

Mailing Equipment and Supplies, Contract #985-L1 Special Instructions and Contract Details

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SHIPPING INFORMATION

All shipping shall be F.O.B. destination to the location(s) specified on the purchase order which may include inside deliveries. Prices must include all shipping and handling fees unless stated otherwise.

The Contractor shall be responsible for the following shipping requirements:

Identification of Shipments

In addition to the complete destination address, each delivery must be clearly marked with the purchase order number. Each shipment must be accompanied by a packing slip.

Packaging and Labeling

All items shipped must be properly labeled, with weather resistant labeling, showing the brand name, package quantity, lot number (if applicable) and any other necessary identifying information.

Special Delivery Requirements

Customers may have specific, internal delivery rules and policies. These will be provided on each purchase order issued by the customer. The Contractor will be required to adhere to those requirements.

Hours of Delivery

Delivery shall be made during the hours of 8:00 am to 4:00 pm (CST) unless prior approval for after-hours delivery has been obtained from the Customer. In the event of any approval by the Customer for after-hours delivery, Contract may not invoice any additional charges for that delivery.

Delivery Schedule

Contractor shall deliver all equipment twenty (20) calendar days after receipt of order (ARO), unless an alternate timeframe is agreed to and specified on the Customer's purchase order.

Delivery Delays

If delay is foreseen, Contractor shall give written notice to the Customer and must keep Customer advised on the status of the order. Default in promised delivery (without accepted reasons) or failure to meet specifications authorizes the Customer to purchase goods and services of this RFP elsewhere and charge any increased costs for the goods and services, including the cost of re-soliciting, to the Contractor. Failure to pay a damage assessment is cause for Contract cancellation and/or debarment or removal of the Contractor from the State's Centralized Master Bidders List (CMBL).

Late Delivery Fee

At the time of invoice payment, the Customer will have the option to deduct any accumulated late delivery fees prior to payment of the invoice. The Customer will have the option to charge the Contractor a fee of \$50 per business day per purchase order for late delivery. Late fees will not be assessed if the Contractor has obtained prior written approval for late delivery from the Customer.

MACHINE PERFORMANCE STANDARDS

- A. Each machine offered must process all size mail accepted by United States Postal Service (USPS) standards.
- B. Each machine offered must seal envelopes and provide a catcher tray.
- C. Each machine offered must work as technically designed with postage meters being proposed. Units proposed that do not allow for postage meter compatibility as provided will not be accepted.
- D. Each State of Texas Agency and field office that uses the Contract shall be provided, at no additional cost, an indicia that states:

OFFICIAL
BUSINESS
STATE OF TEXAS
PENALTY FOR
PRIVATE USE

MAILING EQUIPMENT SPECIFICATIONS

- 1. Mail size specifications:
 - a. Maximum 15" length minimum width 11 ½" for categories VI, VII, and VIII
 - b. Maximum 13" length minimum width 10"
 - c. Maximum 12 ¾" length minimum 5"
 - d. Maximum 9 ½" width minimum 3 ½"
 - e. Maximum 3" flap depth minimum 1"
 - f. Maximum ¼" thickness minimum .007
- 2. Equipment to have automatic or semi-automatic feeder, sealer and meter to load, seal and affix postage to the mail in the same operation.
- 3. The State prefers to have auto on/off feature controlled by device that senses presence of mail.
- 4. Must have pressure sensitive automatic roll tape feature or adhesive strip tapes.
- 5. Must have adjustable wetness capability for envelope flaps for Categories VI, VII, and VIII.
- 6. Must have disposable ink cartridge.
- 7. Must have thickness adjustment capability.
- 8. Must have tape sealer dispensers with visible sealer level.
- 9. Must have ink dispenser with low and out of ink indicators.
- 10. Mail processing system base electronically interfaced or integrated with scale and postage meter.
- 11. All units must be digital, USPS and Information Based Indicia Program (IBIP) compliant.
- 12. All units must operate on 110 Volt AC Power.

