



7325 Penn Avenue
Suite 200
Pittsburgh, PA 15208
Tel : 412.241.7335

Fax: 412.241.7311 www.chemimage.com

SALES AGREEMENT

This Agreement, effective December 4, 2020, is between ChemImage Corporation ("ChemImage") and Monterey County (the "Customer"). ChemImage agrees to sell the Products to Customer provided that (i) the Products are available at the time of the order, (ii) ChemImage accepts the order, and (iii) Customer is in full compliance with the terms and conditions of this Agreement. Customer agrees to purchase the Products for use within the United States.

1. Prices. Prices are based on the products and quantity described in Attachment A (Quote #20201103-131412777). Any changes or deletions to the product, quantity, or specifications may alter the price. Seller reserves the right to alter the product and prices, subject to Customer's confirmation.
2. Payment. Payment Terms. These terms supersede the payment arrangements found in Attachment A. Customer shall submit 25% of Payment upon delivery of the products. An additional 25% will be paid upon installation of the VeroVision Mail Screener, and the final 50% of the payment will be paid upon completion of training on the instrument. Chemimage 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, 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.
3. Seller offers eCommerce solutions giving customers flexible invoice and payment options.
 - (a) Invoice Options. Customer may choose to receive invoices
 - i. Electronically via email
 - ii. by mail
 - iii. or by email and mail
 - (b) Payment Options. Payment to ChemImage may be made either electronically (preferred method) or by check. In the event that an electronic payment is made, Customer must include a remittance or invoice number with each transaction.
4. Delivery. Freight terms are FOB Seller's shipping point unless otherwise specified. Notwithstanding anything in the foregoing to the contrary, Seller also charges a shipping charge for any of the Products. Additional charges for emergency or overnight deliveries will be the responsibility of Customer and will be added to the invoice. (a) Damage or Shortage in Shipment. Seller exercises care in packing shipments. To minimize the possibility of error, all orders should be inspected upon receipt. ANY DAMAGE, SHORTAGE OR OVERAGE DUE TO SHIPPING SHOULD BE REPORTED TO SELLER'S CUSTOMER SERVICE DEPARTMENT AT 412.241.7335 or 1-877-241-3550 WITHIN TWO (2) BUSINESS DAYS OF RECEIPT. Seller may reject requests for return authorization received later than two (2) business days from Customer's receipt of the Products. Customer's cooperation in providing this information will enable Seller to expedite the necessary adjustments. Customer agrees to purchase any and all insurance necessary to indemnify it against any loss in shipping. Seller will prepay and add shipping charges to the initial invoice. Delivery dates are not guaranteed, but are estimated on the basis of immediate receipt by Seller of all information and approvals to be furnished by Customer and the absence of delays which are excused under Section 8 (Force Majeure). Seller shall endeavor in good faith to meet estimated delivery dates.



