

# COUNTY OF MONTEREY STANDARD AGREEMENT (MORE THAN \$100,000)

This Agreement is made by and between the County of Monterey, a political subdivision of the State of California (hereinafter “County”) and: Equipment leasing and Consulting, (hereinafter “CONTRACTOR”).

In consideration of the mutual covenants and conditions set forth in this Agreement, the parties agree as follows:

## 1.0 GENERAL DESCRIPTION.

- 1.01 The County hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in **Exhibit A** in conformity with the terms of this Agreement. The goods and/or services are generally described as follows:

**Provide**

The County of Monterey with the platform for the lease payments for the lease of a new Criterion Elevate Sorting System W/24 Single Tier X-Class unit from Fluence Automation.

## 2.0 PAYMENT PROVISIONS.

- 2.01 County shall pay the CONTRACTOR in accordance with the payment provisions set forth in **Exhibit A**, subject to the limitations set forth in this Agreement. The total amount payable by County to CONTRACTOR under this Agreement shall not exceed the sum of \$312,980.

## 3.0 TERM OF AGREEMENT.

- 3.01 The term of this Agreement is from July 1, 2019 to June 30, 2024, unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both CONTRACTOR and County and with County signing last, and **CONTRACTOR may not commence work before County signs this Agreement.**
- 3.02 The County reserves the right to cancel this Agreement, or any extension of this Agreement, without cause, with a thirty day (30) written notice, or with cause immediately.

## 4.0 SCOPE OF SERVICES AND ADDITIONAL PROVISIONS.

- 4.01 The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:
- Exhibit A            Scope of Services/Lease Agreement**

## 5.0 PERFORMANCE STANDARDS.

- 5.01 CONTRACTOR warrants that CONTRACTOR and CONTRACTOR’s agents, employees, and subcontractors performing services under this Agreement are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this Agreement and are not employees of the County, or immediate family of an employee of the County.

- 5.02 CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.
- 5.03 CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR shall not use County premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

6.0 PAYMENT CONDITIONS.

- 6.01 Prices shall remain firm for the initial term of the Agreement and, thereafter, may be adjusted annually as provided in this paragraph. The County does not guarantee any minimum or maximum amount of dollars to be spent under this Agreement.
- 6.02 Negotiations for rate changes shall be commenced, by CONTRACTOR, a minimum of ninety days (90) prior to the expiration of the Agreement. Rate changes are not binding unless mutually agreed upon in writing by the County and the CONTRACTOR.
- 6.03 Invoice amounts shall be billed directly to the ordering department.
- 6.04 CONTRACTOR shall submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. The County shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this Agreement and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

7.0 TERMINATION.

- 7.01 During the term of this Agreement, the County may terminate the Agreement for any reason by giving written notice of termination to the CONTRACTOR at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.
- 7.02 The County may cancel and terminate this Agreement for good cause effective immediately upon written notice to CONTRACTOR. "Good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If County terminates this Agreement for good cause, the County may be relieved of the payment of any consideration to CONTRACTOR, and the County may proceed with the work in any manner, which County deems proper. The cost to the County shall be deducted from any sum due the CONTRACTOR under this Agreement.
- 7.03 The County's payments to CONTRACTOR under this Agreement are funded by local, state, and federal governments. If funds from local, state and federal sources are not obtained and continued at a level sufficient to allow for the County's purchase of the indicated quantity of services, then the County may give written notice of this fact to CONTRACTOR, and the obligations of the parties under this Agreement shall terminate immediately, or on such date thereafter, as the County may specify in its notice, unless in the meanwhile the parties enter into a written amendment modifying this Agreement.

8.0 INDEMNIFICATION.

8.01 CONTRACTOR shall indemnify, defend, and hold harmless the County, its officers, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the CONTRACTOR's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the County. "CONTRACTOR's performance" includes CONTRACTOR's action or inaction and the action or inaction of CONTRACTOR's officers, employees, agents and subcontractors.

