



FORT BEND COUNTY
County Judge's Office

J.C. Whitten
Special Services Director

MEMORANDUM

DATE: May 13, 2009
TO: Gilbert Jalomo – Purchasing Agent
CC: Edna Chavez – Mail Center
Tim Cumings
FROM: J. C. Whitten
Re: Pitney Bowes Presort Services

As per our discussion with you and Mary Reveles, Enclosed is a copy of the Pitney Bowes Presort Services information including copies of State of Texas Contract Summary Sheet, Copy of State Contract, and a summary of the estimated savings based on our current postal usage.

As you will note the estimated savings annually of \$66,958.86 (\$5,579.91 monthly). You will note on the estimate sheet that this is calculated on 70% automation and 30 % non-automation. We still have a number of departments that are not complying with the recommendations, by the mail center, on mailing instructions, including proper envelopes, mailing labels, etc., which fall into the non-automated category, which cost 4.2 cents more per piece that the automated processing.

We are requesting that Purchasing place this on the Commissioners Court Agenda to claim and exemption using the State Contract and authorize the use of this service for the Mail Center and with the start date of June 1st, 2009.

Please let me know if you need additional information.

Respectfully submitted,

J. C. Whitten

Attachments: State Contract
Summary Sheet on Contract No. 061020-CCG-MPB
Pitney Bowes estimated savings sheet

2009



Presort Services

Fort Bend County

	Monthly Volume		Current		Proposed		Monthly Savings
			current rate	current cost	proposed rate	proposed cost	
FC Automation	73,500 (70%)		0.44	\$32,340.00	0.37177	\$27,325.10	\$5,014.91
FC Non-automation	31,500 (30%)		0.44	\$13,860.00	0.414	\$13,041.00	\$819.00
TOTAL	105,000			\$46,200.00		\$40,366.10	\$5,833.91 ¹²
Transportation * (\$12.00 x 254 days)							Annual Savings \$70,006.86
							-\$3,048.00

Net Annual savings	\$66,958.86
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FC = First Class

Monthly volume is based on 5000 pieces per day average

Monthly volume is based on 21 working days per month

Volume split is based on 70% automation and 30% non-automation

PB Presort Services invoices on a weekly basis. We have an option for you to pay your invoice on-line through the same reserve account you currently use for your postage for your PB meter.

Pricing is based on the CCG State of Texas Contract - see attachment in e-mail.

***Pick-up fees would be \$12.00 per pick-up. Total is based on 254 business days annually**

2009



Presort Services

Fort Bend County

	Monthly Volume		Current		Proposed		Monthly Savings
			current rate	current cost	proposed rate	proposed cost	
FC Automation	73,500	(70%)	0.44	\$32,340.00	0.37177	\$27,325.10	\$5,014.91
FC Non-automation	31,500	(30%)	0.44	\$13,860.00	0.414	\$13,041.00	\$819.00
TOTAL	105,000			\$46,200.00		\$40,366.10	\$5,833.91
							\$70,006.86

FC = First Class

Monthly volume is based on 5000 pieces per day average

Monthly volume is based on 21 working days per month

Volume split is based on 70% automation and 30% non-automation

PB Presort Services invoices on a weekly basis. We have an option for you to pay your invoice on-line through the same reserve account you currently use for your postage for your PB meter.

Pricing is based on the CCG State of Texas Contract - see attachment in e-mail.

2008



Presort Services

Fort Bend County

	Monthly Volume	Current		Proposed		Monthly Savings
		current rate	current cost	proposed rate	proposed cost	
FC Automation	73500 (70%)	0.42	\$30,870.00	0.360142	\$26,470.44	\$4,399.56
FC Non-automation	31500 (30%)	0.42	\$13,230.00	0.394	\$12,411.00	\$819.00
TOTAL			\$44,100.00		\$38,881.44	\$5,218.56
Annual Savings						\$62,622.76

FC = First Class

Monthly volume is based on 5000 pieces per day average

Monthly volume is based on 21 working days per month

Volume split is based on 70% automation and 30% non-automation

PB Presort Services invoices on a weekly basis. We have an option for you to pay your invoice on-line through the same reserve account you currently use for your postage for your PB meter.

Pricing is based on the CCG State of Texas Contract - see attachment in e-mail.

State of Texas Pricing As of 5/12/2008

1st Class Letters – Metered and Permit

1 oz. Discount Letter Postage pricing

	Postage Rate	Same Day	Next Day	Read Rate	Reject Fee	DPV Rate	DPV Fee	Total Fixed Costs
A – Zip Code Sequenced Mail	\$.346 (USPS 3 digit rate)	\$.00114	\$.00114	98%	\$.048 Difference between 3 digit and presort rates	1.77%	\$.048	\$.00295
B – Non zip sequenced Mail	\$.346 (USPS 3 digit rate)	\$.0089	\$.0078	92%	\$.048 Difference between 3 digit and presort rates	2.92%	\$.048	\$.014142
C – Upgradeable Mail	\$.346 (USPS 3 digit rate)	\$.0089	\$.0078	92%	\$.048 Difference between 3 digit and presort rates	2.92%	\$.048	\$.014142
D – Encodable Mail	\$.346 (USPS 3 digit rate)	\$.0089	\$.0078	92%	\$.048 Difference between 3 digit and presort rates	2.92%	\$.048	\$.014142
E – Non Automation Compatible Mail	\$.394 (USPS Presort rate)	\$.000	\$.000	100%	\$.000	N/A	N/A	N/A

1st Class Postcards – Metered and Permit

Minimum 500 pieces

	Postage Rate	Same Day	Next Day	Read Rate	Reject Fee	DPV Rate	DPV Fee	Total Fixed Costs
A – Zip Code Sequenced Mail	\$.210 (USPS 3 digit rate)	\$.013	\$.011	96%	\$.032 Difference between 3 digit and presort rates	1.89%	\$.032	\$.01489
B – Non zip sequenced Mail	\$.210 (USPS 3 digit rate)	\$.013	\$.011	90%	\$.032 Difference between 3 digit and presort rates	1.89%	\$.032	\$.0168
C – Upgradeable Mail	\$.210 (USPS 3 digit rate)	\$.013	\$.011	90%	\$.032 Difference between 3 digit and presort rates	1.89%	\$.032	\$.0168
D – Encodable Mail	\$.210 (USPS 3 digit rate)	\$.013	\$.011	90%	\$.032 Difference between 3 digit and presort rates	1.89%	\$.032	\$.0168
E – Non Automation Compatible Mail	\$.242 (USPS Single Presort rate)	\$.000	\$.000	100%	\$.000	N/A	N/A	N/A