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5. Warranties. Seller warrants to the Customer that for a period of 2 years from the date of installation, equipment manufactured by us shall be free from defects in materials and workmanship for a period of two (2) year from the date of installation of such equipment. Services performed by Seller in connection with such equipment, such as site training and installation services relating to the equipment, shall be free from defects for a period of one year from the date of shipment. Customer agrees that the Seller must perform an annual maintenance and preventative diagnostic on the product to maintain this warranty or any extended warranty purchased by the Customer, and Customer agrees to provide Seller all requested or relevant data related to the product covered by this warranty. Warranty repair or replacement within this one-year period may cover system assemblies and subassemblies, including the system sensor head unit (SHU), cables, switches, optical train, and power module. If defects in materials or workmanship are discovered within the applicable warranty period as set forth above, Seller shall, at its sole option a) in the case of equipment, either repair or replace the equipment or b) in the case of defective services, re- perform such services. Seller may, at its sole discretion, issue a temporary system (a "loaner system") to Customer while Customer's warranted unit is undergoing repair. Seller shall repair units within a commercially reasonable time frame subject to Seller's internal processes and availability of applicable system components and service personnel. Seller shall have the option of replacing equipment with substitute products or new, used, or refurbished replacement parts, and Customer acknowledges that parts used to repair or replace the system may be new, used, refurbished, or non-original manufacturer parts that perform to the factory specifications of the purchased system. Updates to software and libraries are available at no charge to Customer as long as customer is under warranty or has purchased an extended service warranty. This warranty does NOT include replacement glass for lamps, glass cleaner, light bulbs, sample analysis and investigation, or recipe development support. Such services and supplies may be purchased by Buyer from Seller, at Seller's discretion.
6. Return Goods Policy. Seller can accept for credit only those Products that (a) do not perform pursuant to Seller's specifications for the Products, (b) may have been damaged during transportation to the Customer by the Seller, or (c) Customer may have received in error. Return of the Products must be authorized before any returns will be accepted. In cases of Products damaged during shipments, Customer must contact Seller according to the procedures in Section 4(a) of these Terms and Conditions, and must do so within the time period specified. Customer shall contact Seller Customer Service for instructions on the return procedure to be followed.
7. Warranty shall be void due to any of the following: a) If the product has been opened, modified, altered, or repaired, except by Seller or its authorized agents, b) if the product has not been installed or maintained or used in accordance with instructions provided by Seller, including Customer's operational errors or requirements related to product placement, temperature, and environment, c) if the product has been subject to misuse, abuse, intentional physical/mechanical/electronic damage, malicious mischief, reckless handling, animal or insect infestation, accident, thermal or electrical irregularity, theft, vandalism, fire, liquid, or other peril, including, but not limited to, damages caused by war, nuclear incident, terrorism, or unexplained or mysterious disappearance, d) if the product has been damaged due to storage, containment, and/or operation outside the environmental specification of the product, e) if the product has been subject to a connection of the product to other systems, equipment, or devices or use with other software (other than software specifically provided by Seller), f) if product identification labels have been removed or altered on any part of the product or its constituent parts and accessories, or g) if the product's software has been damaged by computer viruses or other malware.

EXCEPT AS SET FORTH HEREIN, NO OTHER WARRANTIES OR REMEDIES, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESSED, IMPLIED (INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) OR OTHERWISE, SHALL NOT APPLY. IN NO EVENT SHALL SELLER HAVE ANY LIABILITY FOR ANY SPECIAL, EXEMPLARY, PUNITIVE, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY NATURE WHATSOEVER, WHETHER AS A RESULT OF BREACH OF CONTRACT, TORT LIABILITY (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. REPAIR OR REPLACEMENT OF THE EQUIPMENT DURING THE



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APPLICABLE WARRANTY PERIOD IS YOUR SOLE AND EXCLUSIVE REMEDY UNDER THIS WARRANTY.

IN NO EVENT SHALL SELLER OR ITS SUBCONTRACTORS HAVE ANY LIABILITY TO CUSTOMER, WHETHER AS A RESULT OF BREACH OF CONTRACT, TORT LIABILITY (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, AND WHETHER ARISING BEFORE OR AFTER DELIVERY OF THE GOODS AND/OR PERFORMANCE OF THE SERVICES FURNISHED UNDER THE SALES CONTRACT, FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY OR PENAL LOSS OR DAMAGE OF ANY NATURE WHATSOEVER, INCLUDING WITHOUT LIMITATION, DAMAGE TO OR LOSS OF USE OF PLANT OR EQUIPMENT, EXPENSES INVOLVING INTEREST CHARGES OR COST OF CAPITAL, LOSS OF PROFITS OR REVENUES, COST OF SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, OR CLAIMS OF CUSTOMER.

8. Termination. Seller may terminate the performance of the work under the agreement for any reason by giving written notice of termination at least 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.

Default – Cancellation. Customer may not cancel this order, or any portion thereof, except upon 30 days written notice to Seller and upon payment to Seller of the cancellation charges specified below. Customer acknowledges that such charges have been agreed upon, not as a penalty, but as a result of the difficulty of computing actual damages and the inconvenience and non- feasibility of Seller otherwise obtaining an adequate remedy. Customer may not cancel any order, or portion thereof, after shipment, Buyer may not reschedule or change any order, or portion thereof, without Seller's prior written consent.