9.0 INSURANCE REQUIREMENTS.

9.01 Evidence of Coverage:

Prior to commencement of this Agreement, the Contractor shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, the Contractor upon request shall provide a certified copy of the policy or policies.

This verification of coverage shall be sent to the County's Contracts/Purchasing Department, unless otherwise directed. The Contractor shall not receive a "Notice to Proceed" with the work under this Agreement until it has obtained all insurance required and the County has approved such insurance. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

9.02 Qualifying Insurers:

All coverage's, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A-VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the County's Purchasing Manager.

9.03 Insurance Coverage Requirements: Without limiting CONTRACTOR's duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability.

**Commercial General Liability Insurance**, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

*(Note: any proposed modifications to these general liability insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

**Professional Liability Insurance**, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the CONTRACTOR shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail

coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

*(Note: any proposed modifications to these insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

9.04 Other Requirements:

All insurance required by this Agreement shall be with a company acceptable to the County and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONTRACTOR completes its performance of services under this Agreement.

Each liability policy shall provide that the County shall be given notice in writing at least thirty (30) days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for Contractor and additional insureds with respect to claims arising from each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

**Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional Insureds** with respect to liability arising out of the CONTRACTOR's work, including ongoing and completed operations, **and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the CONTRACTOR's insurance.** The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement form for Automobile Additional Insured endorsement is ISO Form CA 20 48 02 99.

Prior to the execution of this Agreement by the County, CONTRACTOR shall file certificates of insurance with the County's contract administrator and County's Contracts/Purchasing Division, showing that the CONTRACTOR has in effect the insurance required by this Agreement. The CONTRACTOR shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

CONTRACTOR shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, without demand by County, annual certificates to County's Contract Administrator and County's Contracts/Purchasing Division. If the certificate is not received by the expiration date, County shall notify CONTRACTOR and CONTRACTOR shall have five (5) calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of this Agreement, which entitles County, at its sole discretion, to terminate this Agreement immediately.

10.0            RECORDS AND CONFIDENTIALITY.

- 10.01    Confidentiality. CONTRACTOR and its officers, employees, agents, and subcontractors shall comply with any and all federal, state, and local laws, which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from the County or prepared in connection with the performance of this Agreement, unless County specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to County any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this Agreement except for the sole purpose of carrying out CONTRACTOR's obligations under this Agreement.
- 10.02    County Records. When this Agreement expires or terminates, CONTRACTOR shall return to County any County records which CONTRACTOR used or received from County to perform services under this Agreement.
- 10.03    Maintenance of Records. CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and County rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three (3) years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three (3) year period, then CONTRACTOR shall retain said records until such action is resolved.
- 10.04    Access to and Audit of Records. The County shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONTRACTOR and its subcontractors related to services provided under this Agreement. Pursuant to Government Code section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the parties to this Agreement may be subject, at the request of the County or as part of any audit of the County, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three (3) years after final payment under the Agreement.
- 10.05    Royalties and Inventions. County shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize others to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of County.

11.0            NON-DISCRIMINATION.

- 11.01    During the performance of this Agreement, CONTRACTOR, and its subcontractors, shall not unlawfully discriminate against any person because of race, religious creed, color, sex, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age (over 40), or sexual orientation, either in CONTRACTOR's employment practices or in the furnishing of services to recipients. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, fully comply with all federal, state, and local laws and regulations which prohibit discrimination. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be appropriate.

12.0 COMPLIANCE WITH TERMS OF STATE OR FEDERAL GRANTS.

12.01 If this Agreement has been or will be funded with monies received by the County pursuant to a contract with the state or federal government in which the County is the grantee, CONTRACTOR will comply with all the provisions of said contract, to the extent applicable to CONTRACTOR as a subgrantee under said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, County will deliver a copy of said contract to CONTRACTOR, at no cost to CONTRACTOR.