**State of Texas Pricing
As of 5/12/2008**

1st Class Flats – Metered and Permit

2 oz. rate quoted

	Postage Rate	Same Day	Next Day	Read Rate	Reject Fee	DPV Rate	DPV Fee	Total Fixed Costs
A – Zip Code Sequenced Mail	\$.649 (USPS 3 digit rate)	\$.05	\$.045	96%	\$.248 Difference between 3 digit and presort rates	1.77%	\$.248	\$.06431
B – Non zip sequenced Mail	\$.649 (USPS 3 digit rate)	\$.05	\$.045	90%	\$.248 Difference between 3 digit and presort rates	2.92%	\$.248	\$.08204
C – Upgradeable Mail	\$.649 (USPS 3 digit rate)	\$.05	\$.045	90%	\$.248 Difference between 3 digit and presort rates	2.92%	\$.248	\$.08204
D – Encodable Mail	\$.649 (USPS 3 digit rate)	\$.05	\$.045	90%	\$.248 Difference between 3 digit and presort rates	2.92%	\$.248	\$.08204
E – Non Automation Compatible Mail	\$.897 (USPS Presort rate)	\$.06	\$.055	100%	\$.000	N/A	N/A	\$.06

Standard Mail Regular Discount Letters – Metered and Permit

Letters weighing 3.3 oz. or less

	Postage Rate	2 Drops per week (Mon. & Thur.)	Read Rate	Reject Fee	DPV Rate	DPV Fee	Total Fixed Costs
A – Zip Code Sequenced Mail	\$.241 (USPS 3 digit non entry rate)	\$.000	100%	\$ 0	DPV Mail returned to mailer, or sent out at USPS 1 st Class Presort. Postage billed to Mailer	N/A	\$.00
B – Non zip sequenced Mail	\$.241 (USPS 3 digit non entry rate)	\$.000	92%	\$.03 Difference between 3 digit and mixed AADC	See Above	N/A	\$.0024
C – Upgradeable Mail	\$.241 (USPS 3 digit non entry rate)	\$.000	92%	\$.03 Difference between 3 digit and mixed AADC	See Above	N/A	\$.0024
D – Encodable Mail	\$.241 (USPS 3 digit non entry rate)	\$.0000	92%	\$.03 Difference between 3 digit and mixed AADC	See Above	N/A	\$.0024
E – Non Automation Compatible Mail	\$.271 (USPS Machinable Mixed AADC Rate)	\$.0	100%	\$ 0	See Above	N/A	N/A

**State of Texas Pricing
As of 5/12/2008**

**Standard Mail Non Profit Discount Letters – Metered and Permit
Letters weighing 3.3 oz. or less**

	Postage Rate	2 Drops per week (Mon. & Thur.)	Read Rate	Reject Fee	DPV Rate	DPV Fee	Total Fixed Costs
A – Zip Code Sequenced Mail	\$.143 (USPS 3 digit non entry rate)	\$.000	100%	\$0	DPV Mail returned to mailer, or sent out at USPS 1 st Class Presort. Postage billed to Mailer	N/A	\$.00
B – Non zip sequenced Mail	\$.143 (USPS 3 digit non entry rate)	\$.000	92%	\$.03 Difference between non entry 3 digit and presort rates	See Above	N/A	\$.0024
C – Upgradeable Mail	\$.143 (USPS 3 digit non entry rate)	\$.000	92%	\$.03 Difference between non entry 3 digit and presort rates	See Above	N/A	\$.0024
D – Encodable Mail	\$.143 (USPS 3 digit non entry rate)	\$.0000	92%	\$.03 Difference between non entry 3 digit and presort rates	See Above	N/A	\$.0024
E – Non Automation Compatible Mail	\$.173 (USPS Mixed Auto Rate)	\$.000	100%	TBD	See Above	N/A	N/A

**State of Texas Pricing
As of 5/12/2008**

Standard Mail Regular Discount Flats – Metered and Permit

Flats weighing 3.3 oz. or less

	Postage Rate	2 Drops per week (Mon. & Thur.)	Read Rate	Reject Fee	DPV Rate	DPV Fee	Total Fixed Costs
A – Zip Code Sequenced Mail	\$.451 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06
B – Non zip sequenced Mail	\$.451 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06
C – Upgradeable Mail	\$.451 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06
D – Encodable Mail	\$.451 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06
E – Non Automation Compatible Mail	\$.451 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06

Standard Mail Non Profit Discount Flats – Metered and Permit

Flats weighing 3.3 oz. or less

	Postage Rate	2 Drops per week (Mon. & Thur.)	Read Rate	Reject Fee	DPV Rate	DPV Fee	Total Fixed Costs
A – Zip Code Sequenced Mail	\$.318 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06
B – Non zip sequenced Mail	\$.318 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06
C – Upgradeable Mail	\$.318 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06
D – Encodable Mail	\$.318 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06
E – Non Automation Compatible Mail	\$.318 (3-Digit non auto – TX Mail Only)	\$.06	100%	\$0	TBD	TBD	\$.06

Contract
Executed
4/27/2007

Contract
Executed
4/27/2007

**PRESORT/BARCODE MAILING SERVICES CONTRACT
BETWEEN
THE STATE COUNCIL ON COMPETITIVE GOVERNMENT
AND
PSI GROUP INC
Contract No. 061020-CCG-MPB**

This agreement ("Contract") is entered into by the State Council on Competitive Government (CCG), an agency of the State of Texas, and PSI Group Inc., a Delaware corporation ("Contractor"), located at 4401 Freidrich Lane Suite 211, Austin TX 78744.

I. Recitals

Whereas, on October 18, 2006, CCG issued a Request for Proposals from qualified, independent firms to perform Presort/Barcode Mailing Services and on November 1, 2006, issued its official response to questions (collectively "RFP"); and

Whereas, the Contract Administrator under this Contract will be named by letter from the CCG and serve at the pleasure of the Council on behalf of the State of Texas; and

Whereas, the Contractor submitted a proposal dated November 9, 2006, in response to CCG's RFP ("Proposal"); and

Whereas, the Contractor was selected to perform Presort / Barcode Mailing services.

The parties hereby agree as follows:

II. Authority

This Contract is entered into pursuant to Gov't Code, chapter 2162.

III. Services, Standards of Performance and Contract Administration

The Contractor shall provide Presort/Barcode Mailing Services and the deliverables described in and in the manner required by all of the following documents:

1. This Contract
2. Exhibit A: The Statement of Work
3. Exhibit B: Final Timeline and Deliverables
4. Exhibit C: The RFP
5. Exhibit D: Authorized Key Personnel List
6. Exhibit E: The Contractor's Proposal and the Contractor's Best and Final Offer

All of the above are attached to and incorporated as part of this Contract for all purposes. All of these documents constitute the Standards of Performance for this Contract. In addition, Contractor's initial task under this contract is the development of a mutually agreeable detailed work plan to be incorporated into this Contract as an exhibit, which work plan shall constitute an additional Standard of Performance.

