



# CITY of NOVI CITY COUNCIL

## Agenda Item 2 November 29, 2010

**SUBJECT:** Approval to change purchasing terms from for contract award made on November 8, 2010 for multi-function office copy equipment to Ricoh Business Systems (RBS) from a lease/purchase option of \$178,012 to a straight purchase option of \$163,988 for an estimated net savings of \$13,000.

**SUBMITTING DEPARTMENT:** Finance/ Information Technology

**CITY MANAGER APPROVAL:** 

<b>EXPENDITURE REQUIRED</b>	\$163,988
<b>AMOUNT BUDGETED</b>	Net budget impact of approximately \$115,000 to be allocated by fund/department and included in the 2 <sup>nd</sup> quarter budget amendment
<b>LINE ITEM NUMBERS</b>	Various

**BACKGROUND INFORMATION:**

After further review and consideration, the City administration recommends a straight purchase for this equipment for a total cost of \$163,988 rather than the purchase/lease option in the amount of \$178,012. The purchase/lease option resulted in an interest expenditure yield of 4.259%. Currently the City's legally allowable investment vehicles, pursuant to Public Act 20 and the City's investment policy are resulting in investment income yields of less than ½ of 1%. As such, the resulting net savings from the straight purchase are estimated at \$13,000. The City began implement staffing and operation changes in May 2010, prior to the beginning of the new fiscal year 2010-11, and as a result of these changes the budget can absorb this change in financing.

**RECOMMENDED ACTION:** Approval to change purchasing terms from for contract award made on November 8, 2010 for multi-function office copy equipment to Ricoh Business Systems (RBS) from a lease/purchase option of \$178,012 to a straight purchase option of \$163,988 for an estimated net savings of \$13,000.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				



# CITY of NOVI CITY COUNCIL

**Agenda Item 7  
November 8, 2010**

**SUBJECT:** Approval to award a contract for multi-function office copy equipment to Ricoh Business Systems (RBS) through the US Communities Government Purchasing Alliance in the amount of \$178,012 (four year lease cost); plus an estimated \$37,000 for annual service agreement costs.

**SUBMITTING DEPARTMENT:** Information Technology

**CITY MANAGER APPROVAL:**

<b>EXPENDITURE REQUIRED</b>	<b>\$44,500 per year (annual lease cost) \$37,000 per year (estimated annual service agreement cost)</b>
<b>AMOUNT BUDGETED</b>	<b>Allocated by department (see attached breakdown)</b>
<b>LINE ITEM NUMBERS</b>	<b>Various</b>

**BACKGROUND INFORMATION:**

With the expiration of the City's current copier lease the I.T. Department assembled a six person, multi-departmental team to evaluate and recommend a multi-function copy, print, fax, and scan replacement solution. This team evaluated offerings from manufacturers holding the top four market share rankings as identified by a 2009 Gartner Group Report (Exhibit A). The team's evaluation process involved four manufacturers including Ricoh, Xerox, Canon, and Konica-Minolta. The top three reproduced a selection of the City's publications and products. These outputs were assessed by the team for overall quality, performance, and value. Additionally, the team performed reference checks of organizations comparable to Novi's size and operations with the vendors. Team members also met individually with all City departments to elicit and validate departmental operational requirements. Following the requirements validation, the team unanimously recommended Ricoh's line of products to best fulfill the functional requirements supporting the City's operations.

The City of Novi is proposing to lease its Ricoh equipment through a competitively bid contract through the US Communities Purchasing Alliance which has over 42,000 participating government, school, and non-profit agencies. The City's participation in the Alliance allows its members to purchase from nationally bid, competitively awarded contracts by its participating members. The City would base its equipment price through a competitively bid contract awarded by the City of Los Angeles, California (Exhibit B). The City's proposed lease agreement includes 18 devices located in six different buildings (Exhibit C).

The Ricoh service plan (cost per copy) is a toner inclusive contract covering all on-site labor, materials, preventive maintenance, and non-consumable parts for the duration of the 48-month lease (Exhibit D).

*The proposed lease agreement represents a four-year cost savings of \$22,694 over the previous agreement awarded by the City in 2006. The proposed service agreement represents an estimated, four-year cost savings of \$26,570.*

**RECOMMENDED ACTION:** Approval to award a contract for multi-function office copy equipment to Ricoh Business Systems (RBS) through the US Communities Government Purchasing Alliance in the amount of \$178,012 (four year lease cost); plus an estimated \$37,000 for annual service agreement costs.