13.0 INDEPENDENT CONTRACTOR.

13.01 In the performance of work, duties, and obligations under this Agreement, CONTRACTOR is at all times acting and performing as an independent contractor and not as an employee of the County. No offer or obligation of permanent employment with the County or particular County department or agency is intended in any manner, and CONTRACTOR shall not become entitled by virtue of this Agreement to receive from County any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers' compensation coverage, insurance or disability benefits. CONTRACTOR shall be solely liable for and obligated to pay directly all applicable taxes, including federal and state income taxes and social security, arising out of CONTRACTOR's performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold County harmless from any and all liability which County may incur because of CONTRACTOR'S failure to pay such taxes.

14.0 NOTICES.

14.01 Notices required under this Agreement shall be delivered personally or by first-class, postage pre-paid mail to the County and CONTRACTOR's contract administrators at the addresses listed below:

FOR COUNTY:	FOR CONTRACTOR:
<b>Michael R. Derr Contracts Purchasing Officer</b>	<b>Holt Boone Leasing Officer</b>
<hr/> <b>Name and Title</b>	<hr/> <b>Name and Title</b>
1488 Schilling Place Salinas, CA 93901	
<b>Address</b>	<b>Address</b>
<hr/> <b>(831) 755-4992</b>	<hr/> <b>(919) 624-7677</b>
<b>Phone</b>	<b>Phone</b>

15.0 MISCELLANEOUS PROVISIONS.

- 15.01 Conflict of Interest. CONTRACTOR represents that it presently has no interest and agrees not to acquire any interest during the term of this Agreement, which would directly, or indirectly conflict in any manner or to any degree with the full and complete performance of the services required to be rendered under this Agreement.
- 15.02 Amendment. This Agreement may be amended or modified only by an instrument in writing signed by the County and the CONTRACTOR.
- 15.03 Waiver. Any waiver of any terms and conditions of this Agreement must be in writing and signed by the County and the CONTRACTOR. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this Agreement.
- 15.04 Contractor. The term "CONTRACTOR" as used in this Agreement includes CONTRACTOR's officers, agents, and employees acting on CONTRACTOR's behalf in the performance of this Agreement.
- 15.05 Disputes. CONTRACTOR shall continue to perform under this Agreement during any dispute.
- 15.06 Assignment and Subcontracting. The CONTRACTOR shall not assign, sell, or otherwise transfer its interest or obligations in this Agreement without the prior written consent of the County. None of the services covered by this Agreement shall be subcontracted without the prior written approval of the County. Notwithstanding any such subcontract, CONTRACTOR shall continue to be liable for the performance of all requirements of this Agreement.
- 15.07 Successors and Assigns. This Agreement and the rights, privileges, duties, and obligations of the County and CONTRACTOR under this Agreement, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs.
- 15.08 Compliance with Applicable Law. The parties shall comply with all applicable federal, state, and local laws and regulations in performing this Agreement.
- 15.09 Headings. The headings are for convenience only and shall not be used to interpret the terms of this Agreement.
- 15.10 Time is of the Essence. Time is of the essence in each and all the provisions of this Agreement.
- 15.11 Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California.
- 15.12 Non-exclusive Agreement. This Agreement is non-exclusive, and both County and CONTRACTOR expressly reserve the right to contract with other entities for the same or similar services.
- 15.13 Construction of Agreement. The County and CONTRACTOR agree that each party has fully participated in the review and revision of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment to this Agreement.

- 15.14 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
- 15.15 Authority. Any individual executing this Agreement on behalf of the County or the CONTRACTOR represents and warrants hereby that he or she has the requisite authority to enter into this Agreement on behalf of such party and bind the party to the terms and conditions of this Agreement.
- 15.16 Integration. This Agreement, including the exhibits, represent the entire Agreement between the County and the CONTRACTOR with respect to the subject matter of this Agreement and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the County and the CONTRACTOR as of the effective date of this Agreement, which is the date that the County signs the Agreement.
- 15.17 Interpretation of Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Agreement and the Provisions of any exhibit or other attachment to this Agreement, the provisions of this Agreement shall prevail and control.



