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# MEMORANDUM

## Administration Services

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Date: May 11, 2018

To: Julie Castaneda  
Clerk of the Board

From: Tom Burke  
Deputy County Administrator

A handwritten signature in blue ink, appearing to read "Tom Burke", is written over the printed name and title.

Re: **May 8, 2018 Board of Supervisors Budget Hearings Summary**

At the May 8, 2018 Board of Supervisors budget hearings, several questions were raised that are addressed below.

1. Overhead analysis. The Board asked for an explanation of the changes in County overhead costs allocated to departments. Attached is an explanation of the cost drivers used to allocate cost to departments and a summary of the cost charged to departments and the primary reason for changes for particular departments if the change was significant.
2. School Reserve Fund for Superintendent of Schools. Attached is an explanation of the expenditure reductions for the School Reserve Fund. The purposes of the fund are set forth in Arizona Revised Statutes §15-1001 and include expenditures for accommodations schools under ARS §15-308 and for transportation of school children in certain smaller districts.
3. Analysis of savings from solar installations. Attached is a summary of anticipated savings from solar installations.
4. List of Facilities Management capital projects. A list of the projects included in the Facilities Management CIP program for Fiscal Year 2018/19 is included on pages 6-8 and 6-9 of the County Administrator's Recommended Budget distributed to the Board. A copy of those pages is attached.
5. Total cost for Regional Wastewater Reclamation Department to acquire and remodel new facility. Supervisor Miller asked the Director of Fleet Services about a building acquired by Regional Wastewater Reclamation Department last year. Attached is a summary of the cost for acquisition and modification of the building. The building is used as office space for 15 RWRD staff from the Conveyance pump section and odor control group and for warehousing of RWRD's pump inventory for approximately 30 different pump stations throughout the County's Conveyance system. Use of this location has reduced congestion at the main Conveyance Division office which was an important safety improvement. Fleet Services has one employee who works on location to service RWRD vehicles for minor

Julie Castaneda, Clerk of the Board of Supervisors

Re: **May 8, 2018 Board of Supervisors Budget Hearings Summary**

May 11, 2018

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repairs. Routine and major repairs continue to be performed at the Fleet Services facilities on Mission Road.

6. Analysis of shift from leasing to purchasing for ITD. The Board asked ITD for the analysis of the shift from leasing to purchasing of computer devices and servers. The County Administrator referenced the savings associated with acquisition over leasing in his September 5, 2017 memorandum to the Board and in a follow up memorandum from Tom Burke dated September 21, 2018 containing Keith Dommer's analysis of specific examples. Those memorandums are attached.

TB/sp

#### Attachments

- c: The Honorable Chair and Members - Pima County Board of Supervisors  
C.H. Huckelberry, County Administrator  
Jan Leshner, Chief Deputy County Administrator  
Carmine DeBonis, Deputy County Administrator for Public Works  
Keith Dommer, Director, Finance and Risk Management  
Robert W. Johnson, Deputy Director, Finance and Risk Management

## ATTACHMENT 1

## **Overhead Components and Cost Drivers used in their Allocation**

**BOS and County Administration** – These costs are allocated based on a department's personnel costs.

**County Attorney** – Certain legal service costs are allocated based on a department's personnel costs.

**Communications** – Centralized County communication costs are allocated based on a department's full time equivalent employees.

**Facilities Management** – Operating costs for certain County buildings are allocated based on square footage.

**Finance** – Multiple cost drivers are used to allocate finance costs including a department's total budget, its total expenditures, the number of payments processed, and its grant-related spending.

**Information Technology (IT)** – This relates only to the General Fund budget for IT. The Internal Service Fund costs (which are not part of overhead) are allocated based on drivers such as the number of ports and devices and use of servers. Multiple cost drivers are used to allocate IT General Fund costs including the number of hours worked on specific IT projects, the number of IT problems resolved, and the number of IT users in the department.

**Human Resources** – These costs are allocated based on a department's full time equivalent employees.

**Procurement** – These costs are allocated based on the number of purchase requisitions and payments.

**Tax Collection** – These tax assessment, billing, and collection costs are allocated based on the number of parcels within the applicable taxing jurisdiction.

**Treasurer** – These costs are allocated based on the number of payments processed.

**Public Works Administration** – Costs of the Project Management Office, Real Property, the Office of Sustainability, and Public Works Administration are allocated based on the number and value of a department's public works projects.

PIMA COUNTY, ARIZONA  
 COMPARATIVE OVERHEAD CHARGES  
 FISCAL YEAR 2018-19 COMPARED TO FISCAL YEAR 2017-18

Source: Pima County Recommended Budgets for Fiscal Years 2018-19 and 2017-18

DEPARTMENT	OVERHEAD CHARGES		\$ CHANGE	% CHANGE	EXPLANATION
	FY 2018-19	FY 2017-18			
County Free Library	3,120,293	3,121,405	(1,112)	0%	
Development Services	1,039,215	985,184	54,031	5%	Development Services overhead increased primarily because it used more services of the Public Works Administrative groups. (see Note 2)
Environmental Quality	330,340	342,235	(11,895)	-3%	
Telecommunications	148,676	168,948	(20,272)	-12%	Telecommunications overhead decreased primarily because it used fewer services provided by the Finance and Risk Management Department.
WIN Subscriber Services	39,880	46,053	(6,173)	-13%	WIN Subscriber Services overhead decreased primarily because it used fewer services provided by the Procurement Department.
Fleet Services	658,772	641,361	17,411	3%	
Health Benefits Trust	520,708	518,659	2,049	0%	
OEM Radio System	91,406	188,697	(97,291)	-52%	Building use overhead is no longer being charged to OEM Radio System because OEM directly pays rent and repair costs to the General Fund.
Parking Garages	69,283	69,729	(446)	-1%	
Flood Control	1,888,428	2,092,700	(204,272)	-10%	Flood Control overhead decreased primarily because property tax billing and collection costs decreased.
Wastewater	5,218,157	5,979,574	(761,417)	-13%	Wastewater overhead decreased primarily because it used fewer services of the Public Works Administrative groups. (see Note 2)
Risk Management	1,071,134	1,069,823	1,311	0%	
Transportation	3,087,596	3,313,401	(225,805)	-7%	Transportation overhead decreased primarily because it used fewer services of the Public Works Administrative groups. (see Note 2)
Pima Animal Care Center	682,156	(682,156)		-100%	Pima Animal Care Center is no longer charged administrative overhead because the Center receives significant Pima County General Fund support. (See Note 3)
	<b>17,283,888</b>	<b>19,219,925</b>	<b>(1,936,037)</b>	<b>-10%</b>	