	<b>1</b>	<b>2</b>	<b>Y</b>	<b>N</b>
<b>Mayor Landry</b>				
<b>Mayor Pro Tem Gatt</b>				
<b>Council Member Crawford</b>				
<b>Council Member Fischer</b>				

	<b>1</b>	<b>2</b>	<b>Y</b>	<b>N</b>
<b>Council Member Margolis</b>				
<b>Council Member Mutch</b>				
<b>Council Member Staudt</b>				

Information Return for Tax-Exempt Governmental Obligations

> Under Internal Revenue Code Section 149(e) > See separate instructions. Caution: If the issue price is under \$100,000, Use Form 8038-GC

Part I Reporting Authority If Amended Return, check here > 1 Issuer's Name City of Novi 2 Issuer's employer identification number (EIN) 3 Number and street (or P.O. box if mail is not delivered to street address) 45175 W 10 Mile Rd Room/Suite 4 Report number (For IRS Use Only) 5 City, town, or post office, state and ZIP code Novi Mi 48375 6 Date of Issue 7 Name of Issue State and Local Government Lease-Purchase Agreement dated 11/22/2010 8 CUSIP Number 9 Name and title of officer or legal representative whom the IRS may call for more information 10 Telephone number of officer or legal representative

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule 11 Education 11 12 Health and hospital 12 13 Transportation 13 14 Public safety 14 15 Environment (including sewage bonds) 15 16 Housing 16 17 Utilities 17 18 Other. Describe > 18 163988.06 19 If obligations are TANs or RANs, check box 19a > If obligations are BANs, check box 19b > 20 If obligations are in the form of a lease or installment sale, check box > ✓

Part III Description of Obligations Complete for the entire issue for which this form is being filed Table with columns: (a) Final Maturity date, (b) Issue Price, (c) Stated redemption price at maturity, (d) Weighted average maturity, (e) Yield. Row 21: 10/22/2014, 163988.06, 163988.06, 2.09117804 Years, 4.259 %

Part IV Use of Proceeds of Bond Issue (including underwriters' discount) 22 Proceeds used for accrued interest 22 23 Issue price of entire issue (enter amount from line 21, column (b)) 23 163988.06 24 Proceeds used for bond issuance costs (including underwriters' discount) 24 0 25 Proceeds used for credit enhancement 25 0 26 Proceeds allocated to reasonably required reserve or replacement fund 26 0 27 Proceeds used to currently refund prior issues 27 0 28 Proceeds used to advance refund prior issues 28 0 29 Total (add lines 24 through 28) 29 0 30 Nonrefunding proceed of the issue (subtract line 29 from line 23 and enter amount here) 30 163988.06

Part V Description of Refunded Bonds (Complete this part only for refunding bonds) 31 Enter the remaining weighted average maturity of the bonds to be currently refunded > years 32 Enter the remaining weighted average maturity of the bonds to be advance refunded > years 33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) > 34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY) >

Part VI Miscellaneous 35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) 35 36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) 36a b Enter the final maturity date of the GIC > 37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units 37a b If this issue is a loan made from the proceeds of another tax-exempt issue, check box > and enter the name of the issuer > and the date of the issue > 38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box > 39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box > 40 If the issuer has identified a hedge, check box >

Signature and Consent Under the penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above. Signature of issuer's authorized representative Date Type or print name and title

Paid Preparer's Use Only Preparer's signature > Date Check if self-employed Preparer's SSN or PTIN Firm's name (or yours if self-employed), address, and ZIP code > EIN Phone no.