13. All units must be ENERGY STAR® compliant.
14. All units must have automatic date change, post-dating and zero postage in addition to manual postage imprinting capability.
15. All units must be new or refurbished (if requested by Customer).
16. There are eight (8) primary categories as listed below. All equipment must comply with the United States Postal Service (USPS) metering requirements. Reference USPS, Quick Service Guide 604c at <http://pe.usps.com/text/qsg300/Q604c.htm>

MAILING EQUIPMENT – CATEGORY I (MINIMUM 30 PIECES PER MINUTE)
MAILING EQUIPMENT – CATEGORY II (MINIMUM 65 PIECES PER MINUTE)
MAILING EQUIPMENT – CATEGORY III (MINIMUM 120 PIECES PER MINUTE)
MAILING EQUIPMENT – CATEGORY IV (MINIMUM 145 PIECES PER MINUTE)
MAILING EQUIPMENT – CATEGORY V (MINIMUM 175 PIECES PER MINUTE)
MAILING EQUIPMENT – CATEGORY VI (MINIMUM 200 PIECES PER MINUTE)
MAILING EQUIPMENT – CATEGORY VII (MINIMUM 240 PIECES PER MINUTE)
MAILING EQUIPMENT – CATEGORY VIII (MINIMUM 290 PIECES PER MINUTE)

WEIGHING SYSTEM SPECIFICATIONS

Equipment weighing systems must meet the following requirements as required by Customer:

1. Capable of handling USPS postcards, letters, flats, parcels and trifold and bifold mail pieces.
2. Maintaining an accuracy of within 0.1 ounce of the true value, with weight increments of 0.5 ounce between 0 and 70 pounds.
3. All weight measurements displayed as a digital readout.

POSTAGE METER SPECIFICATIONS

All equipment metering systems must meet the following requirements:

1. Capable of customer preset mail classes, e.g. Next Day Letters, Next Day Flats, Priority, Express.
2. Capable of adding new refill amounts.
3. Capable of user selection of multiple metering modes to include:
 - a. Selection of First Piece Weighing to allow the first piece of one or more stacks of mail pieces to be weighed and the same postage applied to all pieces in that lot.
 - b. Selection of Individual Piece Weighing which weighs each piece individually and applies the required postage for the weight of the individual mail piece
 - c. Selection of Seal and Count Only which does not apply postage.
4. Capable of following Sealing options:
 - a. Seal with flaps folded over envelope
 - b. Seal with flaps overlapping envelopes
 - c. Applying postage to envelope not requiring sealing or already sealed.

5. Capable of selecting and editing accounts.
6. Capable of changing between imprinted indicia and tape indicia.
7. Capable of providing meter reset through whatever method required by Customer placing each order and allowed by USPS.
8. Having displays for the following:
 - a. Amount of funds available on the meter
 - b. Amount of funds used on the meter
 - c. Total number of pieces metered
 - d. Current batch value
 - e. Current batch count
 - f. Operator identification

ACCOUNTING SYSTEM

1. If required by Customer, machines provided must have integrated postage accounting system with the capability of user established accounts and subaccounts and providing a minimum of the following reports:
 - a. Single day usage for one or more accounts and/or subaccounts
 - b. Monthly usage for one or more accounts and/or subaccounts
 - c. Annual usage for one or more accounts and/or subaccounts
 - d. Ad hoc adjustable dates usage for one or more accounts and/or subaccounts
2. Reports shall contain account name, identifier number, volume metered by class and postage information if required by Customer.
3. Accounting System must have the ability to add/edit accounts and/or subaccounts as required.

RATE CHANGES

All USPS postage rate changes are to update metering system through software download or other electronic means and must be included for the duration of the lease or ownership of the equipment.

ENGINEERING/SOFTWARE CHANGES

When a manufacturer of the equipment on Contract releases engineering or software changes at no cost to the general trade that improves the performance of the equipment bid, and while the equipment is still under lease, the Contractor must make the improvements to the equipment unless the Customer declines the improvements. Contractor must maintain and install equipment to include all released engineering changes at a current level at no increase in cost to the State. All safety enhancements must be installed per manufacturer's specifications without option.

