’s final action on a matter will become a part of the administrative record.
DATE: FEBRUARY 13, 2020
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: APPROVE THE MINUTES OF FEBRUARY 6, 2020 BOARD OF DIRECTORS MEETING

SUMMARY
A meeting of the Board of Directors of the Water Replenishment District of Southern California was held on Thursday, February 6, 2020 at 9:50 AM at the District Office, 4040 Paramount Boulevard, Lakewood, California 90712. President Vera Robles-DeWitt called the meeting to order and presided thereafter.

FISCAL IMPACT
None

STAFF RECOMMENDATION
Staff recommends that the Board of Directors approve the minutes of the February 6, 2020 Board of Directors Meeting as submitted.
MINUTES OF FEBRUARY 6, 2020
MEETING OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

A meeting of the Board of Directors of the Water Replenishment District of Southern California was held on Thursday, February 6, 2020 at 9:50 AM at the District Office, 4040 Paramount Boulevard, Lakewood, California 90712. President Vera Robles-DeWitt called the meeting to order and presided thereafter.

1. DETERMINATION OF A QUORUM
   Quorum Present: Yes

   Meeting Attendees: Excused or Late Arrival Time:
   President DeWitt__________________ PRESENT
   Director Calderon_________________ PRESENT
   Director Katherman_______________ PRESENT
   Director Allen____________________ EXCUSED
   Director Murray___________________ EXCUSED

2. PLEDGE OF ALLEGIANCE
   President DeWitt requested a moment of silence for the tragic passing of Kobe Bryant, his daughter, and others.

   Bill Minasian, local resident and attendee of District meetings led the Pledge of Allegiance.

3. INVOCATION
   Director Sergio Calderon gave the Invocation.

4. PUBLIC COMMENT
   Pursuant to Government Code Section 54954.3
   None

5. ADDITIONAL ITEMS TO THE AGENDA
   Director Katherman requested Sponsorship of the Los Angeles Waterkeepers’ Making Waves Event be added to the agenda.

   First: Katherman
   Second: Calderon
   Discussion: None
   Vote: DeWitt, Yes; Katherman, Yes; Calderon, Yes Allen, Excused; Murray, Excused
   Result: ITEM ADDED TO AGENDA AS 13A
6. CONSENT CALENDAR

6A. APPROVE THE MINUTES OF JANUARY 16, 2020 BOARD OF DIRECTORS
Staff Recommendation: Staff recommends that the Board of Directors approve the minutes of the January 16, 2020 Board of Directors Meeting as submitted.

6B. DEMANDS - NOVEMBER 2019
Finance/Audit Committee Recommendation: The Finance/Audit Committee recommends that the Board of Directors receive and file the monthly Demands for November 2019.

6C. EXPENSES OVER 90 DAYS
Finance/Audit Committee Recommendation: The Finance/Audit Committee recommends that the Board of Directors approve expenses over 90 days.

6D. FINANCIAL STATEMENTS – NOVEMBER 2019
Finance/Audit Committee Recommendation: The Finance/Audit Committee recommends that the Board of Directors approve the Financial Statements for November 2019.

6E. RESERVES, CASH AND INVESTMENT REPORT – NOVEMBER 2019
Finance/Audit Committee Recommendation: The Finance/Audit Committee recommends that the Board of Directors approve the Reserves, Cash and Investment Report for November 2019.

6F. TRUST FUND REPORT – NOVEMBER 2019
Finance/Audit Committee Recommendation: The Finance/Audit Committee recommends that the Board of Directors approve the Trust Fund Report for November 2019.

6G. STATUTORY AND REGULATORY REQUIREMENTS FOR PUBLICLY AVAILABLE PAY SCHEDULES
Administrative Committee Recommendation: The Administrative Committee recommends that the Board of Directors adopt the attached salary schedule as the WRD Salary Schedule and make it publicly available on the District’s website.

6H. RECEIVE AND FILE REIMBURSEMENTS OVER $100 FOR FISCAL YEAR ENDING JUNE 30, 2019
Finance/Audit Committee Recommendation: The Finance/Audit Committee recommends that the Board of Directors receive and file the list of reimbursements over $100 for fiscal year ending June 30, 2019 and make available for public inspection.
6. AUTHORIZE PREPARATION AND RELEASE OF A REQUEST FOR PROPOSALS (RFP) FOR PROMOTIONAL ITEMS

**External Affairs Committee Recommendation:** The External Affairs Committee recommends that the Board of Directors authorize the preparation and issuance of a Request for Proposals (RFP) for promotional items.

<table>
<thead>
<tr>
<th>First:</th>
<th>Katherman</th>
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<tbody>
<tr>
<td>Second:</td>
<td>Calderon</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes; Allen, Excused; Murray, Excused</td>
</tr>
<tr>
<td>Result:</td>
<td>CONSENT CALENDAR PASSED WITH THE EXCEPTION OF ITEM 6G</td>
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</table>

Manager of Administration and Human Resources Dina Hidalgo then provided clarification for item 6G.

<table>
<thead>
<tr>
<th>First:</th>
<th>Katherman</th>
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<tr>
<td>Second:</td>
<td>Calderon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
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<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes; Allen, Excused; Murray, Excused</td>
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<tr>
<td>Result:</td>
<td>ITEM 6G PASSED</td>
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</table>

7. APPROVE FY 2020-21 CHAMBER/MEMBERSHIP DUES

**External Affairs Committee Recommendation:** The External Affairs Committee recommends that the Board of Directors approve WRD’s FY 2020-21 Chamber/Membership Dues for the amount not to exceed $75,000.

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<th>First:</th>
<th>Katherman</th>
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<td>Second:</td>
<td>Calderon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
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<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes; Allen, Excused; Murray, Excused</td>
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<tr>
<td>Result:</td>
<td>ITEM 7 REMANDED TO THE FINANCE/AUDIT COMMITTEE</td>
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</table>

8. APPROVE FY 2020-21 REGIONAL SPONSORSHIPS

**External Affairs Committee Recommendation:** The External Affairs Committee recommends that the Board of Directors approve WRD’s FY 2020-21 Regional Sponsorships for the amount not to exceed $160,000.