**ATTACHMENT 1 TO  
STATE AND LOCAL GOVERNMENT LEASE-PURCHASE AGREEMENT**

**LEASE PAYMENT SCHEDULE**

LESSOR: De Lage Landen Public Finance LLC

LESSEE: City of Novi

LEASE NUMBER: PUB9594

LEASE COMMENCEMENT DATE: November 22<sup>nd</sup>, 2010

	Date	Payment	Interest	Principal	Balance	Purchase Price
Loan	11/22/2010				163,988.06	
1	11/22/2010	3,708.59	0.00	3,708.59	160,279.47	165,087.85
2	12/22/2010	3,708.59	568.90	3,139.69	157,139.78	161,853.97
3	01/22/2011	3,708.59	557.75	3,150.84	153,988.94	158,608.61
4	02/22/2011	3,708.59	546.57	3,162.02	150,826.92	155,351.73
5	03/22/2011	3,708.59	535.35	3,173.24	147,653.68	152,083.29
6	04/22/2011	3,708.59	524.08	3,184.51	144,469.17	148,803.25
7	05/22/2011	3,708.59	512.78	3,195.81	141,273.36	145,511.56
8	06/22/2011	3,708.59	501.44	3,207.15	138,066.21	142,208.20
9	07/22/2011	3,708.59	490.05	3,218.54	134,847.67	138,893.10
10	08/22/2011	3,708.59	478.63	3,229.96	131,617.71	135,566.24
11	09/22/2011	3,708.59	467.17	3,241.42	128,376.29	132,227.58
12	10/22/2011	3,708.59	455.66	3,252.93	125,123.36	128,877.06
13	11/22/2011	3,708.59	444.11	3,264.48	121,858.88	125,514.65
14	12/22/2011	3,708.59	432.53	3,276.06	118,582.82	122,140.30
15	01/22/2012	3,708.59	420.90	3,287.69	115,295.13	118,753.98
16	02/22/2012	3,708.59	409.23	3,299.36	111,995.77	115,355.64
17	03/22/2012	3,708.59	397.52	3,311.07	108,684.70	111,945.24
18	04/22/2012	3,708.59	385.77	3,322.82	105,361.88	108,522.74
19	05/22/2012	3,708.59	373.97	3,334.62	102,027.26	105,088.08
20	06/22/2012	3,708.59	362.14	3,346.45	98,680.81	101,641.23
21	07/22/2012	3,708.59	350.26	3,358.33	95,322.48	98,182.15
22	08/22/2012	3,708.59	338.34	3,370.25	91,952.23	94,710.80
23	09/22/2012	3,708.59	326.38	3,382.21	88,570.02	91,227.12
24	10/22/2012	3,708.59	314.37	3,394.22	85,175.80	87,731.07
25	11/22/2012	3,708.59	302.32	3,406.27	81,769.53	84,222.62
26	12/22/2012	3,708.59	290.23	3,418.36	78,351.17	80,701.71
27	01/22/2013	3,708.59	278.10	3,430.49	74,920.68	77,168.30
28	02/22/2013	3,708.59	265.92	3,442.67	71,478.01	73,622.35
29	03/22/2013	3,708.59	253.70	3,454.89	68,023.12	70,063.81
30	04/22/2013	3,708.59	241.44	3,467.15	64,555.97	66,492.65
31	05/22/2013	3,708.59	229.14	3,479.45	61,076.52	62,908.82
32	06/22/2013	3,708.59	216.79	3,491.80	57,584.72	59,312.26
33	07/22/2013	3,708.59	204.39	3,504.20	54,080.52	55,702.94
34	08/22/2013	3,708.59	191.95	3,516.64	50,563.88	52,080.80
35	09/22/2013	3,708.59	179.47	3,529.12	47,034.76	48,445.80
36	10/22/2013	3,708.59	166.95	3,541.64	43,493.12	44,797.91
37	11/22/2013	3,708.59	154.37	3,554.22	39,938.90	41,137.07
38	12/22/2013	3,708.59	141.76	3,566.83	36,372.07	37,463.23
39	01/22/2014	3,708.59	129.10	3,579.49	32,792.58	33,776.36
40	02/22/2014	3,708.59	116.39	3,592.20	29,200.38	30,076.39
41	03/22/2014	3,708.59	103.64	3,604.95	25,595.43	26,363.29
42	04/22/2014	3,708.59	90.85	3,617.74	21,977.69	22,637.02
43	05/22/2014	3,708.59	78.01	3,630.58	18,347.11	18,897.52

44	06/22/2014	3,708.59	65.12	3,643.47	14,703.64	15,144.75
45	07/22/2014	3,708.59	52.19	3,656.40	11,047.24	11,378.66
46	08/22/2014	3,708.59	39.21	3,669.38	7,377.86	7,599.20
47	09/22/2014	3,708.59	26.19	3,682.40	3,695.46	3,806.32
48	10/22/2014	3,708.59	13.13	3,695.46	0.00	0.00
Grand Totals		178,012.32	14,024.26	163,988.06		0.00