Note 1 Overhead charges include both County Administrative and Public Works Administrative Overhead.

Note 2 Public Works Administrative Services Groups include: Real Property, the Project Management Office, the Office of Sustainability, and the Public Works Administration.

Note 3 Pima County overhead is not charged to General Fund departments or other departments that receive significant funding from the General Fund because it amounts to the General Fund paying itself.

## ATTACHMENT 2

**SUMMARY BY OBJECT**

**Department: School Reserve Grants Special Revenue Fund**

Object Name	2016/2017	2017/2018	2018/2019		
	Actual	Adopted	Actuals Thru Feb 28 2018	Requested	Recommended
<b>EXPENDITURE OBJECTS</b>					
R&M-Machinery & Equipment Services	56,244	-	-	-	-
Other Professional Services	494,011	-	-	-	-
County Administrative Overhead	1,436,023	-	-	-	-
Motor Pool Charges	172,597	-	-	-	-
Other Miscellaneous Charges	-	1,961,000	-	1,669,000	1,669,000
Office Machines & Computers - Non-Capital	64,187	-	-	-	-
<b>Operating Expenses Total</b>	<b>2,223,062</b>	<b>1,961,000</b>	<b>-</b>	<b>1,669,000</b>	<b>1,669,000</b>
<b>EXPENDITURE OBJECTS TOTAL</b>	<b>2,223,062</b>	<b>1,961,000</b>	<b>-</b>	<b>1,669,000</b>	<b>1,669,000</b>
<b>REVENUE OBJECTS</b>					
A Federal Revenue Operating	511,075	560,000	-	385,000	385,000
B State Revenue	-	1,051,000	-	984,000	984,000
State Revenue Grants	653,691	-	-	-	-
Other Local Governments Other	705,250	-	-	-	-
<b>Intergovernmental Total</b>	<b>1,870,016</b>	<b>1,611,000</b>	<b>-</b>	<b>1,369,000</b>	<b>1,369,000</b>
C Other Misc. Revenue Operating	-	350,000	-	300,000	300,000
<b>Miscellaneous Revenue Total</b>	<b>-</b>	<b>350,000</b>	<b>-</b>	<b>300,000</b>	<b>300,000</b>
<b>REVENUE OBJECTS TOTAL</b>	<b>1,870,016</b>	<b>1,961,000</b>	<b>-</b>	<b>1,669,000</b>	<b>1,669,000</b>

The difference between the adopted budget and the requested budget is a total of \$292,000. The deficits are within the Federal and state revenues. Listed under the Revenue objects labeled (A) you will see the adopted budget was estimated at \$560,000 and the requested budget is now \$385,000. The reason for this decrease is because of the funding for our Accommodations district through federal aid. It was dramatically decreased based on the student count.

Next labeled (B) is the State revenue, the adopted budget was estimated at \$1,051,000 and the requested is \$984,000. The reason for this decrease is because of the funding through State aid for our Accommodations district based on the declining enrollment.

Lastly labeled (C) under "Other Misc. Revenues operating" the adopted budget was estimated at \$350,000 and the requested is \$300,000. The reason for this decrease is because of declining student count for our other state program funds.

Also there are no General fund funding going to support the Special Reserve fund, other than those funds for Salaries/ERE and other services that indirectly benefit the Special Reserve Fund.

**ATTACHMENT 3**

### Existing Solar PV Sites

No.	Site Name	Estimated Cost Savings (Lifetime of Contract)	System Owner	Guaranteed Minimum output from Solar PV (kWh)	\$/kWh
1	Abrams	\$183,232	Silicon Ranch	6,075,119	\$0.128
2	Tres Rios WRF	\$1,473,674	Silicon Ranch	32,781,590	\$0.075
3	Agua Nueva	\$1,000,304	Longroad Energy	34,701,350	\$0.0959
4	Adult Probation	\$49,351	Terraform	5,677,363	\$0.128
5	Fleet Services	\$54,304	Terraform	19,253,490	\$0.1293
6	PECOC	\$34,440	Terraform	12,573,227	\$0.128
7	Sheriff Admin	\$20,468	Terraform	15,482,095	\$0.128
8	YMCA	\$38,200	Terraform	10,360,102	\$0.128
9	Elections Building	\$100,641	SGK	8,229,462	\$0.128
10	Interagency Advocacy	\$68,856	SGK	7,986,058	\$0.128
11	Kino Service Center	\$69,562	SGK	5,791,615	\$0.128
12	Nanini Library	\$37,583	SGK	6,510,392	\$0.128
13	Sporting Chance	\$134,564	SGK	7,872,440	\$0.128
14	Juvenile Court 1	\$197,741	Onyx	14,104,926	\$0.128
15	Juvenile Court 2	\$205,579	Onyx	29,687,646	\$0.128
16	Kino Sports Center Clubhouse	\$53,651	Onyx	4,723,681	\$0.128
17	Kino Sports Center Stadium	\$91,720	Onyx	11,812,828	\$0.128
18	Medical Examiner	\$34,889	Onyx	7,613,148	\$0.128
19	Natural Resources Admin	\$45,407	Onyx	7,545,320	\$0.128