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<th>First:</th>
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<td>Second:</td>
<td>Calderon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
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<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes; Allen, Excused; Murray, Excused</td>
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<tr>
<td>Result:</td>
<td>ITEM 8 REMANDED TO THE FINANCE/AUDIT COMMITTEE</td>
</tr>
</tbody>
</table>
9. AUTHORIZE AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT NO. 959 FOR LEGISLATIVE SUPPORT WITH LANG, HANSEN, O’MALLEY & MILLER

**External Affairs Committee Recommendation:** The External Affairs Committee recommends that the Board of Directors approve Amendment No. 3 to Contract No. 959 subject to approval as to form by District Counsel with Lang, Hansen, O’Malley & Miller and provide concurrent notice of termination to Kidane & Associates.

General Manager Robb Whitaker opened discussion for the item.

<table>
<thead>
<tr>
<th>First:</th>
<th>Katherman</th>
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<tr>
<td>Second:</td>
<td>Calderon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes Allen, Excused; Murray, Excused</td>
</tr>
<tr>
<td>Result:</td>
<td>ITEM 9 PASSED</td>
</tr>
</tbody>
</table>

10. AUTHORIZE ORDER FORM AGREEMENT WITH SEEQUENT LIMITED FOR THE LEAPFROG WORKS, CENTRAL, AND EDGE SOFTWARE PLATFORMS FOR 3-DIMENSIONAL HYDROGEOLOGIC MODELING, VISUALIZATION AND STATISTICAL ANALYSES

**Water Resources Committee Recommendation:** The Water Resources Committee recommends that the Board of Directors enter into an Order Form Agreement, subject to approval as to form by District Counsel, with Seequent Limited for an amount not to exceed $22,000.

Manager of Hydrogeology Brian Partington provided the report on this item.

<table>
<thead>
<tr>
<th>First:</th>
<th>Katherman</th>
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<tr>
<td>Second:</td>
<td>Calderon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes Allen, Excused; Murray, Excused</td>
</tr>
<tr>
<td>Result:</td>
<td>ITEM 10 PASSED</td>
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</table>

11. CONSIDERATION OF RESOLUTION NO. 20-1123: ORDERING THE PREPARATION OF THE ANNUAL ENGINEERING SURVEY AND REPORT PURSUANT TO CALIFORNIA WATER CODE §60300

**Water Resources Committee Recommendation:** The Water Resources Committee recommends that the Board of Directors adopt Resolution No. 20-1123 ordering the preparation of the Annual Engineering Survey and Report per the requirements of California Water Code §60300.

Mr. Partington provided an update on this item.

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<tr>
<th>First:</th>
<th>Katherman</th>
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<tr>
<td>Second:</td>
<td>Calderon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
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<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes Allen, Excused; Murray, Excused</td>
</tr>
<tr>
<td>Result:</td>
<td>RESOLUTION 20-1123 ROLL CALL VOTE PASSED 3-0</td>
</tr>
</tbody>
</table>
12. ADOPT RESOLUTION NO. 20-1124 – AUTHORIZING ENTERING INTO A FUNDING AGREEMENT WITH THE STATE WATER RESOURCES CONTROL BOARD FOR THE WELL DESTRUCTION PROGRAM PROJECT

_Groundwater Quality Committee Recommendation:_ The Groundwater Quality Committee recommends that the Board of Directors adopt Resolution No. 20-1124 subject to approval as to form by District Counsel, authorizing WRD to enter into a funding agreement with the State Water Resources Control Board for the Well Destruction Program Project.

Mr. Partington provided an overview for the resolution. Discussion followed.

<table>
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<th>First</th>
<th>Katherman</th>
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<td>Second:</td>
<td>Calderon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes Allen, Excused; Murray, Excused</td>
</tr>
<tr>
<td>Result:</td>
<td>RESOLUTION 20-1124 ROLL CALL VOTE PASSED AS AMENDED 3-0 TO ACQUIRE FUNDING FROM WELLOWNERS</td>
</tr>
</tbody>
</table>

13. LEASE FOR DISTRICT’S POSTAGE MACHINE FOLLOW UP

_Administrative Committee Recommendation:_ For discussion and possible action.

Assistant General Manager/Chief Administrative Officer Ted Johnson opened discussion. Comments and elaboration followed.

President DeWitt made the motion and Director Katherman second the motion for staff to enter into a three-year lease agreement with Neopost for the Director’s Postage Machine for an amount not to exceed $17,200 including contingency.

<table>
<thead>
<tr>
<th>First</th>
<th>Dewitt</th>
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<tbody>
<tr>
<td>Second:</td>
<td>Katherman</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes Allen, Excused; Murray, Excused</td>
</tr>
<tr>
<td>Result:</td>
<td>A FORMAL CONTRACT WILL BE BROUGHT BACK TO THE BOARD AS A CONSENT ITEM</td>
</tr>
</tbody>
</table>
13A. SUBSEQUENT NEED ITEM: SPONSORSHIP OF THE LOS ANGELES WATERKEEPERS’ MAKING WAVES EVENT

Director Katherman stated that it would be appropriate for the District to sponsor this event in the amount of $10,000.

<table>
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<td>Second:</td>
<td>Calderon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>Vote:</td>
<td>DeWitt, Yes; Katherman, Yes; Calderon, Yes; Allen, Excused; Murray, Excused</td>
</tr>
<tr>
<td>Result:</td>
<td>ITEM 13A PASSED; The District will sponsor the Los Angeles Waterkeepers’ Making Waves Event in the amount of $10,000</td>
</tr>
</tbody>
</table>

Manager of External Affairs Angie Mancillas stated that this event would be an opportunity to showcase the District. Elaboration followed.

14. DISTRICT COUNSEL’S REPORT

District Counsel H. Francisco Leal elaborated on item 13.

15. AB 1234 COMPLIANCE REPORTS AND DIRECTOR’S REPORTS

Compliance reports were to be submitted in writing.

16. WRD BOARD MEETING DATES

16A. Thursday, February 20, 2020 - 9:30 AM - Regular Board of Directors Meeting

16B. Thursday, March 5, 2020 - 9:30 AM - Regular Board of Directors Meeting

16C. Thursday, March 19, 2020 - 9:30 AM - Regular Board of Directors Meeting

16D. Thursday, April 2, 2020 - 9:30 AM - Regular Board of Directors Meeting

17. CLOSED SESSION

The Board went into closed session on the following matters at 10:28 AM.