APPROVED: CITY OF NOVI

SIGNATURE: \_\_\_\_\_

SIGNED BY: \_\_\_\_\_



Quote: 722492

## ORDER AGREEMENT RICOH BUSINESS SOLUTIONS

DATE: 11/18/2010		TYPE OF SALE: Cash	
AGREEMENT CONSISTS OF THIS PAGE AND THE TERMS AND CONDITIONS ATTACHED			
<b>SHIP TO</b>		<b>BILL TO</b>	
Salesrep Name and Number: Ron Angell 22012044		Salesrep Name and Number: Ron Angell 22012044	
Install Branch Number: 138 - Midwest Region	Install Branch Name: 138 - Midwest Region	Order Taking Branch Number: 138 - Midwest Region	Order Taking Branch Name: 138 - Midwest Region
Account Number:		Account Number:	
Customer Name: City of Novi		Customer Name: City of Novi	
Address Line1: 45125 10 Mile Road		Address Line1: 45125 10 Mile Road	
Address Line2:		Address Line2:	
City: Novi		City: Novi	
County: Oakland	ST/ZIP: MI / 48375	County: Oakland	ST/ZIP: MI / 48375
Contact: Robert Petty		Contact: Robert Petty	
Phone/Fax: (248) 347-0456 / 2487355682		Phone/Fax: (248) 347-0456 / 2487355682	
email:		email:	
<b>BILLING INFORMATION</b>			
Lease Approval #	Party #	NATL/GSA Contract # NSC00003307	Tax Exempt # 38-6032551
Billing Method Arrears	Bill Start Date	PO #	PO Limit \$0.00
		PO Expire Date	

<b>SERVICE INFORMATION</b>			
Meter Collection Method @ Remote	Service Location 138 - Midwest Region	Service Term 48	Service Zone 01
Meter Frequency Quarterly	Bill Frequency Monthly	Lease Service N/A	Monthly Minimum Meter 0

Product ID	Description	Quantity
RMP3351SP	Aficio MP 3351SP	
415248	Ricoh Aficio MP 3351SP	9
414127	1 Bin Tray BN 3030	9
414143	ARDF DF 3030	9
413673	2 Tray Paper Bank (PB3030)	9
413955	DataOverwriteSecurity Unit Type 1	9
415285	Fax Option Type 3351	9
412730	SR790 1,000 Sheet Finisher	9
414125	Bridge Unit BU 3020	9
9908663	Connectivity	9
SVC-BRONZE	Labor, Parts, Black Toner Toner Included: Inclusive BLACK AND WHITE COPY CHARGE OF \$0.0059 IN EXCESS OF 0.0 PER QUARTER COLOR COPY CHARGE OF \$0.0 IN EXCESS OF 0.0 PER QUARTER.	9
RMP6001SP	Aficio MP 6001SP	
414788	Aficio MP 6001SP	2
412203	Tab sheet Holder Type 3260	2
412209	Punch Unit Type 3260	2



Quote: 722492

## ORDER AGREEMENT RICOH BUSINESS SOLUTIONS

414002	Data Overwrite Security Unit Type H	2
404230	VM Card Type J	2
414957	SR4030 Finisher	2
9908663	Connectivity	2
SVC-BRONZE	Labor, Parts, Black Toner Toner Included: Inclusive BLACK AND WHITE COPY CHARGE OF \$0.0059 IN EXCESS OF 0.0 PER QUARTER COLOR COPY CHARGE OF \$0.0 IN EXCESS OF 0.0 PER QUARTER.	2
RMPC2050SPF	Aficio MP C2050SPF	
414922	MP C2050SPF	1
415016	FAC43 Cabinet	1
414710	VM Card Type I	1
9908651	BC Print Connectivity	1
414620	Internal Finisher Type C2550	1
414635	512 MB Memory Unit Type I	1
SVC-SILVER	Labor, Parts, Black Toner, Color Toner Toner Included: Inclusive BLACK AND WHITE COPY CHARGE OF \$0.0059 IN EXCESS OF 0.0 PER QUARTER COLOR COPY CHARGE OF \$0.053 IN EXCESS OF 0.0 PER QUARTER.	1
413955	DataOverwriteSecurity Unit Type I	1
RMPC3300SPF	Aficio MP C3300SPF	
414829	MP C3300SPF	2
415002	2 Tray Paper Bank (PB3040)	2
414175	Bridge Unit BU3030	2
414002	Data Overwrite Security Unit Type H	2
414718	Inner 1 Bin Tray (BN3070)	2
414710	VM Card Type I	2
9908651	BC Print Connectivity	2
412730	SR790 1,000 Sheet Finisher	2
SVC-SILVER	Labor, Parts, Black Toner, Color Toner Toner Included: Inclusive BLACK AND WHITE COPY CHARGE OF \$0.0059 IN EXCESS OF 0.0 PER QUARTER COLOR COPY CHARGE OF \$0.053 IN EXCESS OF 0.0 PER QUARTER.	2
RMPC6501SP	Aficio MP C6501SP	
415182	Aficio MP C6501	2
414002	Data Overwrite Security Unit Type H	2
415195	PostScript3 Unit Type C7501	2