No.	Site Name	Estimated Cost Savings (Lifetime of Contract)	System Owner	Guaranteed Minimum output from Solar PV (kWh)	\$/kWh
20	Pima Air & Space Museum	\$151,460	Onyx	10,663,569	\$0.128
21	PACC Phase 1 (new building)	\$328,783	Solon/Pending	8,708,281	\$0.128
22	PACC Phase 2 (existing building)	\$429,868	Solon/Pending	11,385,652	\$0.128
23	Jackson Employment Center <sup>1</sup>	\$16,693	Pima County	N/A	N/A
24	A-7 Ranch <sup>1</sup>	\$28,119	Pima County	N/A	N/A
	<b>Total:</b>	<b>\$4,849,089</b>			

1. Solar PV System was donated to Pima County by TEP, system has no guaranteed minimum output or PPA.

**ATTACHMENT 4**

**SUMMARY OF ACTIVE CAPITAL IMPROVEMENT PROJECTS**  
**Fiscal Year 2018/2019**

<b>Project</b>	<b>FY 2018/19</b>
<b><u>Transportation</u></b>	
Local Road Repair Projects FY 18/19	19,526,525
Valencia Road Wade Road to Ajo Highway	12,755,055
Broadway Blvd. Euclid to Campbell RTA17	12,000,000
Valencia Road Extension Houghton Road to Old Spanish Trail	12,000,000
Pavement Repair and Rehabilitation, FY 18/19	6,704,000
Cortaro Farms Road Camino de Oeste to Thornydale	6,170,084
Aerospace Parkway Nogales Hwy to Vicinity of World View Entry	6,010,537
Houghton Road I-10 to Golf Links Road RTA 32	5,590,000
Thornydale Road Cortaro Farms Road to Camino Del Norte	3,445,756
Bopp Road Sarasota Boulevard at Kinney Road Improvements	3,300,000
Kolb Road Sabino Road to Sunrise Drive	3,189,960
Ina Road Sidewalks Shannon Road to La Cholla Blvd.	1,141,777
Tangerine Road I-10 to La Canada Drive	900,000
Ajo Airport Perimeter Security Fence	744,240
Speedway Blvd. Painted Hills Road to Camino Del Oeste	741,000
South Camino De La Tierra - Highway Drive-Curtis Road Pave	604,382
Wilmot Road Valencia Road to DMAFB Entrance	526,000
Benson Highway at Columbus Blvd. Intersection Improvements	459,000
South Houghton Road Camino Aurelia to I-10	417,000
Sign Panel Replacement	413,926
Benson Highway at Drexel Road Intersection Improvements	365,000
Tanque Verde Road at Tanque Verde Loop Road	320,000
Durable Pavement Marking Upgrade Project	251,000
El Paso Southwest Greenway	159,656
White Pistor	153,206
2017-2018 Development Impact Fee Study	103,500
Bus Stop Improvement 2 Program	60,000
Speed Management Study	50,000
La Cholla Blvd. Overton Road to Tangerine	9,618
King Canyon Trailhead Parking	1,000
<b><u>Transportation Total</u></b>	<b>98,112,222</b>
<b><u>Facilities Management</u></b>	
Old Court House Renovations & Tenant Improvements	8,460,000
Old Courthouse - Core & Shell	7,152,838
110/130/150 W Congress Building Exterior Facade Upgrades	4,200,000
Northwest County Service Center	3,300,000
Southeast Library - UA Tech Park	2,524,220
New Pima Animal Care Center	2,323,554
Administration East Bldg 10th and 11th Floors. Demolition and Abatement	1,650,000
New Sahuarita Branch Library	1,530,000
January 8 Memorial in El Presidio Park	1,500,000
Banner UA Medical Center Improvements	1,200,000
Public Works Energy Management System	1,100,000
Defense Services Building - Juvenile Courts	1,050,000
Gap Housing and Service Building	1,050,000
Administration West Bldg 5th Floor Improvements	996,002
Administration East Bldg 2nd Floor Renovation	500,000
Interior Improvements - Floors, Ceilings, Walls	500,000
Public Works Retrofit with LED	500,000
Parking Lot Paving Rejuvenation	500,000
Public Service Center 6th Floor Tenant Improvements	499,000
Public Service Center Floors LL-7 Tenant Improvements	476,000
Flowing Wells Branch Library Addition	354,102