17A. Conference with Legal Counsel – Anticipated Litigation, pursuant to Government Code §54956.9 (b), Two (2) Matters

18. CLOSED SESSION REPORT

The Board reconvened in open session at 11:03 AM.

District Counsel H. Francisco Leal stated that Counsel and staff briefed the Board on both matters and that the Board took no formal action.

19. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:04 AM.
DATE: FEBRUARY 13, 2020
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: 36-MONTH LEASE AGREEMENT WITH NEOPOST FOR DISTRICT’S POSTAGE MACHINE

SUMMARY
The matter of a new lease agreement for the District’s postage handling machine was presented to the Board of Directors on December 17, 2019 and February 6, 2020. After weighing the information regarding vendors, cost, reference checks, and service center location, at the February 6th meeting the Board of Directors voted to enter into a three-year (36-month) lease agreement with Neopost. Because of the uncertainty of the contract award at the February 6th meeting, contracts were not included in the Board materials. Therefore, this item is being brought back to the February 13, 2020 Board meeting with the NeoPost contract attached to this staff report.

The lease agreement with NeoPost is a NASPO / ValuePoint contract. NASPO / ValuePoint is a cooperative purchasing program facilitating public procurement solicitations and agreement using a lead state model.

The District will be billed quarterly for the 36-month term.

FISCAL IMPACT
The Board approved the 36 month lease at a rate of $396.19 per month or a total of $14,262.84 for 36 months. The Board also authorized amounts for tax and contingency, for a total amount (lease plus tax and contingency) of $17,200. Funds to lease the equipment are available in the Administrative budget.

RECOMMENDATION
The Board of Directors authorized entering into an agreement with NeoPost for the District’s postage machine at their February 6, 2020 meeting for an amount not to exceed $17,200. Because the actual contract was not presented at the February 6th
meeting, the recommendation is for the Board to authorize entering into the attached contract with NeoPost, subject to approval as to form by District Counsel.
Purchase Order - Lease

NASPO/ValuePoint Contract #: ADSPO 16-169901
and / or
State Participating Addendum (PA) #:
7-17-70-41-02 (CA)

<table>
<thead>
<tr>
<th>P.O. Number</th>
<th>P.O. Date</th>
<th>Requisitioner</th>
<th>Shipped Via</th>
<th>F.O.B. Point</th>
<th>Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ground</td>
<td>Destination</td>
<td>Quarter Invoicing</td>
</tr>
<tr>
<td>QTY</td>
<td>Unit</td>
<td>Description</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Months</td>
<td>Lease Payment</td>
<td>$396.19</td>
<td>$14,262.84</td>
<td></td>
</tr>
</tbody>
</table>

Lease payment specified above for products listed below includes, as applicable, reduced price equipment maintenance to reflect first year free, meter rental, meter resets, postal rate changes, software license/support/subscription fees, delivery, installation, and operator training.

**Products**

<table>
<thead>
<tr>
<th>QTY</th>
<th>Product ID</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IN710SHWP7DWP</td>
<td>IN700 Base w/MSF, Sealer/DT, Ink Cartridge, INWP70, INDST &amp; All-In-One PC w/RMM Software</td>
</tr>
<tr>
<td>1</td>
<td>IN710ACTIVATION</td>
<td>IN-710 RMM Feature Activation - One Time Fee</td>
</tr>
<tr>
<td>1</td>
<td>NSRLD-USB</td>
<td>NeoShip Brother Thermal Label Prtr (w/tr pack Ibis) Works w/NeoShip BASIC, PLUS &amp; ADVANCED so</td>
</tr>
<tr>
<td>1</td>
<td>MSPLO04807</td>
<td>NeoShip Thermal Label Printer Stand</td>
</tr>
<tr>
<td>1</td>
<td>WP3070STDN</td>
<td>Scale Stand for ISWP30/70 &amp; INWP30/70</td>
</tr>
</tbody>
</table>

1) Order is governed under the terms and conditions of the NASPO/ValuePoint Master Price Agreement Contract Number ADSPO16-169901. Enter this order in accordance with the prices, terms, delivery method, and specifications listed above, and acknowledges that you have received, read, and agree to all applicable terms and conditions (version DirectGovLease-V04-16), which are also available at http://neopostusa.com/terms/DirectGovLease-V04-16.pdf.

2) Payments will be sent to:
MailFinance Inc.
Dept 3682
PO Box 123682
Dallas TX 75362-3682

3) Send all correspondence to:
MailFinance Inc.
475 Wheelers Farms Rd
Milford CT 06461

Authorized by: ___________________________ Date: ________________
Print Name: ___________________________ Title: ________________
GOVERNMENT PRODUCT LEASE AGREEMENT

In this Government Product Lease Agreement (the “Lease”), the words “You” and “Your” mean the lessee, which is the entity that is identified as the Customer on the Government Product Lease Agreement Order Form (“Order Form”). “We,” “Us” and “Our” mean the lessor, MailFinance Inc. “Supplier” refers to either Neopost USA Inc., or any other third party that has manufactured, or is providing services related to, the Products.

1. Lease of Products. THIS LEASE IS UNCONDITIONAL AND NON-CANCELABLE (except as provided in Section 24, below) during the Initial Term (as defined below). You agree to lease from Us the equipment, embedded software, Software, services and other products listed on the Order Form, together with all existing accessories, embedded software programs, attachments, replacements, updates, additions and repairs, (collectively the “Products”) upon the terms stated herein. For the avoidance of doubt, postage meters for use in mailing machines are excluded from the definition of Products. The term “Software” means any software that is subject to this Lease, other than software programs that are embedded in the hardware. Software is subject to the additional terms as may be provided by the Supplier.

2. Promise to Pay. You promise to pay to Us the lease payment shown on the Order Form (“Lease Payment”) in accordance with the payment schedule set forth thereon, plus all other amounts stated in this Lease.