Quote: 722492

## ORDER AGREEMENT

### RICOH BUSINESS SOLUTIONS

9908651	BC Print Connectivity	2
412209	Punch Unit Type 3260	2
412213	Cover Interposer Tray Type 3260	2
414950	SR4040 Finisher	2
SVC-SILVER	Labor, Parts, Black Toner, Color Toner Toner Included: Inclusive BLACK AND WHITE COPY CHARGE OF \$0.0059 IN EXCESS OF 0.0 PER QUARTER COLOR COPY CHARGE OF \$0.053 IN EXCESS OF 0.0 PER QUARTER.	2
412203	Tab sheet Holder Type 3260	2
	Software & Enablers	
003557MIU	Equitrac Office 4: Suite	1
	Software & Enablers	
003561MIU	EO4/EE4: Print Server	2
	Software & Enablers	
002914MIU	Print and Copy Control V3 & V4, 10 MFP Pack	2
	Software & Enablers	
003556MIU	PCC USB Card Reader (HID)	17
RMPC4000SPF	Aficio MP C4000SPF	
414836	MP C4000SPF	2
415002	2 Tray Paper Bank (PB3040)	2
414175	Bridge Unit BU3030	2
414002	Data Overwrite Security Unit Type H	2
414718	Inner 1 Bin Tray (BN3070)	2
414710	VM Card Type i	2
9908651	BC Print Connectivity	2
412730	SR790 1,000 Sheet Finisher	2
SVC-SILVER	Labor, Parts, Black Toner, Color Toner Toner Included: Inclusive BLACK AND WHITE COPY CHARGE OF \$0.0059 IN EXCESS OF 0.0 PER QUARTER COLOR COPY CHARGE OF \$0.053 IN EXCESS OF 0.0 PER QUARTER.	2
	IT Services	
	IT Services	
	[4019991] IT Services Hardware. [4019991] IT Services Hardware.	1
	[4013334] Network Services Implementation 36. [4013335] Network Services Installation 3.	1
SHIPPING & HANDLING	Shipping/Handling	1
ADF	na na	1





Quote: 722492

## ORDER AGREEMENT

### RICOH BUSINESS SOLUTIONS

Message		Sales Sub Total \$163,988.06		Service Sub Total \$0.00
Sub Total \$163,988.06	Taxes \$0.00	Order Total \$163,988.06	Less Down Payment \$0.00	Amount Due \$163,988.06
<i>If no amount of taxes is shown above, applicable tax amounts will be determined and reflected on each invoice. In addition, any taxes shown above are estimated. Actual tax amounts, which may differ from the amounts stated above, will be determined and reflected on the invoice.</i>				



Quote: 722492

# ORDER AGREEMENT

## RICOH BUSINESS SOLUTIONS

Accepted: RICOH AMERICAS CORPORATION 5 DEDRICK PLACE WEST CALDWELL, NJ 07008		Customer Name: City of Novi	
By:	Title:	By:	Title:
		Print Name:	
Date Accepted:		Date Signed:	
Customer acknowledges that it has received copies of the Terms and Conditions of Sale or Lease Agreement and Maintenance Agreement, as applicable to this Order Agreement and acknowledges that such Terms and Conditions are incorporated into this Order Agreement.			

### UNCONDITIONAL GUARANTY

In consideration of Ricoh entering into the above Order Agreement (the "Agreement") in reliance on this guaranty, the undersigned, together and separately, unconditionally and irrevocably guarantee to Ricoh, its successors and assigns, the prompt payment and performance of all obligations under the above Agreement, which shall include all payments due under any Lease Agreement. The undersigned agree that (a) this is a guaranty of payment and not of collection, and that Ricoh can proceed directly against the undersigned without disposing of any security or seeking to collect from Customer. (b) the undersigned waive all defenses and notices, including those of protest, presentment and demand, (c) Ricoh may renew, extend or otherwise change the terms of the Agreement without notice to the undersigned and the undersigned will be bound by such changes, and (d) the undersigned will pay all of Ricoh's costs of enforcement and collection. THE UNDERSIGNED HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY. THIS GUARANTY WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW JERSEY.

Personal: By: _____ (Individually) Address: _____ Social Security Number: _____ Date of Birth (MM/DD/YYYY): _____ Witness: _____	Personal: By: _____ (Individually) Address: _____ Social Security Number: _____ Date of Birth (MM/DD/YYYY): _____ Witness: _____
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## ORDER AGREEMENT RICOH BUSINESS SOLUTIONS