MANUALS

Manuals containing operating and service instructions for the equipment shall be delivered with each unit. The manual(s) should be as detailed as possible outlining all operating instructions for each unit delivered. Necessary warnings and safety precautions shall also be included.

CONDITION OF PRODUCTS

Proposed and delivered products shall be new or refurbished (if requested by Customer), of current production, and in first class condition, and include the manufacturer's standard equipment and accessories. Containers must be suitable for shipment and storage.

Refurbished equipment must be certified and clearly noted that it is a refurbished product and must include warranty same as provided for new equipment.

All parts not specifically mentioned which are necessary for the unit to be complete and ready for operation or which are normally furnished as standard equipment will be furnished by the Contractor and included in the lease price. All parts will conform in strength, quality and workmanship to the accepted industry standards.

Contractor guarantees the equipment to be first quality grade in the field and that equipment offered has previously been sold in commercial trade. Contractor further guarantees that product offered is or was of normal production and not a special production item. Refurbished supplies are prohibited.

WARRANTY REQUIREMENTS

Purchased equipment must include at least a standard one year warranty.

MAINTENANCE/SERVICE

Contractor must provide a toll-free help desk phone number and customer service web system.

Neopost USA, Inc.: 1- 800-636-7678 [option 1 for service, option 2 for customer service or postage on call questions]. Customer service website: <http://neopostinc.com/>

Pitney Bowes, Inc.: 1-800-522-0020 for service/support. Customer service website: https://www.pb.com/bv2was/LoginHome.go?lang=en&country=US&request_locale=en_US

1. All broken or defective parts not caused by and directly due to the fault or negligence of the Customer and all necessary machine adjustments occasioned by such defective or broken parts shall be covered by the Contractor during the term of the lease. The Contractor agrees to promptly repair or replace any such parts, or make any such adjustments, on a one-for-one basis without additional cost to the Customer. Contractor will be responsible for pick up and/or delivery of units that require service.

2. While a unit is under a lease agreement, all rate changes and software updates shall be included.
3. Service response time for repair calls on leased units shall not exceed four business hours in urban areas or eight business hours in rural or remote areas if the machine is inoperable. The definition of urban is built on classifications of census blocks established in the 2010 National Census. An urban area is any area of census blocks with a population density of 1,000 people or more per square mile combined with any surrounding census blocks with densities of at least 500 people per square mile. Anything outside an urban area will be considered rural. Service is to be performed during normal working hours, 8:00 am to 5:00 pm (local time), Monday through Friday. Maintenance services must be performed by fully trained and qualified technicians.

LEASE PROVISIONS

Each Customer will be authorized to lease equipment under the Contract by issuance of a purchase order for the term of the lease. The Contractor's lease agreement form will not be used since the Contract and the purchase order will constitute the entire and complete agreement. No signatures will be solicited from the Customer at any time by the Contractor concerning equipment or software leased from this Contract.

- A. Risk of Loss or Damage: The Customer shall be relieved from all risks of loss or damage to equipment leased during the period of transportation, installation, and during the entire time the equipment is in the possession of and being used by the Customer, except when loss or damage is directly due to the fault or negligence of the Customer.
- B. Terms of the Lease:
 1. The Contractor shall lease to the Customer the equipment described on the purchase order for a period of 36, 48 or 60 months. The lease shall continue in force even after the termination of the Contract under which the lease was accepted. The terms and conditions of this Contract will remain in effect throughout the term of the lease even if the lease term continues beyond the termination of this contract (unless and until the Customer terminates the lease).
 2. Lease agreements shall be effective on the date of acceptance of the equipment. The date of acceptance is that date on which the equipment is installed at the agreed upon Customer location, the equipment is certified ready for use by the Contractor and accepted by the Customer as installed and in good working order. The confirmation of equipment acceptance shall be made by the Customer in writing. The Customer shall state the acceptance date on their written confirmation.
 3. Leases shall terminate upon completion of the specified lease term as defined by the Customer's written statement of acceptance date.