3. Initial Term; Renewal.

3.1 FMV Lease. The Initial Term of this Lease will begin on the date the Products are installed and will continue for the number of months shown on the applicable Order Form (“Initial Term”). Unless You have opted for an LTOP Lease as described in Section 23, You must notify Us in writing at least thirty (30) days before the end of the Initial Term that You intend to either: (i) return the Products at the end of the Initial Term; or (ii) purchase the Products pursuant to Section 22. If You have not opted for an LTOP lease and You fail to give Us such notice, then this Lease will automatically renew for consecutive periods of one (1) month each (each a “Renewal Period”). The amount You pay for the Products will remain unchanged during each Renewal Period. We will not notify You that the Initial Term or any Renewal Period is ending. You may terminate this Lease at the conclusion of any Renewal Period by giving Us thirty (30) days prior written notice of Your intent to do so. If You notify Us in writing that You intend to terminate the Lease, as set forth above, You shall either return the Products pursuant to Section 12 of this Lease or purchase the products pursuant to Section 22.

3.2 LTOP Lease. If you have opted for an LTOP Lease as described in Section 23, then the term of this Lease will begin on the date the Products are installed and will continue for the number of months shown on the applicable Order Form (“Initial Term”). At the conclusion of the Initial Term of an LTOP Lease, we shall: (i) transfer title of all hardware Products to You as set forth in Section 23; and (ii) Your license to use any Software Products shall continue without the need to make any further license payments to Us.

4. Payments. Lease Payments, and other charges provided for herein, are payable in arrears periodically as stated on the Order Form. You agree to make Lease Payments to Us at the address specified on Our invoices, or at any other place designated by Us within thirty (30) days of the date of Our invoice.

5. Delivery and Location of Products. The Products will be delivered to You at the installation address specified on the Order Form (“Installation Address”) or, if no such location is specified, to Your billing address. Your acceptance of the Products occurs upon delivery of the Products. You shall not remove the Products from the Installation Address unless You first get Our written permission to do so.

6. Ownership, Use, and Maintenance of Products. We will own and have title to the Products during the Lease. You agree that the Products are and shall remain Our personal property. You authorize Us to record (and amend, if appropriate) a UCC financing statement to protect Our interests. You represent that the Products will be used solely for commercial purposes and not for personal, family or household purposes. At Your own cost, You agree to maintain the Products in accordance with the applicable operation manuals and to keep the Products in good working order, ordinary wear and tear excepted.

7. Assignment of Supplier’s Warranties. We hereby assign to You any warranties relating to the Products that We may have received from the Supplier.

8. Relationship of the Parties. You agree that You, not We, selected the Products and the Supplier, and that We are a separate company from the Supplier and that the Supplier is not Our agent. IF YOU ARE A PARTY TO ANY POSTAGE METER RENTAL, MAINTENANCE, SERVICE, SUPPLIES OR OTHER CONTRACT WITH ANY SUPPLIER, WE ARE NOT A PARTY THERETO, AND SUCH CONTRACT IS NOT PART OF THIS LEASE (EVEN THOUGH WE MAY, AS A CONVENIENCE TO YOU AND THE SUPPLIER, BILL AND COLLECT MONIES OWED BY YOU TO THEM).

9. Default. You will be in default under this Lease if You fail to pay any amount within ten (10) days of the due date or fail to perform or observe any other obligation in this Lease. If You default, We may, without notice to You, do any one or more of the following, at Our option, concurrently or separately: (A) cancel this Lease; (B) require You to return the Products pursuant to Section 12 below; (C) take possession of and/or render the Products unusable, and for such purposes You hereby authorize Us and Our designees to enter Your premises, with prior reasonable notice or other process of law; and (D) require You to pay to Us, on demand as liquidated damages and not as a penalty, an amount equal to the sum of: (i) all Lease Payments and other amounts then due and past due; (ii) all remaining Lease Payments for the then-current term, together with any taxes due or to become due during such term (which You agree is a reasonable estimate of Our damages); and (iii) in the event that You failed to promptly return the Products to Us, an amount equal to the remaining value of the Products at the end of the then-current term, as reasonably determined by Us. To the extent allowable by law, You shall also pay all Our costs in enforcing Our rights under this Lease, including reasonable attorneys’ fees and expenses that We incur to take possession, store, repair, or dispose of the Products, as well as any other expenses that We may incur to collect amounts owed to Us. We are not required to re-lease or sell the Products if We repossess them. These remedies shall be cumulative and not exclusive, and shall be in addition to any and all other remedies available to Us.

10. Finance Lease. You agree that this Lease is a “finance lease” as defined in Article 2A of the Uniform Commercial Code (“UCC”). To the extent permitted by law, You hereby waive any and all rights and remedies conferred upon You under UCC Sections 2A-303 and 2A-508 through 2A-522, or any similar laws.

Direct Sales Government Product Lease Version: DirectGovLease-V04-16
11. Loss; Damage; Insurance. You shall: (i) bear the risk of loss and damage to the Product(s) during the Initial Term and any Renewal Period; and (ii) keep the Product(s) insured, at Your expense, against all risks of loss and damage in an amount at least equal to its full replacement cost.

12. Return of Products. Unless You take title to the tangible Products pursuant to Section 22 or Section 23, then You are required to return such Products under this Lease. In such a case, at the end of the Lease, You shall, after receiving an Equipment Return Authorization ("ERA") number from Us, promptly send the Products, at Your expense plus shipping and handling costs, to any location(s) that We designate in the contiguous United States. The Products must be properly packed for shipment with the ERA number clearly visible, freight prepaid and fully insured, and must be received in good condition, less normal wear and tear.

13. Assignment. YOU SHALL NOT SELL, TRANSFER, ASSIGN, SUBLEASE, PLEDGE OR OTHERWISE ENCUMBER (COLLECTIVELY, "TRANSFER") THE PRODUCTS OR THIS LEASE IN WHOLE OR IN PART.

14. Disclaimer of Warranties. We MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING ANY MATTER WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, THE SUITABILITY OF THE PRODUCT(S), ITS CONDITION, ITS MERCHANTABILITY, ITS FITNESS FOR A PARTICULAR PURPOSE, ITS FREEDOM FROM INFRINGEMENT, OR OTHERWISE. WE PROVIDE THE PRODUCTS TO YOU "AS IS," "WHERE IS" AND "WITH ALL FAULTS."