### GENERAL TERMS AND CONDITIONS

- Orders.** Customer may acquire products and maintenance services from Ricoh Americas Corporation ("Ricoh") by executing and delivering to Ricoh an Order Form for acceptance. If Customer has elected to execute a Lease Agreement, Customer shall be deemed to have consented to the assignment of the Lease Agreement and the Equipment by Ricoh to a third party Lessor and to enter into the Lease Agreement with such Lessor. These General Terms and Conditions shall be incorporated by reference into any Order Form, Lease Agreement or Maintenance Agreement; provided, however, that, in the event of any conflict between the terms of the Lease Agreement and these General Terms and Conditions, the terms of the Lease Agreement shall control and provided further that in the event that the Lease Agreement is assigned to a third party Lessor, the Lessor shall not be obligated to perform any of Ricoh's obligations under the General Terms and Conditions or Maintenance Terms and Conditions.
- Pricing and Charges/Payment Terms.** Pricing for Maintenance Services may be adjusted by Ricoh on or after each one-year anniversary of the effective date of the Maintenance Agreement in an amount not to exceed twelve percent (12%). Unless otherwise specified in any Order Form, payment to Ricoh for products shall be net thirty (30) days from date of invoice. Customer shall pay Ricoh interest on any past due payment at the highest rate permitted by applicable law, not to exceed 1.5% per month.
- Taxes.** Customer shall pay all sales and use taxes, personal property taxes and all other taxes and charges relating to the purchase, ownership, delivery, lease, possession or use of the Equipment or the provision of Maintenance Services, with the exception of any taxes on or measured by Ricoh's and/or Lessor's net income.
- Limited Warranties.** Ricoh warrants to Customer that Maintenance Services shall be performed by Ricoh in a workmanlike manner and in accordance with industry standards. Ricoh further warrants that, at the time of delivery and for a period of ninety (90) days thereafter the Equipment will be in good working order and will be free from any defects in material and workmanship. Ricoh's obligations under this warranty are limited solely to the repair or replacement (at Ricoh's option) of parts proven to be defective upon inspection. The foregoing warranty shall not apply (a) if the Equipment is installed, wired, modified, altered, moved or serviced by anyone other than Ricoh, or, (b) if the Equipment is installed, stored and utilized and/or maintained in a manner not consistent with Ricoh specifications or (c) if a defective or improper non-Ricoh accessory or supply or part is attached to or used in the Equipment, or (d) if the Equipment is relocated to any place where Ricoh services are not available. CUSTOMER ACKNOWLEDGES THAT THE LIMITED WARRANTY CONTAINED HEREIN DOES NOT ASSURE UNINTERRUPTED OPERATION AND USE OF THE EQUIPMENT. THE WARRANTIES EXPRESSED HEREIN ARE EXCLUSIVE AND RICOH HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE.
- Limitation of Liability.** NEITHER PARTY SHALL HAVE ANY LIABILITY TO THE OTHER (OR TO ANY PERSON OR ENTITY CLAIMING THROUGH SUCH PARTY) FOR LOST PROFITS, LOSS OF REVENUE, OR FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR IN ANY MANNER CONNECTED WITH THIS AGREEMENT OR ANY ORDER, OR THE SUBJECT MATTER HEREOF, REGARDLESS OF THE FORM OF ACTION AND WHETHER OR NOT SUCH PARTY HAS BEEN INFORMED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED, THE POSSIBILITY OF SUCH DAMAGES. THE AMOUNT OF ANY LIABILITY OF RICOH TO CUSTOMER OR ANY THIRD PARTY, FOR ONE OR MORE CLAIMS ARISING FROM OR RELATING TO THIS AGREEMENT, SHALL NOT EXCEED, IN THE AGGREGATE, THE AMOUNT PAID TO RICOH FOR THE PROVISION OF PRODUCTS AND THE PERFORMANCE OF SERVICES UNDER THIS AGREEMENT DURING THE ONE-YEAR PERIOD PRECEDING THE DATE ON WHICH THE CLAIM AROSE.
- Governing Law.** These General Terms and Conditions and the Maintenance Terms and Conditions below shall be construed in accordance with and governed by the substantive laws of the State of New Jersey, without regard to its conflicts of laws principles.
- Entire Agreement.** These General Terms and Conditions and the Maintenance Terms and Conditions below constitute the entire agreement between the parties with respect to their subject matter and supersede all proposals, oral or written, and all other communications between the parties in relation to the Equipment. Customer agrees and acknowledges that it has not relied on any representation, warranty or provision not explicitly contained in these General Terms and Conditions and any Order Form, Lease Agreement and/or Maintenance Agreement, whether in writing, electronically communicated or in oral form. Any and all representations, promises, warranties, or statements by any Ricoh agent, employee or representative that differ in any way from the terms of these General Terms and Conditions and any Order Form, Lease Agreement and/or Maintenance Agreement shall be given no force or effect.

