

APPENDIX F TO DIR CONTRACT NO. DIR-TSO-3155

TERMS AND CONDITIONS OF RENTAL, MAINTENANCE AND REPAIR

While rental equipment is in the possession of the State, the contractor shall assume all responsibility for loss or damage to the equipment, except for loss or damage caused by the negligence or willful act of the State.

A. RENTAL PRICES: Sharp Rental prices include the copier, paper cassette(s), drums, supplies (toner, developer and staples), heater rollers, delivery, instruction, and all necessary parts and labor for maintenance, but do not include paper. Maintenance is provided during normal business hours, 8:30 A.M. - 5:00 P.M., Monday through Friday, exclusive of State of Texas published holidays listed on the Texas Comptroller of Public Accounts website at: http://www.window.state.tx.us/taxinfo/state_holidays.html. Rental prices do not include the cost of parts and labor necessitated by accident, misuse, or negligence by the customer.

Sharp copiers furnished for rental will be in good working order and either new or reconditioned at the option of Sharp Electronics Corporation. The Sharp copiers placed on rental with the customer remain the property of Sharp Electronics Corporation. The customer agrees not to make any alteration of the copier and not to move or remove the copier from the original installation address without prior written approval. The Contractor shall be responsible for the risk of loss or damage to the rental Equipment during periods of manufacture, transportation and delivery up to the Acceptance Date. As of the Acceptance Date, damage to the rental Equipment except for (i) normal wear and tear, and (ii) loss or damage caused by the negligence of the Contractor, its agents, subcontractors or employees that will be repaired or replaced at the Contractor's expense.

B. RENTAL CHARGES: Rental charges shall be computed on the basis of thirty (30) days a month. Charges for fractional parts of a calendar month are to be computed at the rate of 1/30th of the monthly charge for each day the equipment is installed ready for use. (The Agency purchase order must clearly indicate rental term).

C. INSTALLATION CHARGE: Rental equipment shall be delivered to the using activity, installed and removed by the contractor or the contractor's authorized representative at no cost to the State. No installation or removal charges will be accepted.

Removal of rental equipment by the contractor or the contractor's authorized representative shall be completed within thirty (30) days after expiration of the rental agreement or within thirty (30) days after the date of the State document that terminates the rental agreement. Equipment which has not been removed by the contractor or the contractor's authorized representative within these time frames may be disposed of in a manner the using activity deems appropriate. Recovery of the equipment (if possible) from the State's disposal site will be at no cost to the State. The contractor shall reimburse any costs incurred by the State in disposal of the property.

D. SERVICE AREA: Rental pricing is based upon installation within fifty (50) miles from the servicing dealer location. The install charge for installations over fifty (50) miles will be in accordance to Appendix C of DIR Contract No. DIR-TSO-3155. Service and repair of Sharp equipment will be performed by Sharp authorized dealers and branch offices as listed in DIR Contract No. DIR-TSO-3155.

E. RESPONSE TO SERVICE CALLS: During normal working hours (as specified by the using activity), Monday through Friday (excluding holidays observed by the State), the contractor shall respond to verbal or written requests for service calls.

The contractor shall repair the rental equipment within either nine (9) working hours or sixteen (16) working hours (as specified by the using activity) after the verbal or written request for the service call. The contractor's response time on a service call starts, when authorized personnel of an ordering activity place a verbal request to the

contractor for a service call or a written request is received by the contractor requesting a service call, whichever is earlier.

F. BACKUP AND REPLACEMENT EQUIPMENT: The contractor shall have backup and replacement rental equipment available. When rental equipment cannot be repaired within sixteen (16) working hours, the ordering activity may require the contractor to provide backup rental equipment. The contractor shall deliver backup rental equipment within nine (9) working hours of the ordering activity's notifying the contractor that backup rental equipment is required. Backup rental equipment must equal or exceed the performance capabilities of the equipment being replaced. The contractor's charges for use of the backup rental equipment shall be identical to the charges for use of the original equipment being replaced. If the original equipment is not satisfactory repaired and returned to the ordering activity. If agreed to by the ordering activity, the backup rental equipment may be used as the replacement equipment. The contractor shall provide the ordering activity with the serial number, location, and model number of the replacement rental equipment.