In the case of conflicts between this Contract and any of the above exhibits, the following shall control in this order of priority:

1. This Contract
2. Exhibit A: The Statement of Work

3. Exhibit B: Final Timeline and Deliverables
4. Exhibit C: The RFP
5. Exhibit D: Authorized Key Personnel List
6. Exhibit E: The Contractor's Proposal and the Contractor's Best and Final Offer
7. Exhibit F: The Work Plan

The Contractor shall provide all of the above services as well as reasonably related services in accordance with all applicable professional standards of a Contractor providing Presort/Barcode Mailing Services. The Contractor represents and warrants that it has the requisite qualifications, experience, personnel and other resources to perform Presort/Barcode Mailing Services in the manner required by this Contract.

The Contract Administrator will serve as the point of contact between the agency and the Contractor. Unresolved issues will be escalated to the CCG's attention. The Contract Administrator shall supervise PSA's review of the Contractor's technical work, deliverables, payment requests, schedules, financial budget administration and similar matters. The Contract Administrator does not have any express or implied authority to vary the terms of the Contract, amend the Contract in any way or waive strict performance of the terms or conditions of the Contract. The Contract Administrator will be named by letter from the CCG and will serve at the pleasure of the CCG.

IV. Personnel

The Contractor shall assign only qualified personnel to this Contract. As of the date of CCG's execution of this Contract, the Contract Administrator has authorized the key personnel listed in Exhibit D of this Contract to provide services under this Contract. The Contractor, in its reasonable discretion, reserves the right to substitute appropriate key personnel to accomplish its duties so long as the substituted personnel are equally qualified and skilled in the tasks necessary to accomplish the tasks and services required. The Contractor shall provide to CCG and the Contract Administrator prior written notice of any proposed change in key personnel involved in providing services under this Contract.

V. Payments

Prior to authorizing payment to the Contractor, the Contract Administrator shall evaluate the Contractor's performance using the performance standards set forth in all documents constituting this Contract. Contractor shall provide invoices to PSA's, Contract Administrator and CCG if requested, for Services performed. Invoices must be submitted not later than the 15th day of the month after the Services are completed. No payment whatsoever shall be made under this contract without the prior submission of detailed, correct invoices. Payments under this Contract are subject to the availability of appropriated funds. Contractor acknowledges and agrees that payments for services provided under this Contract are contingent upon each participating state agency's receipt of funds appropriated by the Texas Legislature.

VI. Term and Termination

This Contract shall become effective on the date signed by the Chair of the CCG, who shall sign after the Contractor signs, and shall terminate upon August 31, 2010, unless otherwise sooner terminated as provided in this Contract. Notwithstanding the termination or expiration of this Contract, the provisions of this Contract regarding confidentiality, indemnification, transition, records, right to audit and independent audit, property rights, dispute resolution, invoice and fees verification, and default shall survive the termination or expiration dates of this Contract. The CCG shall have the right, in its sole discretion, to renew this Contract for up to two (2) additional one (1) year periods, one (1) year at a time. In addition, the CCG may, in its sole discretion, terminate this Contract upon thirty (30) calendar day's written notice to the Contractor. Such notice may be provided by facsimile or certified mail, return receipt requested and is effective upon the Contractor's receipt.

VII. Confidentiality and Open Records

Notwithstanding any provisions of this Contract to the contrary, the Contractor understands that CCG will comply with the Texas Public Information Act, Gov't Code, chapter 552 as interpreted by judicial opinions and opinions of the Attorney General of the State of Texas. CCG agrees to notify Contractor within twenty-four (24) hours of receipt of a request for information related to Contractor's work under this contract. The Contractor will cooperate with CCG in the production of documents responsive to the request. The Contractor may request that CCG seek an opinion from the Attorney General of the State of Texas. However, CCG will not honor Contractor's request for an opinion if the request is not based upon a reasonable interpretation of the Texas Public Information Act. Additionally, the Contractor will notify CCG's General Counsel within twenty-four (24) hours of receipt of any third party requests for information that was provided by the State of Texas for use in conducting the disparity study. This Contract and all data and other information generated or otherwise obtained in the performance of its responsibilities under this Contract may be subject to the Texas Public Information Act. Contractor agrees to maintain the confidentiality of information received from the State of Texas during the performance of this Contract, including information which discloses confidential personal information particularly, but not limited to, social security numbers.

VIII. Insurance and Other Security

The Contractor represents and warrants that it will, within five (5) business days of executing this agreement, provide CCG with current certificates of insurance or other proof acceptable to CCG of the following insurance coverage:

Standard Workers Compensation Insurance covering all personnel who will provide services under this Contract;

Commercial General Liability Insurance, including professional liability, personal injury and advertising injury with the following limits: \$1,000,000 minimum each occurrence; \$2,000,000 per general aggregate.

The Contractor represents and warrants that all of the above coverage is with companies licensed in the state of Texas, with "A" rating from Best, and authorized to provide the corresponding coverage. The Contractor also represents and warrants that all policies contain endorsements prohibiting cancellation except upon at least thirty (30) days prior written notice to CCG. The Contractor represents and warrants that it shall maintain the above insurance coverage during the term of this Contract, and shall provide CCG with an executed copy of the policies immediately upon request.

IX. INDEMNIFICATION

CCG AND ITS OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES, SHALL NOT BE LIABLE OR RESPONSIBLE FOR, AND SHALL BE SAVED AND HELD HARMLESS BY THE CONTRACTOR FROM AND AGAINST ANY AND ALL SUITS, ACTIONS, LOSSES, DAMAGES, CLAIMS, OR LIABILITIES OF ANY CHARACTER, TYPE, OR DESCRIPTION, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS, AND ATTORNEY'S FEES, (COLLECTIVELY REFERRED TO AS "CLAIMS" IN THE REMAINDER OF THIS SECTION), ARISING OUT OF, CONNECTED WITH OR RESULTING FROM ANY ACTS OR OMISSIONS OF THE CONTRACTOR OR ANY OFFICER, AGENT, REPRESENTATIVE, EMPLOYEE, OR SUBCONTRACTOR OF THE CONTRACTOR IN THE EXECUTION OR PERFORMANCE OF THIS CONTRACT, INCLUDING CLAIMS ARISING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF CCG OR ITS OFFICERS, AGENTS, REPRESENTATIVES OR EMPLOYEES, AS LIMITED BY THE PARAGRAPHS BELOW.