### MAINTENANCE TERMS AND CONDITIONS

- Maintenance Service.** Ricoh agrees to provide to Customer, during Ricoh's normal business hours, the maintenance service necessary to keep the Equipment in, or restore the Equipment to, good working order in accordance with Ricoh's policies then in effect. This maintenance service includes maintenance based upon the specific needs of individual Equipment, as determined by Ricoh, and unscheduled, on-call remedial maintenance. For each unscheduled service call requested by the Customer, Ricoh shall have a reasonable time within which to respond. Maintenance will include lubrication, adjustments, and replacement of maintenance parts deemed necessary by Ricoh. Maintenance parts will be furnished on an exchange basis, and the replaced parts become the property of Ricoh. Maintenance service provided under this Agreement does not assure uninterrupted operation of the Equipment. If available, maintenance service requested and performed outside Ricoh's normal business hours will be charged to the Customer at Ricoh's applicable time and material rates and terms then in effect, unless Ricoh and Customer have a written agreement providing for after-hours maintenance service. This Agreement does not cover charges for installation of equipment or de-installation of equipment if it is moved. For purposes of these Maintenance Terms and Conditions, Equipment excludes any software and documentation described on the Order Form and/or incorporated or integrated in the Equipment.
- Exclusions To Maintenance Service.** Maintenance service provided by Ricoh under this Agreement does not include: (a) Repair of damage or increase in service time caused by failure of Customer to provide continually a suitable installation environment with all facilities prescribed by Ricoh, including, but not limited to, the failure to provide, or the failure of, adequate electrical power, air-conditioning, or humidity-control; (b) Repair of damage or increase in service time caused by: accident; disaster, which shall include but not be limited to fire, flood, water, wind, and lightning; and earthquake; neglect; power transients; abuse or misuse; failure of the Customer to follow Ricoh's published operating instructions; and unauthorized modifications or repair of Equipment by persons other than authorized representatives of Ricoh; (c) Repair of damage or increase in service time caused by use of the Equipment for purposes other than those for which designed; (d) Replacement of parts which are consumed in normal Equipment operation, unless specifically included; (e) Furnishing supplies or accessories, painting or refinishing the Equipment or furnishing the material therefore, inspecting altered Equipment, performing services connected with relocation of Equipment or adding or removing accessories, attachments or other devices; (f) Repair of damage, replacement of parts (due to other than normal wear) or repetitive service calls caused by use of incompatible supplies; (g) Complete unit replacement or refurbishment of the Equipment; (h) Electrical work external to the Equipment or maintenance of accessories, attachments, or other devices not furnished by Ricoh; (i) Increase in service time caused by Customer denial of full and free access to the Equipment or denial of departure from Customer's site. The foregoing excluded items, if performed by Ricoh, will be charged to Customer at Ricoh's applicable time and material rates then in effect.
- Invoicing.** Charges for maintenance service hereunder will consist of a Basic Maintenance Charge, any applicable zone charge, and, if applicable, Meter Charges as stated below in this Agreement. In addition, Customer shall be responsible for paying all shipping and handling charges for toner, even if this Agreement is a toner inclusive contract as set forth on the Ricoh Order Form, in accordance with the terms stated on the invoice. The Basic Maintenance Charge may be invoiced in advance. The Meter Charge (if applicable) or other maintenance charges will be invoiced periodically in arrears. The Basic Maintenance and Meter Charges for a partial month's service will be prorated on the basis of a thirty (30) day month. Payment is required within the period stated on the invoice.
- Engineering Changes.** Engineering changes, determined applicable by Ricoh, will be controlled and installed by Ricoh. Engineering changes which provide additional capabilities to the Equipment covered herein will be made at Customer's request at Ricoh's applicable time and material rates and terms then in effect.
- Indemnification.** Except as otherwise provided in Section 5 of the General Terms and Conditions, Ricoh agrees to indemnify and hold Customer harmless from and against any loss, cost, damage, claim, expense, or liability as a result of injury or death of any person or damage to any personal property of Customer which such personal injury or damage arises out of or in connection with the sole negligence of Ricoh or its employees in the performance of this Agreement, provided Ricoh receives prompt written notice of such personal injury or damage, and provided further that Ricoh shall have the sole control of the defense of any such action and all negotiations for its settlement or compromise.
- Term and Termination.** This maintenance agreement shall extend for a period of one (1) year from its commencement date and shall automatically renew for additional one (1) year period unless notice of nonrenewal is provided by either party within thirty (30) days of the initial or any renewal term. Notwithstanding the above, either party may terminate a maintenance agreement for failure of the other to comply with any of its terms and conditions in the event such noncompliance is



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not cured within thirty (30) days after the provision of notice of such noncompliance. Maintenance service performed by Ricoh after the termination of a maintenance agreement shall be charged to Customer at Ricoh's applicable time and material rates and terms then in effect. Ricoh may suspend performance under any maintenance agreement if Customer is in default or in arrears in payments to Ricoh under this or any other agreement.