Sharp will supply back-up rental equipment for critical equipment. The State must specify at the time of order the units identified as critical rental equipment. Identified critical rental equipment units may not be more than 5% of the total of rental equipment the State user acquires under this Contract. Such critical equipment must be installed within 50 miles of the Sharp authorized service location.

G. CREDIT (REPAIR AND MAINTENANCE RESPONSE): If repair service is not accomplished or within the specified time, the State shall be entitled to credit against the monthly billing for that particular equipment. Credit will be unilaterally taken on the basis of 1/30th of the monthly rental rate for each day or portion of a day the equipment is not repaired or replaced.

H. MAINTENANCE RESPONSIBILITY: Sharp has included a list of names, addresses, and phone numbers of authorized dealers responsible to the contractor who may be contacted by ordering activities for repair and maintenance of rental equipment. Only those dealers listed may render service, unless the list is subsequently modified by mutual agreement between the contractor and DIR, to add or delete dealers.

All rental equipment shall be serviced and maintained by the contractor in a fully operational condition without expense to the State, except for repairs, replacements, and maintenance necessitated by accident, misuse, or negligence of the State. If repair or replacement is not accomplished within the established specified time frame, the State shall be entitled to credit against the monthly billing for that particular equipment. Credit will be unilaterally taken on the basis of 1/30th of the monthly rate for each day or portion of a day; the equipment was not repaired or replaced. The contractor must provide a replacement of the equipment with identical capabilities.

It is the intent to keep the replacement in place for the duration of the contract term.

I. MONTHLY EFFECTIVENESS LEVEL (MEL): Each rental equipment furnished under the contract shall perform at a 95% or higher Monthly Effectiveness Level. The Monthly Effectiveness Level percentage shall be calculated as follows:

Monthly Effectiveness Level percent = (total monthly production period in hours) minus (total number of rental equipment downtime hours over the monthly production period) divided by (total monthly production period in hours) times 100. The total monthly production period in hours shall be calculated by multiplying 8 hours per day times the number of working days in the month (weekend and Federal holidays excluded). The total number of equipment downtime hours over the monthly production period shall be calculated as the number of minutes the rental equipment was down (unable to perform one or more of its specified functions) during the monthly production period, divided by 60.

J. CREDIT: If the Monthly Effectiveness Level is less than 90 percent for the three consecutive months, the State reserves that right to require the contractor to replace the equipment or – terminate the order with no termination or removal charges being assessed to the State.

K. ORDERS: A written order shall be the only basis for rental in accordance with the terms and conditions of DIR Contract No. DIR-TSO-3155 and these terms and conditions.

L. Rental term shall be for 36 months as identified in Appendix C, Pricing Index to DIR Contract No. DIR-TSO-3155 and shall commence on the next working day following acceptance.

M. RENTAL RENEWALS: Rental Renewal Purchase Orders should be issued promptly prior to expiration of then current terms. Should the State fail to send notice of renewal and the rental machine remains in the possession of the State, the State will be invoiced, noting the previous purchase order, and in accordance with the current contract pricing, terms and conditions.

Installed rentals will remain at the same pricing, for renewal, as invoiced under the prior term. Those agencies that are required to issue a new purchase order should do so at the beginning of the new fiscal period or soon thereafter.

All rental renewals should be clearly marked as a renewal with appropriate serial # indicated.

N. MOVEMENT OF EQUIPMENT:

1. If the equipment is moved to geographical area not serviced by this contract, the equipment plan will be subject to cancellation and termination charges as described in M above.

2. The State shall give at least thirty (30) days written notice of the movement of equipment, unless such move is required because of an emergency.

3. Shipment to the new installation site shall be at State's expense by padded van or airfreight. The State may ship the equipment by State transportation or by commercial carrier.

4. When the shipment is under the control of contractor and damage is incurred which results in costs for either labor or parts to restore the equipment to good operating condition at the new site, such costs shall be borne by the contractor.

5. When the shipment is under the control of the State and damage is incurred which results in costs for either labor or parts to restore the equipment to good operating condition at the new site, such costs shall be borne by the State.