4. Upon mutual agreement with the Contractor, the Customer shall have the option to continue leasing the equipment for the same term and rate as the current lease by giving 30 days written notice prior to the end date of the initial lease provided the following conditions are met:
 - a. Prices are equal to or below that specified for like equipment available on State Contract.
 - b. Terms and conditions of the extension must be identical as those of the initial lease.
 - c. Customer may extend lease up to term of the initial lease period. During the extended lease, the Customer may cancel the lease, without cause or penalty, upon 60 days written notice to the Contractor.
5. The Customer will not pay installation or removal charges. Any such charges must be included in the Proposal pricing. It is the sole responsibility of the Contractor to install and remove the equipment from the premises. Equipment must be removed within ten (10) calendar days. The Customer will not be responsible for any damages after this time period.
6. Relocating equipment within the same building shall be performed by the Contractor at no charge. Relocation of equipment within the same complex shall be done at no charge unless the equipment must be trucked to another building – a standard industry charge is allowed and payable under this Contract if a truck is necessary. The Contractor owns the equipment and is responsible for the equipment at all times.
7. For the purpose of this Contract, the following definitions shall apply:
 - a. 36 Month Lease: A 36 consecutive month equipment plan that is not a lease purchase plan which shall terminate on the ending date of the 36 month period as defined above. No termination notice shall be required by either party if the full lease period is uninterrupted.
 - b. 48 Month Lease: A 48 consecutive month equipment plan that is not a lease purchase plan which shall terminate on the ending date of the 48 month period as defined above. No termination notice shall be required by either party if the full lease period is uninterrupted.
 - c. 60 Month Lease: A 60 consecutive month equipment plan that is not a lease purchase plan which shall terminate on the ending date of the 60 month period as defined above. No termination notice shall be required by either party if the full lease period is uninterrupted.

PAYMENT

Payment will be processed upon the satisfactory completion of delivery, installation, training and acceptance.

Payment terms of each lease, may be monthly, quarterly, semi-annually or annually at the Customer's option.

NEOPOST USA, INC. REMIT TO ADDRESS

Customers will make payments to Neopost, USA, Inc. at the following:

VID 1942388825

Neopost USA, Inc.

478 Wheelers Farms Rd.

Milford, CT 06461

PITNEY BOWES, INC. REMIT TO ADDRESS

Customers will make payments to Pitney Bowes at the following:

VID 12013442871

Pitney Bowes Global Financial Services

PO Box 371887

Pittsburg PA 15250-7887

CANCELLATION OR FUNDING OUT

1. Any part of the lease may be cancelled for cause under any of the following circumstances:
 - a. The Contractor fails to make delivery of goods or services as specified in this Contract.
 - b. The Contractor fails to perform any of the provisions of this Contract.
 - c. Equipment fails to perform as represented by Contractor.

2. If cancellation should occur, the awarded Contractor shall refund, in full, any unused portion of the prepaid lease payment.

APPROPRIATIONS

All obligations of the CPA and Customers are subject to the availability of legislative appropriations and, for Customers expending federal funds, to the availability of the federal funds applicable to the Contract. The CPA and the Customers will use all reasonable efforts to ensure that such funds are available. The Contractor agrees that if future levels of funding for the CPA or a Customer are not sufficient to continue operations without any operational reductions, the CPA or the Customer, in its discretion, may terminate the Contract or a pending order under the Contract, either in whole or in part. In the event of such termination, the CPA or the Customer will not be considered to be in default or breach under the Contract, nor shall it be liable for any further payments ordinarily due under the Contract, nor shall it be liable for any damages or any other amounts which are caused by or associated with such termination. The

CPA and the Customer shall make best efforts to provide reasonable written advance notice to the Contractor of any such Contract or order termination. In the event of such a termination, the Contractor shall, unless otherwise mutually agreed upon in writing, cease all work immediately upon the effective date of termination, either on that particular order if an order is being terminated, or the Contract, if the Contract is being terminated. The CPA or the Customer shall be liable for payments limited only to the portion of work the CPA or the Customer authorized in writing and which the Contractor has completed, delivered to the CPA or Customer, and which has been accepted by the CPA or Customer. All such work shall have been completed, per the Contract requirements, prior to the effective date of termination.