**SUMMARY OF ACTIVE CAPITAL IMPROVEMENT PROJECTS**  
**Fiscal Year 2018/2019**

<u>Project</u>	<u>FY 2018/19</u>
Rillito Racetrack Building Improvements	300,000
Kino YMCA Pool Restoration	285,000
Exterior Building Improvements	250,000
Wilmot Library Roofing	225,000
Main Library Lighting Retrofit	200,000
Treasurer Relocation - 33 N. Stone Ave Tenant Improvements	150,000
Mission Road Fire Alarm Upgrade	150,000
Silverbell Archaeology Project	125,623
Tuberculosis Clinic Remodel	80,000
Pre-Trial Mail Modular Building	50,000
<b><u>Facilities Management Total</u></b>	<b>43,181,339</b>
<b><u>Regional Flood Control District</u></b>	
El Corazon de los Tres Rios Del Norte	3,700,000
Santa Cruz River Maintenance	2,000,000
Urban Drainage	2,000,000
Catalina Ridge Drainage Channel Improvements	1,750,000
Tresoro Nueve Acquisition	1,612,775
Airport Wash - El Vado Wash Drainage Improvements	1,300,000
Arroyo Chico Detention Basin USACOE	1,271,000
El Rio Golf Course Drainage Improvement	753,542
Floodprone Land Acquisition Program	600,000
Canoa Ranch Restoration	600,000
Riparian Mitigation Project Acquisition	500,000
Rillito River Maintenance Projects	500,000
Continental Ranch Bank Protection	500,000
Ruthrauff, Gardner Lane UPRR Culvert	440,000
Green Valley Drainage Way 6 Repairs	420,000
Santa Cruz River Irvington to Drexel Improvements	390,000
Santa Cruz River Living River Management Plan	390,000
Rillito River Upper Bank at Hacienda Del Sol	355,000
El Rio Preserve Bank Protection	210,000
Tres Rios del Norte USACOE Study	50,000
Property Rights Assessments for Santa Cruz River	25,800
Pantano Wash Ft. Lowell Park to Tanque Verde Road	20,000
<b><u>Regional Flood Control District Total</u></b>	<b>19,388,117</b>
<b><u>Kino Sports Complex</u></b>	
Kino South Sports Complex	10,959,514
<b><u>Kino Sports Complex Total</u></b>	<b>10,959,514</b>
<b><u>Public Works Administration</u></b>	
Sunset Campus Entry	1,675,000
<b><u>Public Works Administration Total</u></b>	<b>1,675,000</b>
<b><u>Community Development &amp; Neighborhood Conservation</u></b>	
5 Points Business Coalition	409,447
TMM Family Services Senior-Veteran Rental Housing	125,300
City of South Tucson Land Acquisition	75,000
The Marist on Cathedral Square	60,499
Country Club-Glenn Treat Avenue Improvements	20,000
<b><u>Community Development &amp; Neighborhood Conservation Total</u></b>	<b>690,246</b>

**ATTACHMENT 5**



# Completed Project Report

<b>Project Name:</b>	<b>RWRD Conveyance Campus Expansion – Dodge Blvd Facility</b>		
Bond No.		<b>Project Number:</b>	<b>CWW.3CCE15</b>
Locations:	3233 N Dodge Blvd	Project Delivery Method:	Land Acquisition/JOC
District:	3	Project Budget:	\$ 1,350,000
Funding Sources:	RWRD Obligations	Total Actual Cost:	\$ 1,117,207
Managing Dept.:	RWRD	Design Cost:	\$ 0
Design Consultant:	N/A	Construction Cost:	\$ 121,961
General Contractor:	N/A	Completion Date:	03/2017

The Conveyance Division has grown through the addition of the Capital Improvement Section (CIP) and has embraced the continuous improvement model. These changes have impacted the available footprint at the Conveyance Facility

- Parking of division equipment fleet
  - vehicle #'s have grown slightly
- Employee parking
  - the CIP Section has added 22 personnel, which currently are scattered through 4 locations due to lack of space at the Dodge facility
  - Overall Division staffing is at 95%
- Odor Control equipment storage
  - Currently stored at the Dodge Blvd and Roger Rd facilities
- New fuel storage site
  - installed in an area formerly used for equipment storage
- New Conex Box storage

The property at 3233 N. Dodge Blvd was selected due to the existing concrete parking area that provides immediate relief of the heavy equipment storage needs of the Dodge facility. The available high bay warehouse space will provide both enclosed storage for the Pump Station Maintenance section and also provide office space for the CIP section with minimal repairs and modification of one of the bays layout. The existing office area can provide space for the CIP Administration and Project Controls section. The property area is approximately 2.82 acres.

The facility was acquired for \$975,000. The balance of the project addressed PC Facilities Managements identified deficiencies like rook repair/condition, electrical service and HVAC.





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# Board of Supervisors Memorandum

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September 5, 2017

**Board of Supervisors Policy D 27.2  
Information Technology Program Lifecycle Management Plan**

Background

Based on Board of Supervisors direction, attached is proposed Board of Supervisors Policy D 27.2, Information Technology Program Lifecycle Management Plan (Attachment 1). The Policy was circulated on July 28, 2017 to all County departments and agencies for review and comment. No comments have been received to date.

The Policy was initially drafted as a leasing policy. The initial draft inappropriately concentrated on leasing as the best methodology for the County to obtain and retain the most current information technology (IT) equipment and software.

In connection with the Board's review of leasing versus purchasing of IT equipment used by the County, the Finance and Risk Management Department (FRMD) reviewed recent IT equipment leases to compare the impact of the financing costs to Pima County. Generally, equipment acquisition by purchase costs less than acquisition using a lease structure, whether it is a lease-purchase or a standard lease with no ownership rights, because of the additional financing charges. Based on a sampling of leases entered into each year since the leasing program began in Fiscal Year 2014/15, FRMD calculates the County has been paying between 7.28 percent and 9.57 percent on the leases.

FRMD is able to determine the interest rates because Pima County obtains a quote for the cost to purchase equipment before it enters into a lease. Based on the quotes from bidders, Pima County instructs Hewlett-Packard Financial Services (HPFS) to purchase the equipment from the County-selected vendor and then lease it to Pima County. This approach adds an interest cost to every item of IT equipment that the County would avoid if we simply purchased the equipment from the low bidder.

The County has sufficient cash to purchase IT equipment on an ongoing basis. In the occasional situation when there is a very substantial acquisition cost, the County, with its high bond ratings, can borrow on a short-term basis at much lower interest rates than available from HPFS or other private lenders acting as lessors. Although HPFS is described as a lessor of equipment, it functions only as a lender, with all responsibilities for the equipment falling on Pima County.