16.0 SIGNATURE PAGE.

IN WITNESS WHEREOF, County and CONTRACTOR have executed this Agreement as of the day and year written below.

**COUNTY OF MONTEREY**

**CONTRACTOR**

By: \_\_\_\_\_  
Contracts/Purchasing Officer

\_\_\_\_\_  
Contractor's Business Name\*

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Department Head (if applicable)

By: \_\_\_\_\_  
(Signature of Chair, President, or  
Vice President) \*

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Board of Supervisors (if applicable)

\_\_\_\_\_  
Name and Title

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to Form<sup>1</sup>

By: \_\_\_\_\_  
CFO,  
Deputy County Counsel

\_\_\_\_\_  
(Signature of Secretary, Asst. Secretary,  
Treasurer or Asst. Treasurer) \*

Date: \_\_\_\_\_

\_\_\_\_\_  
Name and Title

Approved as to Fiscal Provisions<sup>2</sup>

By: \_\_\_\_\_  
Auditor/Controller

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to Liability Provisions<sup>3</sup>

By: \_\_\_\_\_  
Risk Management

Date: \_\_\_\_\_

**County Board of Supervisors' Agreement Number:** \_\_\_\_\_, **approved on (date):** \_\_\_\_\_

\*INSTRUCTIONS: if CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the Agreement.

<sup>1</sup> Approval by County Counsel is required.

<sup>2</sup> Approval by Auditor/Controller is required.

<sup>3</sup> Approval by Risk Management is necessary only if changes are made in paragraphs 8 or 9.



**Fluence**  
Automation

**A Commingle Solution for Mail  
Sorting**

Submitted to:  
Michael Derr

Presented on:  
January 8, 2019

Prepared by:  
Craig Chapel  
Fluence Automation, LLC

760 S. Wolf Road  
Wheeling, Illinois 60090  
847.423.7400  
847.423.7503 fax  
fluenceautomation.com



January 8, 2019

Michael Derr  
Monterey County  
Contracts & Purchasing Officer  
1488 Schilling Place  
Salinas, CA 93901

Dear Michael,

Thank you again for the opportunity to present our Elevate sorter to support your sorting needs. By choosing our Elevate sorter along with our industry leading **NetSort** software; you will continue to establish a world class facility.

Fluence Automation is committed to your success and we will accomplish our shared goals through teamwork, innovation, creativity and unparalleled support. Our goal is to continue to prove to you that we manufacture the industry's best technology, provide an unmatched service infrastructure and support plan, and possess the vision to make you successful. Even more important, we're making the personal commitment to stand behind you on all aspects of the solution and relationship, minimizing the risk that you face with any business decision. If you have any questions, please don't hesitate to call us. Your interest in using our products and services is greatly appreciated.

We appreciate you considering Fluence Automation as a part of your vision for the future.

Best Regards,

*Craig Chapel*

Craig Chapel  
Fluence Automation  
Regional Sales Director  
Phone: 310-872-4747  
[cchapel@fluencemail.com](mailto:cchapel@fluencemail.com)

## Criterion® Elevate Inbound Sorter



The Criterion® Elevate sorter is a flexible sorter with the smallest footprint in the industry and handles a wide range of mail types very effectively with an advanced friction feeder.

<b>Document specs</b>	Height: 3.5" – 7.0" (up to 13" with optional flats package) Length: 5.0" – 11.5" Thickness: 0.007" – 0.375" Magazine/feeder capacity: 2 Trays
<b>Cycle speeds</b>	#10 envelope: 18,000 pph Flats – Variable up to 12,000 pph
<b>Belt speed</b>	80 ips
<b>Tier Availability</b>	Number of tiers: 1 or 2
<b>Bins</b>	Available in increments of 8 or 16

The **Fluence Automation Criterion Elevate** sorter addresses this need by providing increased throughput through controlled gap feeding placing the maximum number of mail pieces on the sorter by minimizing the gap between each piece. It checks and changes the pressure on the envelopes for a maximum throughput without risking the integrity of the mail and reduces unnecessary stoppages in your process. Furthermore, our increased integrity and tracking within the sorter is built with a much higher level of security compared to older models.