Cancellation Notice Received Prior to Scheduled Delivery	Cancellation Charges (Percentage of Sales Price of Goods)
Less than 30 Days	50%
45 Days or More	25%

9. Bankruptcy/Insolvency - In the event of Customer's bankruptcy or insolvency, or in the event any proceeding is brought against Customer, voluntarily or involuntarily, under the bankruptcy or insolvency laws, Seller may cancel any order then outstanding at any time during the period allowed for filing claims against the estate, and shall be paid the cancellation charges specified in Section 6 (Default—Cancellation).
10. Force Majeure. Neither party shall be liable for defaults or delays due to Acts of God or the public enemy, acts or demands of any Government or any Governmental agency, strikes, fires, floods, accidents, or other unforeseeable causes beyond its control and not due to its fault or negligence. Each party shall notify the other in writing of the cause of such delay within five (5) days after the beginning thereof
11. Indemnification. Customer will defend, hold harmless, and indemnify Seller from and against any liability and expenses (including, without limitation, attorney and other professional fees and disbursements) arising from or in connection with any damages, injuries, or third party claims of demands to recover for personal injury, death, or property damage caused by or arising out of



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any of the goods or services supplied the Seller (regardless of whether such claim or demand arises under tort, negligence, contract, warranty, strict liability or other legal theories), except to the extent such injury, damage, or loss results from Seller's negligent actions.

12. Assignment. Neither this order nor any rights or obligations herein may be assigned by Customer nor may Customer delegate the performance of any of its duties hereunder without Seller's prior written consent.
13. Intellectual Property. Seller warrants that products furnished under the Sales Contract, and any part thereof, shall be delivered free of any rightful claim of any third party for infringement of any United States patent. Customer acknowledges and agrees that all intellectual property rights in the Products and Software and in any Seller technology, intellectual property, and know-how used to make or useful for the manufacture or use of the products will at all times remain vested in the Seller. Customer shall not use Seller's trademark, tradename, or other indication in relation to the Product unless in accordance with Seller's instructions or prior written approval and solely for the purposes expressly specified by Seller in writing. Customer shall not have nor obtain any right, title, or interest in or to any Seller's owned trademarks, tradenames, or other indications. Customer acknowledges all rights, title, and interest of Seller in respect of and to Seller's owned trademarks, tradenames, and other indications.
14. Attorneys' Fees. In the event there is any dispute concerning the terms of this agreement or the performance of any party, and any party retains counsel of the purpose of enforcing any of the provisions of this agreement or asserting the terms of this agreement in defense of any suit filed against said party, each party shall be solely responsible for its own costs and attorneys' fees incurred in connection with the dispute irrespective of whether or not a lawsuit is actually commenced or prosecuted to conclusion.
15. Invoices and Notices. All correspondence covering this Agreement must be addressed to ChemImage Corporation, 7325 Penn Ave., Suite 200, Pittsburgh, PA 15208. The parties agree that for any transactions subject to this Agreement, facsimile signatures shall be accepted as original signatures, orders may be transmitted electronically and any document created pursuant to this order may be maintained in an electronic document storage and retrieval system, a copy of which shall be considered an original. Neither party shall raise any objection to the authenticity of this Agreement or any document created hereunder, based on the use of a facsimile signature, electronic order or the use of a copy retrieved from an electronic storage system
16. Severability. In case any one or more provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity, legality, or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby
17. Notice. Any notice given under this Agreement shall be in writing and will be effective: (i) when delivered if delivered in person; or, (ii) three (3) days after deposited in the United States mail to the address provided on the first page of this Agreement. Email communications are solely for the convenience of the parties and will not constitute valid or effective legal notice for purposes of this Agreement.
18. Taxes Prices do not include any municipal, provincial, state or federal sales, use, excise, value added or similar taxes. Consequently, in addition to prices specified, the amount of any present or future taxes, duties and/or tariffs that may be imposed shall be paid by Customer, or in lieu thereof, Customer will provide Seller with a tax exemption certificate acceptable to the taxing authorities. International sales are subject to applicable transportation



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and import duties, licenses, and fees, or as agreed to by the purchase order.