15. Limitation of Liability. WE SHALL NOT BE LIABLE TO YOU AND YOU SHALL NOT MAKE A CLAIM AGAINST US FOR ANY LOSSES OR DAMAGE (INCLUDING INCIDENTAL OR PUNITIVE DAMAGES), OR EXPENSE OF ANY KIND ARISING DIRECTLY OR INDIRECTLY FROM THE DELIVERY, INSTALLATION, USE, RETURN, LOSS OF USE, DEFECT, MALFUNCTION, OR ANY OTHER MATTER RELATING TO THE PRODUCTS (COLLECTIVELY, "PRODUCT MATTERS"). NOTWITHSTANDING ANY OTHER PROVISION OF THIS LEASE, EXCEPT FOR DIRECT DAMAGES RESULTING FROM PERSONAL INJURY OR DAMAGE TO TANGIBLE PROPERTY CAUSED BY OUR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, THE MAXIMUM OUR LIABILITY TO YOU FOR DAMAGES HERUNDER SHALL NOT EXCEED THE TOTAL OF THE AMOUNTS PAID TO US HERUNDER BY YOU.

16. Notice. All notices related to this Lease to Us shall be made by You, or an attorney representing You. Notice of non-renewal of this Lease shall be made as outlined in Section 3 herein by calling 1-800-NEOPOST (636-7678). All other notices, requests and other communications hereunder shall be in writing and sent to: MailFinance Inc., 478 Wheelers Farms Road, Milford, CT 06461 ("Notice Address"). Such notices shall be considered given when: (i) delivered personally, or (ii) sent by commercial overnight courier with written confirmation of delivery. In the event that We do not accept Your offer to enter this Lease, then You have the right to a written statement that specifies the reasons that Your offer was not accepted. You can request such a statement by writing to Us at the Notice Address.

17. Integration. The Lease represents the final and only agreement between You and Us. There are no unwritten oral agreements between You and Us. The Lease can be changed only by a written agreement between You and Us. Any additional terms and conditions referenced on any Purchase Order shall be void and have no effect on this Lease.

18. Severability. In the event any provision of this Lease shall be deemed to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties agree to replace any invalid provision with a valid provision, which most closely approximates the intent and economic effect of the invalid provision.

19. Waiver or Delay. A waiver of any default hereunder or of any term or condition of this Lease shall not be deemed to be a continuing waiver or a waiver of any other default or any other term or condition, but shall apply solely to the instance to which such waiver is directed. We may accept late payments, partial payments, checks, or money orders marked "payment in full," or with a similar notation, without compromising any rights under this Lease.

20. Survival of Obligations. Your obligations under this Lease shall survive any expiration or termination of any government procurement contract that may be related to it. Any obligations and duties which by their nature extend beyond the expiration or termination of this Lease shall survive the expiration or termination of this Lease.

21. Choice of Law; Venue; and Attorney’s Fees. This Lease shall be governed by the laws of the State of Connecticut, without regard to conflicts of law, and jurisdiction shall lie exclusively in a court of competent jurisdiction in New Haven County, Connecticut. In any litigation or other proceeding by which one party either seeks to enforce its rights under this Lease (whether in contract, tort, or both) or seeks a declaration of any rights or obligations under this Lease, to the extent allowable by law, the prevailing party shall be awarded its reasonable attorney fees, and costs and expenses incurred.

22. FMV Leases. If this Lease is a fair market value lease, as indicated by the lease rate that has been used by Us to calculate Your Lease Payment then, unless You are in default, You may elect to purchase the hardware Products at the end of this Lease on an “as is, where is” basis for their fair market value, as reasonably determined by Us. In the event that You elect to do so, You must give us sixty (60) days prior written notice of Your election to purchase such Products.

23. LTOP Leases. If this Lease is a lease to purchase, as indicated by the lease rate that has been used by Us to calculate Your Lease Payments then, at the end of the Initial Term and after You have made all of the Lease Payments, We shall transfer title to all hardware Products that are subject to this Lease to You on an “as is, where is” basis.

24. Termination.

24.1 Non-Appropriation.

a. You warrant and represent that You intend to enter into this Lease for at least the entire Initial Term and that You are doing so for an essential government purpose. You agree that, prior to the expiration of the Initial Term, you shall not terminate this Lease in order to obtain the same or similar Products from another vendor.

b. You may terminate this Lease at the end of Your current fiscal year, or at the end of any subsequent fiscal year, if appropriated funds are not available to You for the Lease Payments that will be due in the next fiscal year. In the event of such a non-termination, then You shall provide written notice to Us that states:

Sufficient funds have not been and will not be appropriated for the remaining payments due under the Lease. I confirm that we will not replace the Products with similar...
equipment from any other party in the succeeding fiscal year.

24.2 Convenience. You may terminate this Lease at anytime and for any reason or for no reason ("Termination for Convenience"); provided that You comply with the provisions of this paragraph. In the event of a Termination for Convenience, You shall pay Us a termination charge equal to the net present value of the periodic payments remaining in the Initial Term or, if applicable, the then-current Renewal Term, discounted to the present value at an interest rate equal to six percent (6%) per annum. Such amount must be received by Us within thirty (30) days of the effective date of the termination.

25. Additional Postage Meter Terms. If the Products require a postage meter, then You agree that Neopost USA's Postage Meter Rental Agreement shall govern your rental of such postage meter.

POSTAGE METER RENTAL AGREEMENT

1. Incorporation of Certain Terms. Customer acknowledges that: (i) it has entered a Government Product Lease Agreement with MailFinANCE Inc. (the “Lease”); and (ii) if the Products that are subject to the Lease includes a mailing machine, then the terms of this Postage Meter Rental Agreement (“Rental Agreement”) shall govern its rental of the Postage Meter (as defined below) for such machine. Any defined terms in the Lease shall have the same meanings in this Rental Agreement, except that “We,” “Us,” and “Our,” refers to Neopost USA Inc., and any reference to “Products” shall refer to the Postage Meter. Sections 11, 12 and 14 through 25 of the Lease are hereby incorporated into this Rental Agreement, except that any reference in those sections to the “Lease” refer to this Rental Agreement.