IT IS THE EXPRESSED INTENT OF THE PARTIES TO THIS CONTRACT THAT THE INDEMNITY PROVIDED FOR IN THIS SECTION IS AN INDEMNITY EXTENDED BY THE CONTRACTOR TO INDEMNIFY AND PROTECT CCG AND ITS OFFICERS, AGENTS,

REPRESENTATIVES AND EMPLOYEES FROM THE CONSEQUENCES OF CCG OR ITS OFFICERS', AGENTS', REPRESENTATIVES' OR EMPLOYEES' OWN NEGLIGENCE, PROVIDED, HOWEVER THAT SUCH INDEMNITY SHALL BE LIMITED BY BOTH OF THE FOLLOWING:

(1) THE INDEMNITY PROVIDED FOR IN THIS SECTION AGAINST CCG'S OWN NEGLIGENCE SHALL APPLY REGARDLESS OF WHETHER OR NOT SUCH CLAIMS ARE CONTRIBUTED TO BY THE NEGLIGENCE OF CCG OR ITS OFFICERS, AGENTS OR EMPLOYEES; HOWEVER, IN THE EVENT OF SUCH CONTRIBUTORY OR COMPARATIVE NEGLIGENCE OF CCG OR ITS OFFICERS, AGENTS OR EMPLOYEES, THE CONTRACTOR SHALL NOT INDEMNIFY ANY SUCH INDEMNITEES IN THE PROPORTION (BASED ON THE PERCENTAGE OF NEGLIGENCE) THAT SUCH CONTRIBUTORY OR COMPARATIVE NEGLIGENCE CAUSED ANY SUCH CLAIMS; AND

(2) THE INDEMNITY PROVIDED FOR IN THIS SECTION AGAINST CCG'S OWN NEGLIGENCE SHALL NOT APPLY WHEN THE NEGLIGENCE OR OTHER LIABILITY OF THE CCG OR ITS OFFICERS, AGENTS, REPRESENTATIVES OR EMPLOYEES IS THE SOLE CAUSE OF SUCH CLAIMS.

X. Dispute Resolution

The dispute resolution process provided for in Gov't Code Chapter 2260 shall be used by CCG and the contractor to resolve any dispute arising under the Contract.

XI. Representations, Warranties, and General Provisions

11.1. Family Code

Under Section 231.006 of the Texas Family Code (relating to child support), the Contractor represents and warrants that the Contractor is not ineligible to receive the specified payment and acknowledges that this Contract may be terminated and payment withheld if this representation and warranty is inaccurate.

11.2. Eligibility

Under Gov't Code § 2155.004 (relating to certain taxes), the Contractor represents and warrants that the Contractor is not ineligible to receive this Contract and acknowledges that this Contract may be terminated and payment withheld if this representation and warranty is inaccurate. The Contractor represents and warrants that it is not delinquent in the payment of any franchise taxes owed the State of Texas.

11.3. Liability for Taxes

The Contractor represents and warrants that it shall pay all taxes or similar amounts resulting from this Contract, including, but not limited to, any federal, State, or local income, sales or excise taxes of the Contractor or its employees. CCG shall not be liable for any taxes resulting from this Contract.

11.4. HUBs

The Contractor represents and warrants that it shall comply with the Historically Underutilized Business requirements pursuant to Gov't Code, chapter 2261.

11.5. Amendments

Except as provided in Section 11.12 of this Contract, this Contract may be amended only upon written agreement between CCG and the Contractor; however, any amendment of this Contract that conflicts with the laws of the State of Texas shall be void ab initio.

11.6. Applicable Law; Venue

This Contract shall be governed by and construed in accordance with the laws of the State of Texas. The venue of any suit arising under this Contract is fixed in any court of competent jurisdiction of Travis County, Texas.

11.7. Strict Compliance

Time is of the essence in the performance of this Contract. The Contractor shall strictly comply with all of the deadlines, requirements, and Standards of Performance for this Contract.

11.8. Assignments

Without the prior written consent of CCG, the Contractor may not assign this Contract, in whole or in part, and may not assign any right or duty required under it.

11.9. Partially Completed Work

No later than the first calendar day after the termination of this Contract, or at CCG's request, the Contractor shall deliver to CCG all completed, or partially completed, work and any and all documentation or other products and results of these services. Failure to timely deliver such work or any and all documentation or other products and results of the services shall be considered a material breach of this Contract. The Contractor shall not make or retain any copies of the work or any and all documentation or other products and results of the services without the prior written consent of the CCG.

11.10. Federal, State, and Local Requirements

The Contractor shall demonstrate on-site compliance with the Federal Tax Reform Act of 1986, Section 1706, amending Section 530 of the Revenue Act of 1978, dealing with issuance of Form W-2's to common law employees. The Contractor is responsible for both federal and State unemployment insurance coverage and standard Worker's Compensation Insurance coverage. The Contractor shall comply with all federal and State tax laws and withholding requirements. CCG and the Comptroller shall not be liable to the Contractor or its employees for any Unemployment or Workers' Compensation coverage, or federal or State withholding requirements. The Contractor shall indemnify the State of Texas and shall pay all costs, penalties, or losses resulting from the Contractor's omission or breach of this Section.

11.11. Severability Clause

In the event that any provision of this Contract is later determined to be invalid, void, or unenforceable, then the remaining terms, provisions, covenants, and conditions of this Contract shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated.

11.12. Applicable Law and Conforming Amendments

The Contractor must comply with all laws, regulations, requirements and guidelines applicable to a Contractor providing services to the State of Texas as these laws, regulations, requirements and guidelines currently exist and as they are amended throughout the term of this Contract. CCG reserves the right, in its sole discretion, to unilaterally amend this Contract throughout its term to incorporate any modifications necessary for CCG's or the Contractor's compliance with all applicable State and federal laws, and regulations.

11.13. No Waiver

Nothing in this Contract shall be construed as a waiver of the state's sovereign immunity. This Contract shall not constitute or be construed as a waiver of any of the privileges, rights, defenses, remedies, or immunities available to CCG. The failure to enforce, or any delay in the enforcement, of any privileges, rights, defenses, remedies, or immunities available to the State of Texas under this Contract or under applicable law shall not constitute a waiver of such privileges, rights, defenses, remedies, or immunities or be considered as a basis for estoppel. CCG does not waive any privileges, rights, defenses, or immunities available to CCG by entering into this Contract or by its conduct prior to or subsequent to entering into this Contract.

11.14. No Liability Upon Termination

If this Contract is terminated for any reason, CCG and the State of Texas shall not be liable to the Contractor for any damages, claims, losses, or any other amounts arising from or related to any such termination. However, Contractor is entitled to the remedies provided in Gov't Code, chapter 2260.

11.15. Independent Contractor

The Contractor shall serve as an independent Contractor in providing services under this Contract. The Contractor's employees are not and shall not be construed as employees of the State of Texas.

11.16. Limitation on Authority; No Other Obligations

The Contractor shall have no authority to act for or on behalf of CCG or the State of Texas except as expressly provided for in this Contract; no other authority, power or use is granted or implied. The Contractor may not incur any debts, obligations, expenses, or liabilities of any kind on behalf of the State of Texas or CCG.