Fluence Automation's Elevate sorters include the following standard features:

- A state-of-the-art controlled gap friction feeder that ensures that the increase in speed is used optimally, ensuring the largest throughput without losing the integrity of the mail processed. This reduces unnecessary stoppages and maximizes up-time.
- Processing speeds up to 22,000 p/h for postcards and **18,000 p/h** for #10 envelopes. We can also process flats at up to 12,000 p/h (optional feature).
- Greater variety of mail (postcards, self-mailers, mixed mail, flats etc.) processed due to the feeder and the improved paper path, providing increased cost savings due to discounts from additional mail types, and reduction of manual sorting.
- Places operator closer to bins allowing him/her to more efficiently sweep the bins.
  - Better leverage operator expense
  - Operator assistance allows sweepers to help in other areas
- More bins per square foot providing optimal use of the available floor space
- Flexibility to change the number of bins or add options such as WayMark.
- Simple to use, meaning minimal user training required.
- Single vendor comprehensive solution providing The State of LA with full presort functionality
- Industry leading MLOCR technology

**Many options are available; such as the Double Detector, Metal Detector, Height Detector, Thickness Detector, WayMark®, SBV or SBV/A and Delay options, as well as many, many others. These options can be integrated at the point of sale or added on later as an upgrade**

**Simple to use Minimum user training required so the benefits are realized sooner**

**Investment Protection Compatible with existing linear and multi-tier bins**

As the CRITERION ELEVATE is very modular this means that every module, either bin or front end can be replaced or added. Even from an initial BCR FA can easily upgrade this to a full-blown OCR. The investment is truly protected. The biggest constant in business is change and FA appreciates and anticipates this.

## **SABRE READER**

Maximizing the efficiency and effectiveness of any sorting system requires superior address block reading of a wide variety of mail types. FLUENCE AUTOMATIONS's SABRE™ multi-line optical character reader is an omni-font software-based address recognition system that resolves a mail piece's outgoing United States address to the appropriate delivery point Postnet barcode, including the next generation Intelligent Mail Barcode from the USPS. SABRE combines over twenty years of optical character reading experience with FA's renowned address lookup database and the latest illumination and high-speed digital camera technology.

An investment in SABRE is an investment in the future. SABRE's software-based architecture allows it to leverage the ever-increasing performance of computers. The modular software design allows future features and enhancements to be added easily via software upgrades.

SABRE dramatically increases 11-digit assignments, minimizes mail handling, and frees up valuable machine time so that you can put more mail on your sorter and more money in your pocket.

State-of-the-art illumination, digital photography, address block location, character recognition and CASS database lookup in one tightly integrated high-performance recognition system.

## ***Benefits of Software Based Recognition***

Enhance revenues; barcode more mail

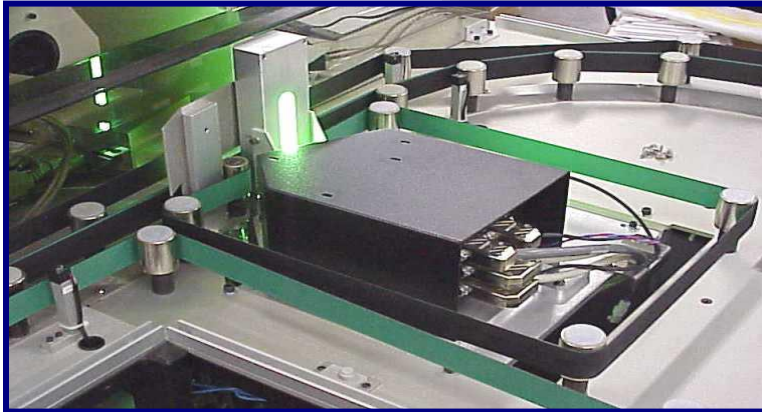
Optimize machine time; process more mail

Reduce labor content by reducing hand sorting and physical mail handling

Investment protection; extensible architecture allows future features to be added via software updates.