LIQUIDATED DAMAGES

The Customer shall notify Contractor in writing, for any default specified herein, and such liquidated damages shall be paid by Contractor within thirty (30) calendar days of the Customer notice. The Contractor's failure to pay the assessed liquidated damages within the designated time frame may be deemed by the state as a breach of Contract.

Liquidated damages for specific instances of noncompliance are:

1. Failure to meet response times for requested repair service calls within four business hours in urban areas and eight business hours in rural areas if the machine is inoperable - one hundred dollars (\$100) per hour.
2. Failure to remove equipment within ten (10) calendar days of a written request - seventy-five (\$75) dollars per day.
3. Failure to have a fully functional toll-free help desk phone number available at implementation - one thousand dollars (\$1,000.00) per day.
4. Failure of the toll-free help desk or customer service web system to be fully functional for a period of three (3) consecutive hours or greater - one hundred dollars (\$100) per hour beyond the three consecutive hours.

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS
WWW WINDOW STATE TX US



October 24, 2012

NOTICE OF AWARD

Neopost USA, Inc.
478 Wheelers Farms Rd.
Milford, CT 06461

Re: Contract No. 985-L1
RFP No. 985-L1
Description: Mailing Equipment and Supplies
Term of Contract: November 1, 2012 through August 31, 2015

Dear Contractor:

Your company submitted a proposal to the Comptroller of Public Accounts (Comptroller) in response to the above-referenced Request for Proposal (RFP). This letter is to inform you that the Comptroller accepts the proposal and establishes this contract to document the agreement. As provided for in the RFP, the Comptroller has made multiple awards. Tiered awards will be made with Neopost USA being designated as the primary vendor which means state agencies and universities must procure through your company first or provide a business justification to the Comptroller's Office when requesting to utilize the secondary vendor. All terms and conditions set forth in the RFP are made part of this contract. Only those assumptions or exceptions specifically noted in this award letter or attached to this award letter have been considered and granted by CPA to Respondent. Any other assumptions or exceptions are specifically denied. Any oral accommodations to grant Respondent's assumptions or exceptions are specifically disclaimed.

The contract consists of:

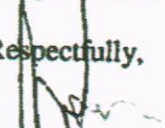
- (1) this Notice of Award
- (2) the original RFP, as modified by addenda;
- (3) the Proposal submitted by your company as modified by any Best and Final Offer.

The order of precedence for these contract documents is established in Section B.3.2 of the RFP.

Any payment due under this contract will be applied towards any debt, including but not limited to delinquent taxes and child support, which is owed to the state of Texas.

If you have any questions, please call Joaquin Luna at 512/463-0956 or by e-mail at Joaquin.luna@cpa.state.tx.us.

Respectfully,


Joaquin Luna, CTPM, CTCM
Strategic Sourcing Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

NOTICE OF CONTRACT RENEWAL

Contract No.: 985-L1 Lease For Mail Equipment; Meters; Scales; Purchase Of Supplies
Renewal Term: Sept. 1, 2016 through Aug. 31, 2017
Contractor: Neopost USA
VID: 1942388825

Dear Contractor:

In accordance with the specified terms and conditions of the above referenced contract, Comptroller of Public Accounts (CPA) hereby exercises the option to renew the contract for the period stated above. All terms and conditions of the original contract will remain in full force and effect during the renewal period.

Texas Comptroller of Public Accounts

Mike Reissig
Deputy Comptroller

Date: 8-2-16