The table below, prepared by FRMD, shows the relative interest rates Pima County would expect under several acquisition financing options.

<b>Acquisition Option</b>	<b>Interest Rate %</b>	<b>Comments</b>
Lease with Lease Financing	7.28 to 9.57	Based on sample of existing leases
Purchase with Cash	0.00	
Purchase with County debt issue	2.05 to 2.76	Based on recent debt issues

Two recent examples demonstrate the cost savings in purchasing rather than leasing major IT equipment. At the August 21, 2017 meeting, the Board approved an amendment to Contract MA-PO-17-71 with CDW Government, LLC from which the County licenses the VMware software that manages our servers and storage. Rather than lease the license over a five-year term at an annual cost of \$1,101,755 (or \$5,508,775 total for five years), the County is purchasing the license in a single payment of \$4,591,537, generating \$917,238 in savings of financing/leasing charges. Similarly, earlier this year, the IT Department was directed to purchase the infrastructure needed to refresh the County's IT backhaul network infrastructure to replace the Synchronous Optical Network (SONET). The replacement infrastructure has an expected life of 10 years. The IT Department estimated that purchasing the equipment would cost \$2.4 million. Leasing the equipment for only 5 years of the 10-year life of the equipment was estimated by the IT Department to cost \$2.88 million. By purchasing the equipment, the County saves nearly \$500,000 and is able to use the equipment for as long as another 5 years to its full life.

In addition to the Information Technology Program Lifecycle Management Plan, there are also policies desired for mandatory conformity or requiring that similar hardware and software systems be used throughout the County, as well as a policy addressing cybersecurity. The draft mandatory conformity policy is also attached for the Board's initial review (Attachment 2). I will circulate this policy to all County Elected Officials, departments and agencies for their review and comment prior to placing the final policy on the Board's October 3, 2017 Agenda for adoption. A recommended cybersecurity policy should be available for Board review and adoption in November 2017.

As indicated in proposed Board of Supervisors Policy D27.2 for lifecycle management, I recommend the decision to lease or buy IT equipment be determined on a case-by-case basis involving analysis by the Procurement, FRMD and Information Technology Departments. In most, if not all cases, purchasing this equipment will cost less than leasing.

The Honorable Chair and Members, Pima County Board of Supervisors  
Re: **Board of Supervisors Policy D 27.2, Information Technology Program Lifecycle  
Management Plan**

September 5, 2017

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Recommendation

I recommend the Board of Supervisors approve Board of Supervisors Policy D27.2 – Pima County Information Technology Program Lifecycle Management Plan.

Respectfully submitted,



C.H. Huckelberry  
County Administrator

CHH/anc – August 25, 2017

Attachments

c: Jan Leshar, Chief Deputy County Administrator  
Tom Burke, Deputy County Administrator for Administration  
Jesse Rodriguez, Director, Information Technology  
Keith Dommer, Director, Finance and Risk Management  
Mary Jo Furphy, Director, Procurement

# ATTACHMENT 1



# PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

**Subject:** Pima County Information Technology Program  
Lifecycle Management Plan

**Policy  
Number**

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## **Purpose**

Pima County strives to ensure the successful management of the County's Information Technology (IT) systems to meet the existing and known future business needs of Pima County.

This policy establishes a consistent framework across the County for telecommunication, servers, storage, and computers to ensure they are properly planned, managed and controlled using the most cost-effective strategies. This policy provides direction for design and implementation of systems, as well as requirements for the development and management of effective and sustainable IT solutions.

## **Background**

IT is a critical tool for conducting County business, and the County must have predictable and appropriate IT equipment replacement cycles. IT networks, desktop and personal computers, server and storage upgrades, and office automation software are ongoing costs.

1. Inadequate IT replacement cycles may have the following adverse impacts on County service delivery:
  - a. Equipment failures result in employee downtime, and the inability to access systems or applications hinders efficiency and consistency.
  - b. Incompatibility of office automation products inhibits effective communications and information sharing.
  - c. Increased costs for replacement parts and increased time to repair equipment.
  - d. Considerable time to locate replacement parts or salvage parts from other equipment.
  - e. Inconsistent and less predictable budget requirements, equipment monies being reallocated, and unexpected expenses when equipment fails and must be replaced.
2. External factors exist that are beyond the control of the County and also limit the useful life of IT:
  - a. Much of the software used by the County is on a vendor-enforced replacement cycle, after which the software is no longer supported. This scenario forces upgrades to ensure systems are protected from new threats with the latest security enhancements and patches.
  - b. Hardware manufacturers are working with software developers to develop hybrid systems that require a certain level of compatibility of hardware to the software. This is especially prevalent in operating systems where computer processors have firmware code that interfaces with the operating system to improve security, making it difficult to use or reduces usefulness.
3. The development of and adherence to appropriate IT replacement cycles, both hardware and software, provides the following benefits to the County:
  - a. Predictable ongoing costs for budgeting purposes.

<b>Subject:</b> Pima County Information Technology Program Lifecycle Management Plan <i>DRAFT</i>	<b>Policy Number</b>	<b>Page</b>
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- b. Lower overall IT support costs by using shared applications and information and core administrative applications.
- c. Less effort required to analyze and justify replacement requests for individual departments, Elected Officials and Special Districts.
- d. Consistent access.
- e. Simplified implementation of state and federal technology policy direction, such as consistency in customer access.
- f. Greater consistency in operating systems and application versions, which reduces complexity of the environment, support costs and administrative overhead associated with asset management.
- g. Remote administration of desktops (software installations and upgrades) that can avoid considerable time and travel costs compared to individual installations.
- h. Ability to take advantage of warranty agreements and software licensing agreements to reduce the overall costs associated with maintaining obsolete software and hardware.