19. Export Laws Customer agrees to comply with all applicable export laws, assurances, codes, and license requirements and controls of the United States and other applicable jurisdictions in connection with the use and resale of products including Customer's acceptance of responsibility for the payment of any relevant taxes or duties, etc..
20. ITAR Compliance. Customer is advised that this purchase order may involve goods or services subject to the International Traffic in Arms Regulations (ITAR) ITAR 22 CFR, Chapter 1, Sub-Chapter M, §120-§130, the Export Administration Regulations, and other applicable U.S. export laws and regulations, as may be amended from time to time. Sale of goods may be subject to licensing requirements by the U.S. Government, and may not be resold, diverted, transferred, or otherwise be disposed of, to any other country or to any person other than the authorized end-user or consignee(s), either in their original form or after being incorporated into other enditems, without first obtaining approval from the U.S. Department of State or use of an applicable exemption. If Customer is a U.S. company that engages in the business of either manufacturing or exporting defense articles or furnishing defense services, the Customer hereby certifies that it has registered with the U.S. Department of State, Directorate of Defense Trade Controls and understands its obligations to comply with the International Traffic in Arms Regulations (ITAR) and the Department of Commerce, Export Administration Regulations (EAR). Customer shall indemnify and hold Seller harmless from and against any liability claims, demands or expenses (including attorney's or other professional fees) arising from or relating to Customer's non-compliance with U.S. export laws.
21. Applicable Law This Agreement is governed by the laws of the State of California, excluding the United Nations Convention on Contracts for the International Sale of Goods ('CISG') and excluding its conflict of laws rules. Customer submits to the jurisdiction of the state and federal courts located in the State of California.
22. Entire Agreement; Additional or Different Provisions Rejected; Modifications; Amendment. This Agreement constitutes the entire agreement between Customer and Supplier, unless superseded by an additional Agreement signed by both parties. The parties may agree to amend provision(s) contained in these Terms and Conditions if such amendment (1) specifically references the provision(s) in these Terms and Conditions to be amended; (2) specifically provides how such provision(s) is amended, and (3) is executed by the President of Seller. Otherwise, this Agreement may be amended or renewed only by written agreement of both parties.

[Signature Page to Follow]



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In witness whereof, and intending to be legally bound hereby, the parties hereto agree to abide by the terms and conditions of this Agreement.

ChemImage Corporation:

Amanda McCombs



12/04/2020
02:55 PM EST

Amanda McCombs, CFO

Monterey County:

DocuSigned by:

Im Grant

12/9/2020 | 2:01 PM PST

Monterey County Counsel

DocuSigned by:

Gary Giboney

12/9/2020 | 2:03 PM PST

Monterey County Auditor/Controller

Monterey County Contracts/Purchasing Officer



Monterey County Sheriff

Monterey County CA

1585 Kansas Ave
San Luis Obispo, ca 93405
USA

Dustin Headberg

Corrections
hedbergda@co.monterey.ca.us
(831) 759-7210

Reference: 20201103-131412777

Prepared: Dec. 4, 2020
Expires: Jan. 16, 2021
Prepared by: Robert Levy
Account Manager Western US
levyr@chemimage.com
+1 (775) 781-2525

Comments from Robert Levy

Dear Sergeant Headberg,

Thank you for your interest in our technology. Below you will find the requested solution and the options we discussed.

ChemImage understands the threat of illicit drugs smuggled into facilities through postal mail. Our customers also benefit from added security and intelligence data the Mail Screener provides.

This solution greatly increases facility security by empowering your officers with technology that will help them identify drugs hidden in the mail. We are committed to continually develop our technology with our customers to address the latest threats.

We look forward to earning your business.

Products & Services

Item & Description	Quantity	Unit Price	Total
VeroVision Mail Screener Mail Screener Gen 2	1	\$124,900.00	\$124,900.00
VVMS Presumptive Identification Allows user to preemptively identify detected contraband	1	\$9,900.00	\$9,900.00
ChemImage Mail Screener 12 month Extended Comprehensive Service Agreement	1	\$12,500.00	\$12,500.00

Second year of support. Library expansion when available. Material & labor covered (includes camera and filters). One annual preventative agreement

Subtotals

One-time subtotal	\$147,300.00
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Other Fees

Shipping and Handling	\$600.00
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Sales Tax Salinas, CA 9.25%	\$12,469.00
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Total	\$160,369.00
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Purchase Terms

If you have any questions, or if you require further information, please do not hesitate to contact the originator of this quotation. A summary of the key specifications and performance characteristics of the product are available upon request.

Shipping: 120 days ARO

Make checks payable to: ChemImage Corporation
accountsreceivable@chemimage.com
Federal E.I.N #542081245

Purchase of ChemImage products, software and services are subject to specific terms and conditions, which are incorporated by reference herein.

Your acceptance of these terms and conditions is required for order confirmation.

I hereby accept and acknowledge ChemImage's standard Terms and Conditions, referenced in the link above.

Signature

Date

Printed name

Questions? Contact me



Robert Levy

Account Manager Western US

levyr@chemimage.com

+1 (775) 781-2525

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