2. Provisions as to Use. You acknowledge that: (i) as required by United States Postal Service ("USPS") regulations, the postage meter(s) identified on the Order Form (the “Postage Meter”) is being rented to You and that it is Our property; (ii) the Postage Meter will be surrendered by You upon demand by Us; (iii) You are responsible for the control and use of the Postage Meter; (iv) You will comply with all applicable laws regarding Your use or possession of the Postage Meter; (v) the use of the Postage Meter is subject to the conditions established from time to time by the United States Postal Service; and (vi) the Postage Meter is to be used only for generating an indica to evidence the prepayment of postage and to account for postal funds. It is a violation of Federal law to misuse or tamper with the Postage Meter and, if You do so, We may terminate this Rental Agreement upon notice to You.

3. Rental Fee, Term, and Taxes. The rental fee for the Postage Meter rental during the Initial Term is included in the Lease Payment. For each Renewal Term, You agree to pay Our then-current fee for the Postage Meter rental. The Postage Meter rental fee does not include the cost of consumable supplies. The term of the rental shall be equal to the term of the Lease and is NON-CANCELABLE. You agree to pay all applicable taxes related to Your acquisition, possession, and/or use of the Postage Meter including all property taxes on the Postage Meter. Furthermore, You agree to pay the applicable fee to cover Our expenses associated with the administration, billing and tracking of such charges and taxes. Notwithstanding the foregoing, in the event You are tax exempt, upon providing Us a certificate, You will not be required to pay any taxes covered by such certificate. You agree that you will return the Postage Meter at the end of the Lease term and that You will do so in the manner set forth in Section 12 of the Lease. Furthermore, You agree that if you fail to return a postage meter within thirty (30) days of receipt of the Equipment Return Authorization from Us, then You will pay a postage meter replacement fee of one thousand dollars ($1,000).

4. Postage Meter Maintenance, Inspections, and Location. We will keep the Postage Meter in good working condition during the term of this Rental Agreement. The United States Postal Service regulations may require Us to periodically inspect the Postage Meter. You agree to cooperate with Us regarding such inspections. We may, from time to time, access and download information from Your Postage Meter to provide Us with information about Your postage usage and We may share that information with Our distributors and other third parties and You hereby authorize Us to do so. You agree to promptly update Us whenever there is any change in Your name, address, telephone number, the licensing post office, or the location of the Postage Meter.

5. Postage Advances. We do not sell postage. In the event You require an emergency advance for postage, We, at Our sole discretion, may advance You money to rent the Postage Meter. If We do provide such an advance, You agree to repay Us within five (5) days from the time of such advance: (i) the amount of the emergency advance; and (ii) the then-current advance fee.

6. Default. In the event You fail to perform in accordance with the terms set forth in this Rental Agreement, or any other Agreement with Us or any of Our affiliates, including, but not limited to, MailFinANCE Inc., and MailRoom Finance, Inc., then We may, without notice: (i) repossess the Postage Meter(s); (ii) disable the Postage Meter; (iii) immediately terminate this Rental Agreement; and (iv) pursue any remedies available to Us at law or in equity. Furthermore, upon the return of the Postage Meter, You hereby authorize Us to offset any amount of postage remaining in the Postage Meter, prior to any refund to You, against any amount due to Us or any of Our affiliates. To the extent allowable by law, You shall also pay all of Our costs in enforcing Our rights under this Rental Agreement, including reasonable attorneys' fees and expenses that We incur to take possession, store, or repair, the Postage Meter, as well as any other expenses that We may incur to collect amounts owed to Us. These remedies shall be cumulative and not exclusive, and shall be in addition to any and all other remedies available to Us.

7. Rate Updates.

A. Maintenance of Postal Rates. It is Your sole responsibility to ensure that correct amounts are applied as payment for mailing and shipping services. We shall not be responsible for returns for delivery delays, refusals, or any other problems caused by applying the incorrect rate to mail or packages.

B. Rate Updates with Online Services. If the Order Form indicates that You are enrolled in Our Online Services program, then We will make available periodic updates for Your covered Products and/or Postage Meter, including updates to maintain accurate USPS rates for the USPS services that are compatible with such Products or Postage Meter. The rate updates that are offered with Our Online Services program are only available for products that are Integrated (as defined below) into Your mailing machine. For the purposes of this section, "Integrated" means that the
covered hardware cannot properly operate on a stand-alone basis and it has been incorporated into the mail machine. Products that are not Integrated including, but not limited to, all Software and scales with “ST-77,” or “SE” in the model number will not receive updated rates as part of Our Online Services program (collectively “Excluded Products”).

C. Rate Updates with Rate Change Protection and Software Advantage. If you have any of Our Excluded Products, You may have elected to purchase Rate Change Protection (“RCP”) from Us for Your hardware products or Software Advantage for Your Software. If the Order Form indicates that You have selected RCP or Software Advantage, We will make available the following updates for Your covered Products or Software: (i) updates to maintain accurate rates for the services offered by the USPS and other carriers that are compatible with Your covered Products or Software; and (ii) updates for major zip or zone changes that are compatible with Your covered Products or Software. If any reprogramming is required because You have moved the Products or Postage Meter to a new location, none of the services described in this Section cover the cost to do so. If You have not selected RCP or Software Advantage, You agree that We may send You periodic rate updates as needed and You agree to either: (i) promptly pay the then-current price for such update; or (ii) return the unused, updated, to Us within ten (10) business days of receiving it. Customers with an outstanding Accounts Receivable balance may not receive a rate update until the open balance is resolved.

8. United states postal service acknowledgement of deposit requirement. By signing this Postage Meter Rental Agreement, You acknowledge and agree that You have read the United States Postal Service Acknowledgement of Deposit (the “Acknowledgement”) and will comply with its terms and conditions, as it may be amended from time to time.

9. Additional united states postal service terms.

A. By signing this Postage Meter Rental Agreement, You acknowledge that You are also entering into an Agreement with the United States Postal Service (“USPS”) in accordance with the Domestic Mail Manual (“DMM”) 604.4, Postage Payment Methods, Postage Meters and PC Postage Products (collectively, “Postage Evidencing Systems” or “PES”) and accept responsibility for control and use of the PES contained therein.

B. You also acknowledge You have read the DMM 604.4, Postage Payment Methods, Postage Meters and PC Postage Products (Postage Evidencing Systems) and agree to abide by all rules and regulations governing its use.

C. Failure to comply with the rules and regulations contained in the DMM or use of the PES in any fraudulent or unlawful scheme or enterprise may result in the revocation of this Rental Agreement.