**Policy**

It is the policy of the Pima County Board of Supervisors that:

1. The County Administrator shall establish Administrative Procedures that govern the implementation of the Lifecycle Management Plan to:
  - a. Achieve predictable and appropriate replacement cycles for the County’s software, telecommunications, servers, storage and computer systems.
  - b. Ensure efficient and cost effective delivery of information technology services.
2. IT assets will be replaced based on the following schedule:
  - a. Servers and storage: five (5) to seven (7) years.
  - b. Telecommunications equipment (telephones and network): three (3) to five (5) years.
  - c. Computers and other end user or consumer equipment (desktops, laptops, tablets, audio/visual equipment and peripherals.): three (3) to five (5) years.
3. At the end of lifecycle, the equipment proposed for replacement will be analyzed to determine the specific reason for replacement, and a lifecycle replacement justification report will be prepared by the Chief Information Officer and approved by the County Administrator before the equipment is replaced.
4. Applicability
  - a. This Policy applies to all County Departments, Elected Officials and Special Districts.
  - b. Violation of this policy will result in the offending software or hardware solution being removed from access to the County network.

5. Compliance

- a. The IT Department shall ensure all software and hardware solutions are maintained according to this Policy, including maintaining a sustainable and consistent approach to security.
- b. All County entities shall abide by this Policy unless expressly exempted by the County Administrator.

**Procurement and Acquisition**

1. All lifecycle acquisitions shall be in conformance with County Procurement Code. If a cooperative purchase agreement is used, the Procurement Director shall certify the cost to the County is the lowest and most responsible. At the discretion of the Procurement Director, any lifecycle replacement may be competitively acquired.
2. Two financing strategies are available for lifecycle management: leasing and purchasing, and strategy selection depends on which of these provides the lowest overall cost of ownership for equivalent acquisition. This selection will be based on a total-cost-of-ownership analysis of all equipment and labor costs, other key budgetary concerns of the County (e.g., the constitutional expenditure limitation), and other financial and budgetary considerations.
3. Once a need for lifecycle funding is established, the financial strategy decision will be made on a case-by-case basis, as not all acquisitions have the same cost structures. The County Administrator will be responsible for identifying the business needs, benefits and impacts (cost, time, productivity, service delivery and human resources). The Procurement, Finance and IT Departments, at the direction of the County Administrator, shall identify the appropriate procedures and processes to maximize benefits and minimize costs to the organization for the lifecycle program.
4. The IT Department, in conjunction with the Procurement Department, is authorized to establish and administer master contracts and to aggregate IT products. The IT Department will assist with selection and acquisition of competitively acquired hardware and software products for all IT assets, including, but not limited to, telecommunications, servers, storage and computers.
5. Obsolescence acknowledgment: Prior to any equipment being procured for a lifecycle acquisition, the vendor shall certify the equipment being acquired shall not become obsolete due to a lack of vendor support or any change in software compatibility during the projected useful life of the equipment.
6. Disclosure: Prior to any equipment being procured for a lifecycle acquisition, vendor is required to disclose any equipment or software obsolescence regarding systems updates, modifications or changes that may be required during the useful lifecycle of the acquired equipment, systems, software or products.

**Definitions**

1. "County Administrator" means the County Administrator or designee.
2. "Elected Official" means a person who is duly elected, appointed or retained through election to an elected County office.
3. "Lifecycle" means the period during which IT assets remain useful.

<b>Subject:</b> Pima County Information Technology Program Lifecycle Management Plan <i>DRAFT</i>	<b>Policy  Number</b>	<b>Page</b>
	D 27.2	4 of 4
<p>4. "Information Technology" means:</p> <ul style="list-style-type: none"> <li>a. County IT devices and applications utilized by County personnel to execute job responsibilities and duties in the conduct of County business, which includes, but is not limited to, enterprise applications, business applications, electronic mail and messaging capabilities, telephones, cell or smart phones, radios, computers, hand-held computing devices, peripheral devices that attach to computing devices (such as facsimiles, printers, scanners, copiers and other interfacing equipment), connectivity technologies used to access these computing and peripheral devices (whether accessed from within County facilities or outside), and Internet access.</li> <li>b. The County's network and infrastructure components (connectivity), computing and peripherally attached devices and interfacing equipment, and voice or data communications systems. Control facilities such as security badge systems are also considered components of IT resources, given their impact and reliance on other IT resources.</li> </ul> <p>5. "Information Technology Program" means all of the components of the IT Environment, IT Resources, Enterprise Applications, and Business Applications and the content therein.</p> <p>6. "Enterprise applications" means computer software and hardware that has been internally developed or purchased to monitor, configure, balance the utilization of, maximize the performance of, or secure from intrusion, operational interference or destruction of one or more IT resources.</p> <p>7. "Business applications" means computer software that has been internally developed or purchased and configured to automate and/or control (e.g., Supervisory Control and Data Acquisition; SCADA) specific County, departmental or division business processes.</p>		
Adopted: Effective:		

# ATTACHMENT 2



# PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

**Subject:** Pima County Information Technology Program

**Policy  
Number**

**Page**

D 27.1

1 of 6

## A. Purpose

The ~~goal of the~~ Pima County Board of Supervisors ~~is~~ **desires** is to provide a highly automated Information Technology (IT) environment for use by all departments, **Elected Officials**, and **Special Districts** **to which** allows for efficient and effective delivery of County services to all constituents ~~while complying with the terms of all applicable laws and agreements~~ **and which is governed by a high-level organizational information security policy to ensure the protection of Pima County's information and information systems.**

## B. Background

The availability of IT resources is essential to all aspects of Pima County ~~governance~~ **government**, including the efficient and effective operation of its various departments, administrative staff and the functioning of its Elected Officials. It is the policy of Pima County to derive maximum benefit from the IT environment it implements and to ensure that the County and its employees use these resources in compliance with all applicable laws and ~~all legally enforceable provisions of agreements~~. It is also the policy of Pima County that the IT environment implemented and used by County employees ~~be used~~ **must use its IT environment** for County business purposes only. It is the responsibility of the County Administrator to ensure that the **Pima** County establishes and maintains an IT program and associated operational environment for use by County employees and its constituents.