Improved user interface, statistics, status reporting, reliability and service

Fast installation with minimal down time; less than four hours.



Our SABRE NW software-based reader is the standard of the industry and unlike other vendor offerings is designed, developed and manufactured by the FA imaging group in Dallas, TX. We can easily assess reading issues and work with our customers individually or as a group to offer customizable reading solutions for specific needs. We can offer SABRE NW with optional SABRE+ (an additional read engine for hard to read or difficult to read print or handwriting – with about a 60-70% handwriting hit rate), or SABRE PRIME, which is also an additional read engine for just difficult to read machine printed address information.



## “X” CLASS BINS



The X-Class Universal Sort Bin System brings unprecedented levels of modularity to sorter transports. It provides exceptional productivity and increased efficiency in a space-saving design, while offering superior investment protection. Users can easily add or subtract bins and tiers as sorting requirements change.

To maximize productivity, the X-Class System has a designated overflow bin to accommodate the spillover from a full bin. This allows the sorter to continue processing mail with a full bin instead of stopping the system. Mail in the overflow bin can later be reprocessed without affecting mail piece counts. Indicators at each bin notify operators when the bins reach 75 percent and 100 percent of capacity.

The X-Class system process the entire range of USPS letter-class mail, including postcards and self-mailers ranging in size from 3 ½" X 5" to 6 1/8" X 11 ½" and from 0.007" to 0.250" in thickness. High-capacity bins on the bottom tier that hold a full tray (23 inches) of mail.

### **Less Downtime with Quick Change Bins**

In the event of a malfunction, the X-Class sort bins can individually be replaced in less than two minutes. Once replaced, the bins may be repaired offline and kept as spares. The removable bins also provide easy access to electronic components for routine and emergency maintenance.

### **Key Features**

- Print-on-Demand Tray Tags
- Bin Displays
- Below-Bin Tray Drawers
- Above-Bin Tray Racks
- Integrated Tray Management System

In the event of a malfunction, the X-Class sort bins can individually be replaced in less than two minutes. Once replaced, the bins may be repaired offline and kept as spares. The removable bins also provide easy access to electronic components for routine and emergency maintenance.

**Operator Efficiency & Accuracy**– The height of the top tier and bottom tier are ideally suited to enable persons of any height to comfortably access the bins with minimal fatigue. Also, when using the built-in tray racks above the top tier and pull out drawers below the bottom tier, the sweepers are always facing the machine and never have to turn their bodies to stage mail on shelving beside the machine. Mistakes are virtually eliminated, as is the fatigue associated with twisting their bodies while carrying a heavy mail tray.

**More Effective Scheming** – One of the biggest problems with most sort bins on the market is that the storage capacity is limited to approximately half of a USPS mail tray. This means that any zip codes that have levels of mail schemed to them require frequent sweeping and more steps for the sweepers themselves. The X-Class bin system features two sizes of bins, standard and high capacity.

The standard capacity bins are used for the top tier, and by design are already longer than any other competitive bin on the market. The high capacity bins located on the bottom tier are capable of holding a full USPS mail tray of work before they require sweeping. This dramatically decreases the steps sweepers make to keep up with high density bins and eliminates the practice of using as many overflow bins, so you can keep your machine running at optimal efficiency.