11.17. Patent, Trademark, Copyright and Other Infringement Claims

The Contractor shall indemnify, save and hold harmless the State of Texas from and against claims of patent, trademark, copyright, trade secret or other proprietary rights, violations or infringements arising from the State's or the Contractor's use of or acquisition of any services or other items provided to the State of Texas by the Contractor or otherwise to which the State of Texas has access as a result of the Contractor's performance under this Contract, provided that the State shall notify the Contractor of any such claim within a reasonable time of the State's receiving notice of any such claim. If the Contractor is notified of any claim subject to this section, the Contractor shall notify CCG of such claim within five (5) working days of such notice. No settlement of any such claim shall be made by the Contractor without CCG's prior written approval. The Contractor shall reimburse the State of Texas for any claims, damages, losses, costs, expenses, judgments or any other amounts, including, but not limited to, attorneys'

fees and court costs, arising from any such claim. The Contractor shall pay all reasonable costs of the State's counsel and shall also pay costs of multiple counsel, if required to avoid conflicts of interest. The Contractor represents that it has determined what licenses, patents and permits are required under this Contract and has acquired all such licenses, patents and permits.

11.18. Supporting Documents, Retention; Right to Audit; Independent Audits

The Contractor shall maintain and retain supporting fiscal and any other documents adequate to ensure any payments under this Contract funds were expended in accordance with the laws and regulations of the State of Texas, including but not limited to, requirements of the Comptroller of the State of Texas and the State Auditor. The Contractor shall maintain all such documents and other records relating to this Contract and the State's property for a period of four (4) years after the date of submission of the final invoices or until a resolution of all billing questions, whichever is later. The Contractor shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the "Work" as defined in paragraph 11.30 of this Contract. Contractor must retain all work and other supporting documents pertaining to this Contract, for purposes of inspecting, monitoring, auditing, or evaluating by CCG and any authorized agency of the State of Texas, including review by the State Auditor under Gov't Code chapter 321. The Contractor shall cooperate with any authorized agents of the State of Texas and shall provide them with prompt access to all of such State's work as requested. The Contractor's failure to comply with this Section shall constitute a material breach of this Contract and shall authorize the CCG and the State of Texas to immediately assess appropriate damages for such failure. The Comptroller may require, at the Contractor's sole cost and expense, independent audits by a qualified certified public accounting firm of the Contractor's books and records directly related to performance of this Agreement at Contractor's Austin facility or the State's property. The acceptance of funds by the Contractor or any other entity or person directly under this Contract, or indirectly through a subcontract under this Contract, shall constitute acceptance of the authority of the State Auditor to conduct an audit or investigation in connection with those funds. The Contractor acknowledges and understands that the acceptance of funds under this Contract shall constitute consent to an audit by the State Auditor, Comptroller or other agency of the State of Texas. The Contractor shall ensure that this paragraph concerning the State's authority to audit funds received indirectly by subcontractors through the Contractor and the requirement to cooperate is included in any subcontract it awards.

11.19. Deceptive Trade Practices; Unfair Business Practices

The Contractor represents and warrants that it has not been the subject of allegations of Deceptive Trade Practices violations under Tex. Bus. & Com. Code chapter 17, or allegations of any unfair business practice in any administrative hearing or court suit and that the Contractor has not been found to be liable for such practices in such proceedings. The Contractor certifies that it has no officers who have served as officers of other entities who have been the subject allegations of Deceptive Trade Practices violations or allegations of any unfair business practices in an administrative hearing or court suit and that such officers have not been found to be liable for such practices in such proceedings.

11.20. Equal Opportunity

The Contractor represents and warrants that it shall not discriminate against any person on the basis of race, color, national origin, creed, religion, political belief, sex, sexual orientation, age, and disability in the performance of this Contract.

11.21. Antitrust

The Contractor represents and warrants that neither the Contractor nor any firm, corporation, partnership, or institution represented by the Contractor, nor anyone acting for such firm, corporation or institution has violated the antitrust laws of the State of Texas under Tex. Bus. & Com. Code, chapter 15, or the federal antitrust laws, nor communicated directly or indirectly the proposal to any competitor or any other person engaged in such line of business during the procurement process for this Contract.

11.22. No Conflicts

The Contractor represents and warrants that the Contractor has no actual or potential conflicts of interest in providing services to the State of Texas under this Contract and that the Contractor's provision of services under this Contract would not reasonably create an appearance of impropriety.

11.23. Financial Interests; Gifts

The Contractor represents and warrants that neither the Contractor nor any person or entity that will participate financially in this Contract has received compensation from CCG or any agency of the State of Texas for participation in preparation of specifications for this Contract. The Contractor represents and warrants that it has not given, offered to give, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any public servant or employee in connection with this Contract.

11.24. Buy Texas, Product Preference

The Contractor represents and warrants that it shall purchase products and materials produced in Texas when they are available at a comparable price and in a comparable period of time. Contractor represents and represents that it will give preference to products from workshops, organizations, or corporations whose primary purpose is training and employing individuals having mental retardation or physical disabilities if these products meet State's specifications regarding quantity, quality, delivery and life cycle costs.

11.25. Felony Criminal Convictions

The Contractor represents and warrants that the Contractor has not and the Contractor's employees have not been convicted of a felony criminal offense, or that, if such a conviction has occurred, the Contractor has fully advised CCG as to the facts and circumstances surrounding the conviction.

11.26. Notices

Any written notices required under this Contract will be by either hand delivery to the Contractor's office address specified on Page 1 of this Contract or to CCG, 1711 San Jacinto Blvd., Austin, TX 78711 or by U.S. Mail, certified, return receipt requested, addressed to the appropriate foregoing address. Notice will be effective on receipt by the affected party. Either party may change the designated notice address in this Section by written notification to the other party.

11.27. False Statements; Breach of Representations

By signature to this Contract, the Contractor makes all the representations, warranties, guarantees, certifications and affirmations included in this Contract. If the Contractor signed its proposal with a false statement or signs this Contract with a false statement or it is subsequently determined that the Contractor has violated any of the representations, warranties, guarantees, certifications or affirmations included in this Contract, the Contractor shall be in default under this Contract and CCG may terminate or void this Contract for cause and pursue other remedies available to CCG under this Contract and applicable law.

11.28. Force Majeure

Except as otherwise provided, neither the Contractor nor CCG nor any agency of the State of Texas, shall be liable to the other for any delay in, or failure of performance, of a requirement contained in this Contract caused by *force majeure*. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing party exercises all reasonable due diligence to perform. *Force majeure* is defined as acts of God, war, strike, fires, explosions, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each party must inform the other in writing with proof of receipt within three (3) business days of the existence of such *force majeure* or otherwise waive this right as a defense.

11.29. Debts or Delinquencies to State

The Comptroller is prohibited from issuing any payment to a person or entity who has been reported as having an indebtedness or delinquency to the state. Contractor agrees that, to the extent Contractor owes any debt or delinquent taxes to the State of Texas, any payments or other amounts Contractor is otherwise owed under this Contract shall be applied toward the debt or delinquent taxes until the debt or delinquent taxes are paid in full. Contractor agrees to comply with all applicable laws regarding satisfaction of debts or delinquencies to the State of Texas.