## C. Policy

**The Information Technology Policy of Pima County strives to be consistent with industry best practices as well as the National Institute of Standards and Technology (NIST).** It is the policy of the Board of Supervisors that all Elected Officials, Appointing Authorities and Department Directors are responsible to ensure **that** their departments **and** divisions **do all of the following:**

- Participate **and adhere to** in the Pima County **IT Information Technology** Program,
- utilize and leverage the **IT Information Technology** operational environment provided by the County Administrator, and
- Adhere to the **IT Information Technology** procedures and guidelines established and administered by the County Administrator.

## D. Definitions

1. County Administrator" means the County Administrator or designee

2.—

2. **"Elected Official" means a person who is duly elected, appointed or retained through election or an elected county office.**

<b>Subject:</b> Pima County Information Technology Program	<b>Policy Number</b>	<b>Page</b>
	D 27.1	2 of 6
<p>3. "Information Technology environment" means the County's IT devices and applications utilized by County personnel, <del>whether owned or leased by County,</del> to perform job responsibilities and duties <del>to</del><u>in</u> <del>the</del> <u>conduct of</u> County business. This IT environment includes, but is not limited to, enterprise applications, business applications, electronic mail and messaging capabilities, telephones, <b><u>servers, storage, network devices,</u></b> cell/smart phones, <del>pagere,</del> radios, computers, hand-held computing devices, peripheral devices which attach to computing devices such as facsimile, printer, scanner, copier and other interfacing equipment, connectivity technologies used to access these computing and peripheral devices whether accessed from within County facilities or outside, and Internet access.</p>		
<p>4.—</p>		
<p>4. "Information Technology resources" means the County's network and infrastructure components (connectivity), computing and peripherally attached devices, <b><u>such as facsimile, printer, scanner, copier and other interfacing equipment,</u></b> and voice/data communications systems. Through these components, devices, and systems, all County personnel access enterprise and business applications within and through the IT environment, and access the ability to create, manipulate, store/archive, move/transport, copy, and print content. Additionally, control facilities such as security badge systems are considered part of IT resources, given their impact and reliance on other IT resources.</p>		
<p>5.—</p>		
<p>5. "Enterprise applications" means computer software and/or hardware that have been internally developed or purchased to monitor, configure, balance utilization of, maximize performance of, and/or secure from intrusion, operational interference, or destruction, one or more IT resources.</p>		
<p>6.—</p>		
<p>6. "Business applications" means computer software that has been internally developed or purchased/configured to automate and/or control (<del>e.g. SCADA</del>) specific County, departmental or division business processes.</p>		
<p>7.—</p>		
<p>7. "Information Technology Program" is comprised of all of the components of the IT Environment, IT Resources, Enterprise Applications, and Business Applications and the content therein.</p>		
<p><b>E. <u>Requirements</u></b></p>		
<p>1. Pima County owns and/or operates the Pima County IT Program, and the content produced and contained within the environment.</p>		
<p>2. The County Administrator <del>shall be</del> <u>is</u> responsible for specifications of the IT Program, whether the components <del>of which</del> are purchased or leased, which are utilized in the IT Program of Pima County to facilitate consistency of operation of similar resource-types deployed in the IT Program.</p>		
<p>3.—</p>		
<p>3. <b><u>In order to have conformity county-wide by all Pima County departments, Elected Officials and Special Districts utilizing the County network environment must adhere to County lifecycle management and cyber information security as well as all County Administration Procedures as stated within each applicable procedure. In order to guarantee integration, ease of use and reduce County total cost of ownership of an IT Program all County entities to</u></b></p>		

**include County departments, Elected Officials and Special Districts will be required to adhere to the following:**

- a. **Utilization of centralized IT contracts for software and hardware acquisitions utilizing the County network.**
- b. **County IT published software versions, server and storage standards, computer standards and telecommunications (networking and phone) equipment.**

4.

4. All County IT Program components remain under the control, custody, and supervision of the **Pima** County. All content accessed, created, manipulated, stored, archived, moved, transported, scanned, and printed remains the property of the **Pima** County and is subject to monitoring, auditing, and review. ~~The~~**Pima** County reserves the right to monitor, audit, and review content at any time and without notice at the County's discretion. **Elected Officials and Employees** have no expectation of privacy in their use of the County IT Program, either from internal monitoring, auditing, reviewing, or from public disclosure.

5.

5. All **Pima** County ~~provides~~ IT Program components are provided to support the performance of job duties. Therefore, **Elected Officials and employees are to use** the IT Program is to be used for business-related purposes. ~~Incidental personal use is permitted provided that the incidental personal use conforms to applicable~~ **only and must conduct** County policy, and such use does not interfere with the IT Program, or an employee's job duties and performance. ~~Incidental~~ **business only on and from County-owned or leased devices. Pima County prohibits the** personal use of the IT environment **County owned or leased IT** any resources, **except for incidental personal use.** shall be reimbursed to the County as practical as possible.

6.