7. **Meter Charges.** If applicable, Customer also shall pay the monthly meter charges listed on the Order Form for each copy made on Equipment subject to this Agreement. The initial quarter following installation will include the first partial month (if applicable) and meter charges for such partial month will be prorated. Meter readings shall be provided on a quarterly basis by Customer at the request of Ricoh.

8. **Supplies.** If supplies are included in the service provided under this Agreement, Ricoh will supply black toner, ink and developer, unless otherwise stated in this Agreement, to Customer based upon normal yields. If Customer's usage of the supplies exceeds the normal yields for the equipment being serviced, Ricoh will invoice and Customer agrees to pay, for the excess supplies at Ricoh's current retail prices then in effect.

9. **@Remote Services.** Ricoh may, at its discretion and dependant upon device capabilities, provide remote meter reading and equipment monitoring services using its @Remote solution. This may allow for the automation the meter reading and submission process, automatically place low toner alerts, automatically place service calls in the event of a critical device failure and to enable firmware upgrades. The meter count and other information collected by @Remote ("Data") is sent on the Internet to remote servers some of which may be located outside the U.S. @Remote cannot and does not collect your document content or user information. Ricoh uses reasonably available technology to maintain the security of the Data; however, you acknowledge that no one can guaranty security of information maintained on computers and on the Internet. Ricoh retains full rights to the Data (but not your documents or information), which it or its authorized third parties may use to service your equipment. Ricoh may also use the Data for its normal business purposes including product development and marketing research, however, the Data will not be provided to market research consultants in a form that personally identifies you. Ricoh may dispose of the Data at any time and without notice. The @Remote technology is the confidential and proprietary information of Ricoh and/or its licensors protected by copyright, trade secret and other laws and treaties. Ricoh retains full title, ownership and all intellectual property rights in and to @Remote.

10. **Customer Obligations.** Customer shall provide a proper place for the Equipment in accordance with the environmental specifications of the manufacturer. Customer shall provide "360 degree" service access to the Equipment subject to Customer's usual security procedures and shall use the Equipment in accordance with the instructions of the manufacturer.

11. **Use of Ricoh Recommended Supplies.** Ricoh products are designed to provide optimal performance with Ricoh recommended supplies, including toner, developer and fuser oil. In the event Customer uses other than Ricoh recommended supplies, and if such supplies are defective or not acceptable for use with the Equipment and cause abnormally frequent service calls or service problems, Ricoh may, at its option assess a surcharge or terminate any maintenance obligations. If so terminated, Customer will be offered service on a time and materials basis at Ricoh's then prevailing rates. It is not a condition that Customer use only Ricoh brand supplies.

12. **Data Management Services.** Notwithstanding anything to the contrary set forth in this Agreement, the parties acknowledge and agree that Ricoh shall have no obligation to remove, delete, preserve, maintain or otherwise safeguard any information, images or content retained by or resident in any Products serviced and maintained by Ricoh, whether through a digital storage device, hard drive or other electronic medium ("Data Management Services"). If desired, Customer may engage Ricoh to perform Data Management Services at then-prevailing rates. Customer acknowledges that Customer is responsible for ensuring its own compliance with legal requirements in connection with data retention and protection and that Ricoh does not provide legal advice or represent that the Products and Services will guarantee compliance with such requirements. The selection, use and design of any Data Management Services, and any decisions arising with respect to the deletion or storage of data, as well as the loss of any data resulting therefrom, shall be the sole and exclusive responsibility of Customer



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Fax: 571-382-1216

Addendum to the agreement entered into with the City of Novi November 8, 2010

Items:

1. Ricoh will remove and replace the HDD on each of the old equipment for a cost of \$350.00 per machine. The work will be completed by Ricoh Service Personnel. At the completion of the exchange the City of Novi will verify all machines are in working order to be picked up by Wulff Enterprises.
2. Ricoh will extend the current service contract at current pricing until new machines are in place.
3. Ricoh will provide service to the new Ricoh machines for the term of 48 months at the fixed cost per copy of .0059 for black and white and .053 for color for the term of the lease.
4. At the term of the lease Ricoh will pick up all equipment from the City of Novi and remove it at no cost to the city.
5. Ricoh will meet with the City of Novi at its facilities (on-site) on a quarterly basis to review service levels to ensure complete customer satisfaction at all times. Any deficiencies in service levels will be identified, documented, and an improvement plan will be created and revisited at each successive quarterly review meeting to ensure resolution of any service related issues.

Ricky Haitaian  
Strategic Account Sales Manager  
Ricoh Business Solutions

City of Novi David B. Landry - Mayor