11.30. Work Made for Hire

For the purposes of this Contract, the term "Work" is defined as all reports, statistical analyses, work papers, work products, materials, approaches, designs, specifications, systems, documentation, methodologies, concepts, research materials, intellectual property or other property developed, produced, or generated exclusively in connection with this Contract for the benefit of the State of Texas. All such work performed pursuant to this Contract is made the exclusive property of CCG. All right, title and interest in and to said property shall vest in CCG upon creation and shall be deemed to be a work for hire and made in the course of the services rendered pursuant to this Contract. To the extent that title to any such work may not, by operation of law, vest in CCG, or such work may not be considered a work made for hire, all rights, title and interest therein are hereby irrevocably assigned to CCG. CCG shall have the right to obtain and to hold in its name any and all patents, copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Contractor must give CCG and/or the State of Texas, as well as any person designated by CCG and/or the State of Texas, all assistance required to perfect the rights defined herein without any charge or expense beyond those amounts payable to Contractor for the services rendered under this Contract.

11.31. Default

If the Contractor is found to be in default under any provision of this Contract, CCG may cancel the Contract without notice and either re-solicit or reward the contract to the next best responsive and responsible respondent. In the event of abandonment or default, Contractor will be responsible for paying damages to CCG including but not limited to reprocurement costs, and any consequential damages to the State of Texas or CCG resulting from Contractor's non-performance. The defaulting Contractor will not be considered in the resolicitation and may not be considered in future solicitations for the same type of work, unless the specification or scope of work is significantly changed.

XII. Signatories

The undersigned signatories represent and warrant that they have full authority to enter into this Contract on behalf of the respective parties.

XIII. Merger

This Contract contains the entire agreement between the Contractor and CCG and supersedes any prior understandings or oral or written agreements between CCG and the Contractor on the matters contained herein. No modification, alteration, or waiver of any term, covenant, or condition of this Contract and any attachments shall be valid unless in writing and executed by CCG and the Contractor.

State Council on Competitive Government

PSI Group Inc.

By: Executed 4/27/2007

By: Executed 4/27/2007

Jessica Olson, Chair Designee

Name: **Jay A. Oxtan**

Office of the Governor

Title: **President and COO**

Date: 4/27/2007

Date: 4/27/2007

Approved as to Form:

Ingrid K. Hansen, General Counsel, TBPC

Date: _____

EXHIBIT A OF CONTRACT NO. 061020 CCG - MPB

Statement of Work

Vendor is referred to in this Statement of Work as PSI Group Inc. "PSI" "Customer" as used in this Statement of Work may refer to the individual participating state agencies ("PSA") receiving the services.

Pursuant to RFP 061020-CCG-MPB, PSI Group Inc. will provide presort/barcode mailing services (Services) to PSA's, higher education units, and political subdivisions of the State of Texas in and around Travis County, Texas.

1. THE SERVICES

1.1. **Presort/Barcode Services.** PSI will pick up the Customer's pre-metered, permit imprint or pre-canceled stamp mail, whichever applies, at Customer's designated address(es), sort said mail at PSI's business location and deliver said mail to the United States Postal Service ("USPS"). If Customer's mail is not pre-metered or is not posted with sufficient postage, then PSI shall meter Customer's mail with the correct postage determined by size and weight and process such mail. The mail shall be delivered to the USPS on the metered date, provided that the metered mail is made available for pick up by PSI on or before the agreed daily pick up times. Customer agrees that, in performing its services pursuant to this Agreement, PSI may move Customer's mail from one PSI operating center to another PSI operating center pursuant to a mail exchange program as permitted by the USPS.

1.2. **Mail Preparation.** Customer will prepare its mail in compliance with all USPS regulations and all other applicable laws, rules, and regulations. Customer agrees to promptly execute all documents required by or for the USPS. Upon pick-up, Customer's mail shall be upright in trays with all envelopes facing in the same direction, properly addressed and sealed. If Customer's mail is (i) pre-metered, it shall be affixed with the correct postage rate, the correct date and appropriate "pre-sorted" notations; (ii) permit imprinted, it shall be separated and presented by the correct weight and affixed with the appropriate "pre-sorted" and indicia imprint; (iii) pre-canceled stamp, it shall be affixed with a pre-canceled stamp and shall contain a return address. Each PSA shall complete and sign pick up slips indicating the number of pieces of letter and flat mail and the number of trays/tubs of mail to be processed by PSI. Invoices for the services shall be based upon the machine counts for letter mail processed, and customer count for flat mail processed. Customer shall pay upon demand from PSI any penalties levied by the USPS as a result of improper postage or postage dates (except for metering done by PSI), improper weight or indicia imprint, or other improper preparation by Customer of its mail. Customer further agrees to make reasonable changes in the way Customer addresses and handles its mail as reasonably requested by PSI and as required by the USPS in order to comply with USPS regulations.

1.3. **Address For Pick Up.** PSI will pick up PSA's mail at the address (es) required by each individual PSA.

1.4. **Pick Up Times.** Customer shall assemble and make available for pick up its mail on such schedule as may be mutually agreed upon (and upon request of either party reduced to writing) by the parties. Mail for same day processing will be picked up between 11am and 4pm unless otherwise agreed upon. Determination of specific pickup times will be made based on driver and route availability, and needs of the individual PSA.

2. **POSTAGE FEES FOR AUTOMATED PRESORT SERVICES**

Execution of this contract hereby assigns PSI Group Inc., as the presenter of mail (USPS Form 8096) for PSA's. Customer shall pay to PSI the following based on the following schedules:

2.1. **1st Class Letters - Metered and Permit**

1 oz. Discount Letter Postage pricing	Postage Rate	Presort Fee for Same Day Mail	Presort Fee for Next Day Mail	Read Rate	Machine Reject Fee	DPV Rate	DPV Fee
A – Zip Code Sequenced Mail	\$.308 (USPS 3 digit rate)	\$.00324	\$.00324	98%	\$.063 Difference between 3 digit and presort rates	TBD	TBD
B – Non zip sequenced Mail	\$.308 (USPS 3 digit rate)	\$.011	\$.0099	92%	\$.063 Difference between 3 digit and presort rates	TBD	TBD
C – Upgradeable Mail	\$.308 (USPS 3 digit rate)	\$.011	\$.0099	92%	\$.063 Difference between 3 digit and presort rates	TBD	TBD
D – Encodable Mail	\$.308 (USPS 3 digit rate)	\$.011	\$.0099	92%	\$.063 Difference between 3 digit and presort rates	TBD	TBD
E – Non Automation Compatible Mail	\$.371 (USPS Presort rate)	\$.000	\$.000	100 %	\$.000	TBD	TBD