## **SORTER HARDWARE & SOFTWARE OPTIONS:**

(1) CRITERION ELEVATE Sorting System W/24 Single tier X-CLASS BINS (18K/hour throughput production, #10)

### **Base System Includes:**

- (1) CRITERION ELEVATE front-end
- (24) Single Tier X-Class bins
- (24) Lower level high capacity bins
- Pullout mail tray drawers (lower 24 bins)
- LCD bin displays – all 16 bins
- (1) 37PC Videojet for IMB printing
- (1) 37PC Videojet for COA printing
- SBV/A (software barcode verifier w/ analysis)
- Sabre Camera
- Doubles Detector
- NetSort Outgoing First-Class Software Package
- Intelligent tracking software
- Integrated USPS Directory Data-base look-up software
- Tray Tag Printing located within the bin sections – 1 printer per side/per section (2 total)
- NETSort Server
- Installation & on-site operator training included

Total System Price (1) unit as per the components listed above \$312,980

***All Options include Installation, Training and On-site Testing.***

### **Annual Elevate Costs:**

- SMA - TBD
- PMA - TBD

### **Optional:**

A Backup NetSort Server can be purchased for \$15,000; but is not included in this configuration.

**Note:** Shipping and any applicable sales tax are the responsibility of the customer and are not included in this quote.

# LEASE PROPOSAL TERM SHEET

Through Equipment Leasing and Consulting, Fluence is pleased to assist customers in obtaining lease financing with one of its partner lenders. We expect that you will find this quote to be competitive, but another benefit is that Fluence chooses lenders that understand the needs and timing, leading to an efficient process of paying the deposit on behalf of customers, through delivery and acceptance of the equipment, and even through the term of the lease. General terms are outlined below.

**Lessee:** Monterey County, California

**Equipment:** Criterion Elevate Sorting System @ \$312,980

<u>Lease Term</u>	<u>Monthly Payment</u>	<u>Buyout</u>
60 months	\$5934	\$1

Note: Taxes, Insurance, Maintenance not included

Other lease terms and structures are available at your request including annual or quarterly payments. This quote is based on a tax advantaged Installment Purchase Contract. Documentation to be provided to Lessee by lender.

Rates quoted are for qualified borrowers. Some borrowers may be approved but at a higher or lower rate reflecting their credit standing. At the commencement of the Lease, the Lease Rate Factor may be adjusted based on changes in the Lessor's Cost of Funds and will remain then fixed for the term of the lease.

In addition to the rental payments outlined above, there may be other costs related to the advance of required deposits before the start of the lease.

This proposal is subject to credit and residual review (including final equipment configuration details), and completion of documentation provided by Lessor. All terms shall expire 30 days after the date of this proposal if Lessor has not received your acceptance.

*In addition to Fluence equipment, we may also be able to help you with printers, conveyors, computers, servers, furniture and fixtures, and many other types of equipment.*

Holt Boone  
Equipment Leasing and Consulting  
919.624.7677 [hboone@leaseconsultingservices.com](mailto:hboone@leaseconsultingservices.com)

## STANDARD TERMS & CONDITIONS

*This is a preliminary proposal that is meant only to give an estimate of possible costs and to advance further discussions regarding your requirements. As such, this proposal does not constitute a binding offer by Fluence Automation to sell the equipment, software and/or services identified herein. Fluence Automation reserves the right to modify or amend this proposal at any time. Consummation of any transaction resulting from this non-binding proposal is subject to execution of a definitive agreement signed by both parties.*

### **Shipping**

Shipping is F.O.B. Point of Origin and actual shipping cost will be determined at time of shipment and invoiced at actual cost.

### **Payment Terms**

The following payment terms apply:

- 40% Payment upon receipt of order
- 45% Payment prior to shipment
- Remaining balance due Net: 30 days after installation

### **Test Materials**

Fluence Automation will require representative sample test material at the factory at least 30 days prior to shipment (quantities to be determined and a similar quantity is required on site during installation and for operator training).

### **Delivery and Acceptance**

Firm delivery dates will be provided after the order is received and processed. Generally, delivery is approximately 3-4 months depending on the manufacturing's backlog from the time the order and contracts are executed. During the interim time between order and installation, Fluence Automation will provide a project manager to develop a site readiness, installation and training plan.

### **Installation and Training**

The pricing specified includes installation as will be defined in the Product Agreement. Also included is Basic Operator Training for 1 to 4 users and is performed on the customer's site during normal working hours directly after installation is complete. Additional training courses are available at an additional cost.