D. You further acknowledge that any use of this PES that fraudulently deprives the USPS of revenue can cause You to be subject to civil and criminal penalties applicable to fraud and/or false claims against the United States. The submission of a false, fictitious or fraudulent statement can result in imprisonment of up to five (5) years and fines of up to $10,000 (18 U.S.C. 1001). In addition, a civil penalty of up to $5,000 and an additional assessment of twice the amount falsely claimed may be imposed (3 U.S.C. 3802).

E. You further understand that the rules and regulations regarding use of this PES as documented in the USPS Domestic Mail Manual may be updated from time to time by the USPS and it is Your obligation to comply with any current or future rules and regulations regarding its use.

F. You are responsible for immediately reporting (within seventy-two hours or less) the theft or loss of the postage meter that is subject to this Rental Agreement. Failure to comply with this notification provision in a timely manner may result in the denial of refund of funds remaining on the postage meter at the time of the loss or theft.

NeoFunds®/Total Funds® ACCOUNT AGREEMENT

1. Incorporation of Certain Terms. You acknowledge that You have entered a Government Product Lease Agreement with MailFinance Inc. (the “Lease”) and a Postage Meter Rental Agreement with Neopost USA Inc. (the “Rental Agreement”). If You have an eligible postage meter, then You will have access to a NeoFunds postage funding account (for Neopost POC accounts) or a TotalFunds postage funding account (for Hasler TMS accounts) and this NeoFunds/TotalFunds Account Agreement (“Account Agreement”) shall govern Your use of such account. Any defined terms in the Lease or Rental Agreement shall have the same meanings in this NeoFunds Agreement, except that “We,” “Us,” and “Our,” refer to Mailroom Finance, Inc., an affiliate of Neopost USA Inc. Sections 14 through 20 of the Lease are hereby incorporated into this Account Agreement except that any reference in those sections to the “Lease” refers to this Account Agreement.

2. Establishment and Activation of Account. You hereby authorize Us, to establish an account in Your name (“Account”) for funding the purchase of postage from the United State Postal Service (“USPS”) for use in the postage meter. Your Account may also be used to purchase supplies, pay for the Postage Meter rental, and obtain certain other products and services from Neopost USA. The establishment of Your Account shall be subject to Our approval of Your creditworthiness. Any use of the Account shall constitute Your acceptance of all the terms and conditions of this Account Agreement and all other documents executed or provided in connection with the Account. The Account may not be used for personal, family, or household purposes.

3. Operation of Account. Each time an employee or agent of Yours with the express, implied, or apparent authority to do so (each an “Authorized User”) uses the Account to receive a postage meter reset or obtain other products or services that Neopost USA Inc. is authorized to provide, Neopost USA Inc. will notify Us of the amount to be applied to Your Account balance. If the Account is used to obtain postage, then We will transfer the requested amount of postage to the USPS on Your behalf and Your Account will be charged for the amount of postage requested and any related fees, if applicable. You can continue to pre-pay the USPS for postage and understand that pre-paid postage funds will be used first to pay for your postage meter resets. You further understand that NeoFunds/TotalFunds will provide additional available postage funds when Your pre-paid account balance is zero ($0). When You request a postage meter reset, if You have the funds on account with the USPS, those funds
automatically will be withdrawn first to pay for postage, and any additional amounts due for postage and related fees will be billed through the NeoFunds/TotalFunds Account under the terms and conditions of this Account Agreement. If the Account is used to acquire products or services from that NeoPost USA is authorized to provide, then We shall pay the applicable amount to NeoPost USA Inc. and add such amount to Your Account balance.

4. Payment Terms. You will receive a billing statement for each billing cycle in which You have any activity on Your Account. Payments are due on the due date shown on Your billing statement. You may pay the entire balance due or a portion of the balance, provided that You pay at least the minimum payment amount shown on Your statement. However, if You have exceeded the Account Limit, then You must pay the entire amount of any overage, as well as the minimum payment amount shown on Your statement. Whenever there is an unpaid balance outstanding on Your Account which is not paid in full by the due date shown on Your billing statement, We will charge You, and You agree to pay, interest on the unpaid balance of the Account at a rate of 1% per month, or the maximum permitted by law. Each payment will be applied to reduce the outstanding balance of Your Account and replenish the amount available to You. You may refuse to extend further credit if the amount of a requested charge plus Your existing balance exceeds Your Account Limit.

5. Account Limit and Account Fees. You agree that We will establish a credit limit on Your Account (the "Account Limit"). The exact amount of the Account Limit will be indicated on Your invoice. We may, in Our sole discretion, allow Your balance to exceed the Account Limit. In the event We do so, You agree to pay Us an additional fee equal to one percent (1%) of the amount by which the Account Limit is exceeded for each transaction that You initiate after Your Account has reached the Account Limit. Such amount will be charged to Your Account on the date that the relevant transaction(s) occurs. Unless prohibited by applicable law, You agree to pay the amounts set forth in this Account Agreement, which may include, without limitation, the amounts specified above, a fee for a late payment, a fee for any checks that are returned as a result of insufficient funds, and a fee for any ACH direct debit transactions which are rejected, and an annual account fee. All such fees shall be added to Your Account balance.

6. Cancellation and Suspension. We may at any time close or suspend Your Account or temporarily refuse to allow further charges to Your Account. You can cancel Your Account at any time by notifying Us in writing at the address provided on Your Account statement of Your desire to do so. No cancellation or suspension will affect Your obligation to pay any amounts You then owe under this Account Agreement. We will notify You of the Account balance in the event of any termination and all outstanding obligations will survive the termination of this Account Agreement by either party.

7. Default. We may declare You in default if You: (i) have made any misrepresentations to Us; (ii) at any time, have done or allowed anything that indicates to Us that You may be unable or unwilling to repay the balance of Your Account as required under this Account Agreement; or (iii) are in default under this Account Agreement or any lease, rental, or other agreement with Us, NeoPost USA Inc., or their affiliates. If You are in default, or upon any cancellation of Your Account, We shall not be obligated to continue to provide the Account service or extend further credit under this Account Agreement. If We are required to initiate collection action or any other legal action under this Account Agreement, You shall pay upon demand by Us all court and collection costs, along with reasonable attorney's fees. These remedies shall be cumulative and not exclusive, and shall be in addition to any and all other remedies available to Us.