2.2. **1st Class Postcards - Metered and Permit**

Minimum 500 pieces	Postage Rate	Presort Fee for Same Day Mail	Presort Fee for Next Day Mail	Read Rate	Machine Reject Fee	DPV Rate	DPV Fee
A – Zip Code Sequenced Mail	\$.193 (USPS 3 digit rate)	\$.013	\$.011	96%	\$.03 Difference between 3 digit and presort rates	TBD	TBD
B – Non zip sequenced Mail	\$.193 (USPS 3 digit rate)	\$.013	\$.011	90%	\$.03 Difference between 3 digit and presort rates	TBD	TBD
C – Upgradeable Mail	\$.193 (USPS 3 digit rate)	\$.013	\$.011	90%	\$.03 Difference between 3 digit and presort rates	TBD	TBD
D – Encodable Mail	\$.193 (USPS 3 digit rate)	\$.013	\$.011	90%	\$.03 Difference between 3 digit and presort rates	TBD	TBD
E – Non Automation Compatible Mail	\$.24 (USPS Single Piece rate)	\$.000	\$.000	100 %	\$.000	N/A	N/A

2.3. **1st Class Flats - Metered and Permit**

2 oz. rate quoted	Postage Rate	Presort Fee for Same Day Mail	Presort Fee for Next Day Mail	Read Rate	Machine Reject Fee	DPV Rate	DPV Fee
A – Zip Code Sequenced Mail	\$.576 (USPS 3 digit rate)	\$.05	\$.045	96%	\$.032 Difference between 3 digit and presort rates	TBD	TBD
B – Non zip sequenced Mail	\$.576 (USPS 3 digit rate)	\$.05	\$.045	90%	\$.032 Difference between 3 digit and presort rates	TBD	TBD
C – Upgradeable Mail	\$.576 (USPS 3 digit rate)	\$.05	\$.045	90%	\$.032 Difference between 3 digit and presort rates	TBD	TBD
D – Encodable Mail	\$.576 (USPS 3 digit rate)	\$.05	\$.045	90%	\$.032 Difference between 3 digit and presort rates	TBD	TBD
E – Non Automation Compatible Mail	\$.608 (USPS Presort rate)	\$.06	\$.055	100%	\$.000	TBD	TBD

2.4. **Standard Class Regular Discount Letters - Metered and Permit**

Letters weighing 3.3 oz. or less	Postage Rate	Presort Fee 2 Drops per week (Mon. & Thur.)	Read Rate	Machine Reject Fee	DPV Rate	DPV Fee
A – Zip Code Sequenced Mail	\$.214 (USPS 3 digit non entry rate)	\$.000	100%	\$0	TBD	TBD
B – Non zip sequenced Mail	\$.214 (USPS 3 digit non entry rate)	\$.000	92%	\$.068 Difference between 3 digit and presort rates	TBD	TBD
C – Upgradeable Mail	\$.214 (USPS 3 digit non entry rate)	\$.000	92%	\$.068 Difference between 3 digit and presort rates	TBD	TBD
D – Encodable Mail	\$.214 (USPS 3 digit non entry rate)	\$.0000	92%	\$.068 Difference between 3 digit and presort rates	TBD	TBD
E – Non Automation Compatible Mail	\$.234 (USPS DSCF Rate – TX Mail Only)	\$.09	100%	\$.000	TBD	TBD

2.5. **Standard Class Non-Profit Discount Letters - Metered and Permit**

Letters weighing 3.3 oz. or less	Postage Rate	Presort Fee 2 Drops per week (Mon. & Thur.)	Read Rate	Machine Reject Fee	DPV Rate	DPV Fee
A – Zip Code Sequenced Mail	\$.133 (USPS 3 digit non entry rate)	\$.000	100%	\$0	TBD	TBD
B – Non zip sequenced Mail	\$.133 (USPS 3 digit non entry rate)	\$.000	92%	\$.037 Difference between non entry 3 digit and presort rates	TBD	TBD
C – Upgradeable Mail	\$.133 (USPS 3 digit non entry rate)	\$.000	92%	\$.037 Difference between non entry 3 digit and presort rates	TBD	TBD
D – Encodable Mail	\$.133 (USPS 3 digit non entry rate)	\$.0000	92%	\$.037 Difference between non entry 3 digit and presort rates	TBD	TBD
E – Non Automation Compatible Mail	\$.131 (USPS DSCF Rate – TX Mail Only)	\$.09	100%	\$.000	TBD	TBD

2.6. **Standard Class Regular Discount Flats - Metered and Permit**

Flats weighing 3.3 oz. or less	Postage Rate	Presort Fee 2 Drops per week (Mon. & Thur.)	Read Rate	Machine Reject Fee	DPV Rate	DPV Fee
A – Zip Code Sequenced Mail	\$.277 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$0	TBD	TBD
B – Non zip sequenced Mail	\$.277 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$.0	TBD	TBD
C – Upgradeable Mail	\$.277 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$.0	TBD	TBD
D – Encodable Mail	\$.277 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$.0	TBD	TBD
E – Non Automation Compatible Mail	\$.277 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$.0	TBD	TBD

2.7. **Standard Class Non-Profit Discount Flats - Metered and Permit**

Flats weighing 3.3 oz. or less	Postage Rate	Presort Fee 2 Drops per week (Mon. & Thur.)	Read Rate	Machine Reject Fee	DPV Rate	DPV Fee
A – Zip Code Sequenced Mail	\$.162 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$0	TBD	TBD
B – Non zip sequenced Mail	\$.162 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$0	TBD	TBD
C – Upgradeable Mail	\$.162 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$0	TBD	TBD
D – Encodable Mail	\$.162 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$0	TBD	TBD
E – Non Automation Compatible Mail	\$.162 (USPS DSCF Rate – TX Mail Only)	\$.12	100%	\$0	TBD	TBD

2.8. **Pricing.** Customer shall reimburse PSI for all postage metered by PSI on behalf of Customer.

2.9. **Presort Fee for Automation Compatibility.** First class mail 2 ounces and under meeting automation letter requirements pursuant to the USPS Domestic Mail Manual ("DMM") regulations (which provides, among other requirements, that a letter be not less than 3 ½" nor more than 6 1/8" high and not less than 5" nor more than 11 ½" long) **and** which is read and accepted by the multi-line optical character reader ("MLOCR") on the first pass through PSI's mail processing machine.

First class mail in excess of 2 ounces which meets automation letter requirements pursuant to the USPS Domestic Mail Manual ("DMM") regulations (which provides, among other requirements, that a letter be not less than 3 ½" nor more than 6 1/8" high and not less than 5" nor more than 11 ½" long) **and** which is read and accepted by the multi-line optical character reader ("MLOCR") on the first pass through PSI's mail processing machine.