8. Remedies. If We have declared that You are in default under this Account Agreement, then We may: (i) declare all agreements You have with Us in default and due and payable at once without notice or demand; (ii) refuse to make further advances on Your behalf to reset Your postage meter; and (iii) exercise any other rights that We may have. In addition, You agree that any default under this Account Agreement shall constitute a default under any agreement You may have with any of Our affiliates, including, but not limited to, NeoPost USA Inc., MailFinace Inc.

9. Amendments. We may amend this Account Agreement, or any of its provisions, including without limitation any fees and charges and/or the Annual Percentage Rate, at any time by at least thirty (30) days written notice to You, and such written notice may be included in Your billing statement. Any such amendment will become effective on the date stated in the notice and will apply to any transactions after such date, as well as to any outstanding balance on Your Account.

10. Notice: Any notice required to be given under this Account Agreement by either party hereto shall be given if to You, at the address shown on Your Order Form, and if to Us at 478 Wheelers Farms Road, Milford, CT 06461.

11. Miscellaneous. You understand that We may obtain credit reports in connection with Your Account now and in the future. This Account Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to its conflict-of-laws rules, and any applicable federal laws. The sole jurisdiction and venue for actions related to the subject matter hereof shall be in a State or Federal Court within the State of Texas.

MAINTENANCE AGREEMENT

1. Incorporation of Certain Terms. You acknowledge that You have entered a Government Product Lease Agreement with MailFinance Inc. (the "Lease"). Any defined terms in the Lease shall have the same meanings in this Maintenance Agreement, except that "We," “Us,” and “Our,” refer to NeoPost USA Inc. Sections 13 through 24 of the Lease are hereby incorporated into this Maintenance Agreement, except that any reference in those sections to the "Lease" refers to this Maintenance Agreement.

2. NeoPost’s Terms and Conditions for Maintenance Services. If the Order Form indicates that You have purchased maintenance services, then NeoPost USA Inc., or one of its affiliates, will provide maintenance services for the Products in accordance with NeoPost USA Inc.’s then-current maintenance terms and pricing for the level of maintenance services that You have purchased. Those services will be provided for the entire term of the Lease and are NON-CANCELABLE. The current version of those terms and conditions are available at www.neopostusa.com/maintenanceagreement/0613. You

Direct Sales Government Product Lease Version: DirectGovLease-V04-16
agree that You have access to such terms and that they are incorporated into this Maintenance Agreement by this reference, and that You shall be bound by such terms as if they were fully stated herein. Notwithstanding the foregoing, maintenance services are not available on HD Office Printer Series products.

3. Auto Ink Program. If the Order Form indicates that You have elected to participate in Our Auto Ink Program (the "Program"), then you hereby authorize Us to ship You a new ink cartridge for the Product whenever the Product indicates that the then-current ink cartridge reaches twenty percent (20%) of its capacity. You authorize Us to charge the then-current fee for such cartridge (plus applicable taxes and shipping charges) to Your NeoFunds or TotalFunds Account, You may opt out of the Program at any time by sending an email to CIMneworders@neopost.com.

ONLINE SERVICES AND SOFTWARE AGREEMENT

1. Incorporation of Certain Terms. You acknowledge that You have entered a Government Product Lease Agreement with MailFinance Inc. (the "Lease"). Any defined terms in the Lease shall have the same meanings in this Online Services and Software Agreement ("OSS Agreement"), except that "We," "Us," and "Our," refer to Neopost USA Inc. Sections 13 through 24 of the Lease are hereby incorporated into this OSS Agreement, except that any reference in those sections to the "Lease" refer to this OSS Agreement.

2. License Grant and Additional Terms. In exchange for the license fees that are included in Your Lease Payment, We hereby grant to You a nonexclusive, nontransferable license to use the Software products, including related documentation, described on the Order Form solely for Your own use on or with the Products. You warrant and represent that You will not sell, transfer, disclose or otherwise make available such Software products or copies thereof to third parties; provided, however, that the Software products may be used by Your employees or independent contractors using the Products. No title or ownership of the Software products or any portion thereof is transferred to You. You acknowledge and agree that there may be additional terms and conditions that apply to Your use of any Software provided by Us. Such terms may be provided with the Software, or made available at www.neopostusa.com/softwareterms and may be supplemented by Us or third party licensors, from time to time, by notice to You. You acknowledge and agree that You have access to the appropriate version(s) of the applicable terms provided at the address above and corresponding to Software described on the Order Form at the time you enter this OSS Agreement. Such terms are incorporated herein by this reference and You agree to be bound by such terms as if they were fully stated herein.

3. Software Support. Unless otherwise specified in the applicable Software terms, if You have purchased support for the Software, We will provide the following for a period of one (1) year: (i) software updates and, if applicable, carrier rate updates that keep You current and compliant with supported carrier rates, fees, zone schedules, label, barcode and forms changes; (ii) updates to the Software; (iii) corrective bug fixes as released; and (iv) technical support for the Software (collectively "Software Maintenance"). At the conclusion of each year of Software Maintenance, the Software Maintenance will automatically renew for additional one-year periods at Our then-current fee for such services unless you give us at least sixty (60) days prior written notice that you wish to cancel the Software Maintenance. You acknowledge that the Software may fail to comply with applicable regulations if you do not have Software Maintenance and that We shall not have any liability in connection with any such failure. If You allow the Software Maintenance to lapse, You may reinstate such services; provided that you pay all fees that would have been due from the expiration of Your last Software Maintenance period through the reinstatement date, plus a 15% administrative surcharge.

4. Use of Websites. Neopost USA Inc. and/or any of Our affiliates, suppliers, including, but not limited to, MailFinance Inc. may, from time to time, make certain websites available to You in order to provide You with certain services ("Websites"). If You access any such Websites, You acknowledge and agree that Your use of the Website is subject to the terms of use and/or license terms in effect at the time You use the Website. Such terms are available on the Websites for Your review. You acknowledge and agree that such terms may be supplemented and modified from time to time ("Supplemental Terms"). Your use of a Website after Supplemental Terms have been issued will signify Your acceptance of those terms. In the event of a conflict between the terms of this OSS Agreement and the Supplemental Terms, the Supplemental Terms shall control.