2.10. **Machine Rejected Mail Fee.** Mail that is rejected by the MLOCRs ("Machine Rejected Mail") will be charged at the above rates **plus** a surcharge as shown. The surcharge will be applied to a percentage of Customer's mail, regardless of the actual number of pieces of Machine Rejected Mail. Initially the percentage to which the surcharge will be applied as shown. These percentages will be reviewed semiannually and changed by executed amendment upon mutual agreement. Training will be provided to PSA's by PSI to assist with rectifying machine rejected mail.

2.11. **Delivery Point Validation Fee.** Mail that does not have a valid address ("DPV") could be subject to additional charges as may be determined upon effect of the anticipated USPS regulation change in August 2007. Any additional rates or fees will be implemented by executed amendment to the contract.

2.12. **Default Terms.** In the event that Customer fails to pay undisputed invoices when due and further fails to pay such past due invoices within 10 days of PSI's written notice, PSI will no longer meter any mail on behalf of Customer, and Customer will pre-meter all of its mail. Any such mail that has not been metered will be returned to Customer. The Contract Administrator and State Council on Competitive Government (CCG) will assist good faith efforts to assist with disputes. All payments and

defaults will be handled in accordance with Texas Government Code Chapter 2251.

2.13 Future Postal Changes. For the mailing of 1st Class Letters, in the event that there is an increase of the spread between the 3 digit automation rate and the 5 digit automation rate (the “Spread”, PSI Group will credit 30% of the Spread back to the state in the form of the decrease of the sort fee. For example, in the current proposed rate case, the spread between 3 digit and 5 digit 1st Class Letter mail is proposed to increase by \$.004. In this example, PSI Group will decrease the sort fee for 1st Class Letter Mail by \$.0012. In the event that a future postal rate change results in a decrease in the spread, the sort fee will be adjusted in an amount proportionate to the change in the Spread. CCG and PSI will work together to calculate the adjustments which will be documented by amendment to the contract upon mutual agreement.

3. **FEES FOR OTHER SERVICES**

3.1. **Metering Fee**

Letters: \$ **0.03** per piece metered.

Flats: \$ **0.06** per piece metered.

Parcels: \$ **1.50** per piece metered.

3.2. **Quality Control and Error Correction.** To maintain quality control of the mail processed, PSI will periodically inspect Customer's mail for compliance with paragraph 1.2. Mail not in compliance will be corrected or returned to Customer as determined by PSI. The following additional charges will apply for error correction with prior approval of the PSA:

3.3. **Move-Update Option.** If required by the USPS, each PSA will select a Move Update option that conforms with all USPS requirements. Some Move Update options have additional terms and charges. In the event a PSA elects to use *Fastforward*®, such PSA will execute the required USPS forms and will pay an application fee of \$0.002 per piece scanned.

3.4. **Other Services.** PSI can provide pricing to individual PSA's on other products as needed, including PLANET CODE / Confirm, UAA Clearing House, Culling Services, Keyline Reading Program, Hot Zip program and other items, which prices and terms will be furnished upon request.

4. **PERMANENT DEPOSIT**

4.1. **Permanent Deposit.** If Any PSA uses permit mail, that PSA shall deposit in advance with PSI the initial sum specified as the estimated one month's postage for that PSA.

4.2. **Amount of Deposit.** The amount of the permanent deposit shall initially be equal to one month's estimated postage. The amount to be deposited may be changed by mutual agreement between PSA's and PSI on a periodic basis (but not more frequently than quarterly) based upon changes in customer's volume, postage usage, service fees, payment history or services utilized. Each PSA will be notified in advance, in writing, if the deposit amount is changed.

4.3. **Interest on Deposit.** PSA deposit monies will be kept in a non-interest bearing account or if monies are kept into an interest bearing account, any and all interest earned will be returned to the State of Texas General Revenue through the CCG.

4.4. **Return of Deposit.** Upon the termination of this Agreement, PSI shall return the deposit to each PSA after all Fees for services and postage have been paid to PSI by the PSA.

4.5. **Failure to Maintain Deposit.** IF ANY PSA FAILS TO MAINTAIN THE MUTUALLY AGREED UPON DEPOSIT AT THE THEN-APPLICABLE LEVEL(S), PSI MAY IMMEDIATELY SUSPEND ITS PERFORMANCE UNDER THE AGREEMENT AS TO PERMIT MAIL FOR THAT PSA AND WILL, AT THE PSA'S OPTION, EITHER (i) AT THE DIRECTION OF THE PSA HOLD THE MAIL UNTIL THE DEPOSIT IS RECEIVED OR (ii) RETURN THE MAIL TO THE PSA.

4.6. PSI will provide reports and training as requested by either party or the CCG.

Initial for identification:

State Council on Competitive Government

Jessica Olson, Chair Designee

Office of the Governor

Date: _____

PSI Group Inc.

Name: **Jay A. Oxton**

Title: **President and COO**

Date: _____

EXHIBIT B OF CONTRACT NO. 061020 CCG - MPB

Final Timeline and Deliverables

See SOW:

Initial for identification:

State Council on Competitive Government

Jessica Olson, Chair Designee

Office of the Governor

Date: _____

PSI Group Inc.

Name: **Jay A. Oxtan**

Title: **President and COO**

Date: _____

EXHIBIT C OF CONTRACT NO. 061020 CCG - MPB

RFP

The attached true and correct copy of CCG’s Request for Proposal is incorporated into Contract No.

Initial for identification:

State Council on Competitive Government
Jessica Olson, Chair Designee
Office of the Governor

PSI Group Inc.
Name: Jay A. Oxtan
Title: President and COO

Date: _____

Date: _____

EXHIBIT D OF CONTRACT NO. 061020 CCG - MPB

AUTHORIZED KEY PERSONNEL

This Exhibit D is incorporated into this Contract.

Authorized Key Personnel:

Name	Title	Office	Cell
Mike Kondelis	Vice President and General Manager	512.804.0938	832.265.5020
Phil Ostrand	Senior Sales Representative	512.804.0938	512.680.1591
Heather Trautman	Customer Service Representative	512.804.0938	512.689.5164
Ray Oehling	Transportation Supervisor	512.804.0938	512.659.2988
Mario Armendariz	Operations Manager	512.804.0938	
Mandy Tang	Job Cost Administrator	512.804.0938	

Initial for identification:

State Council on Competitive Government

Jessica Olson, Chair Designee

Office of the Governor

Date: _____

PSI Group Inc.

Name: **Jay A. Oxtan**

Title: **President and COO**

Date: _____

EXHIBIT E OF CONTRACT NO. 061020 CCG - MPB

Contractor's Proposal and the Contractor's Best and Final Offer

The attached true and correct copy of the Contractor's Proposal and the Contractor's Best and Final Offer is incorporated into Contract No.

Initial for identification:

State Council on Competitive Government

Jessica Olson, Chair Designee

Office of the Governor

Date: _____

PSI Group Inc.

Name: **Jay A. Oxtan**

Title: **President and COO**

Date: _____