6. Access into the IT Program will be protected by the use of authentication credentials. ~~These credentials will be used in order to make a resource function in the IT environment by verifying the~~ authorized use of a resource by County personnel. ~~These credentials must not be shared, converted, or transferred to anyone other than~~ **The person** to whom the authentication credentials were ~~are~~ issued **must not share, convert, or transfer these credentials to anyone else. Users with elevated credentials must use two factor authentication credentials to access systems.**

7.

~~The~~**Elected Officials and employees must not subject the** IT Program ~~should not be subjected to, or even appear to be subjected to~~ inappropriate usage. Unacceptable uses of the IT Program include, but are not limited to:

- a. Use for personal gain, advancement of individual **personal** views, or solicitation of non-County business;
- b. Any purpose and/or development of content which violates state or federal law including, but not limited to, violation of intellectual property and/or confidentiality laws;

- c. ~~Using~~**Use of** any component of the Information Technology Program for the purpose of producing, distributing, or forwarding content that:
- i. Attempts to influence the outcome of an ~~elected office~~ **election**, referendum, initiative, or recall (~~Arizona Revised Statute~~ **A.R.S. § 11-410**);
  - ii. Is discriminatory, harassing, or disruptive of fellow County employees, volunteers, interns, or contractors including but not limited to content that is sexually explicit, derogatory, abusive, or **that contains** threatening images, cartoons, jokes, inappropriate or profane language, or other **similar** materials;
  - iii. Is objectively offensive, regardless of whether one or more recipients ~~were~~**may** or ~~were~~ **may** not **have been** offended, felt threatened, or otherwise disturbed;
  - iv. Attempts to deceive recipients by providing content that misrepresents, obscures, or conceals the true identity of the sender for malicious purposes;
  - v. Is not of the nature of County-related business ~~which includes~~ **including** but is not limited to chain letters, stories, petitions, warnings, pictures, and/or programs and applets;
- d. Any use of one or more components of the IT Program that could interfere with the proper use of other aspects of the IT Program;
- e. Interference with the security of confidential content in the IT Program including but not ~~restricted~~**limited** to secure data zones and folders, identity and authentication information regarding any person or item within the IT Program;
- f. Any use of one or more components of the IT Program that could cause or lead to a cause of excessive strain on any IT Program component, ~~such as~~ for example; mass ~~emailings of non-authorized content~~**emailing** which causes strain on connectivity, computing, and storage resources;
- g. Unauthorized ~~inclusion~~ **installation of or use of any non-County owned/ or leased** IT device(s), application(s), or resource(s) into the IT Program regardless of whether any damage(s) were **is** caused to elements of the IT Program; **for example:**
- i. **Personal cell phones will no longer have access to County email;**
  - ii. **Personal laptops may not access the County network;**
  - iii. **Elected Officials and employees may not use County computers to access personal email, i.e., Yahoo, Gmail, etc.**
- h. Unauthorized configuring and/or tampering with one or more components of the IT Program ~~regardless of the security criticality of the resource relative to the IT Program as a whole;~~
- i. Physical abuse of anything within the IT Program;
- j. Any **other** use that violates County policies, guidelines, or procedures.

8.—

8. IT Program messaging resources are not intended for the creation and distribution of sensitive, private, confidential, or privileged materials such as personnel matters or decisions, grievances, or disciplinary actions. **unless the creation and distribution of such material is within the official job duties of the elected official or employee creating or distributing such material.** No such content should be distributed via any messaging resource, unless such resource is specifically encrypted to preserve confidentiality of content.

9.—

9. **All data stored and communicated on the County network will need to comply with any regulatory and compliance standards governing the information to include but not limited to information governed by personal identifiable information (PII) standards, Health Information Portability and Accountability Act (HIPAA), and Payment Card Industry Data Security Standards.**

**F. Implementation**

1. The County Administrator may block or terminate any component of the IT Program, regardless of ownership of the device, application, or resource, which has been detected **determined** to violate any County policy, especially any **where use of the** device, application, or resource that poses a serious threat to security or integrity of the IT Program.

2.—

2. **The County Administrator may block or re-direct acquisitions that have been determined to be in violation of any County policy in order to maintain conformity to the standards and security for the County.**

3.—

3. The County Administrator ~~shall~~**will** distribute Administrative Procedures outlining the guidelines and requirements of the Pima County IT Program.

4.—

4. ~~Implementation of and adherence to this Policy is~~**Elected Officials** and ~~employees~~ are required **to implement and adhere to this Policy** at all levels of the **Pima** County. Any **Elected Official** employee, volunteer, contractor, or intern of the County found in violation of this Policy will be subject to appropriate disciplinary action, up to and including termination of employment or business relationship **budget sanction by the Board of Supervisors.**

5. ~~and e~~**Employees** are required **to implement and adhere to this Policy** at all levels of the **Pima** County. Any employee, volunteer, contractor, or intern of the County found in violation of this Policy will be subject to appropriate disciplinary action, up to and including termination of employment or business relationship.

6. Any infraction against this Policy which is significant enough to warrant further investigation will be referred to the County Attorney by the County Administrator.

<b><u>Subject:</u></b> Pima County Information Technology Program	<b>Policy Number</b>	<b>Page</b>
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<p>7. —</p> <p>7. All County employees shall <b>must</b> sign an Information Technology Program procedure upon hire and annually thereafter. Original signed forms will remain in an <b>the</b> employee's department personnel file.</p> <p><b>G. <u>Applicability</u></b></p> <p>This policy applies to all <del>departmental</del> <b><u>Elected Officials, departments</u></b> and special districts of Pima County, whether under the supervision of an elected or appointed official.</p>		
<p style="text-align: right;">Effective: March 18, 2014 Revised:</p>		



**MEMORANDUM**  
Administration Services

*Copy to Board*  
*Fiji - return*  
*examples of*  
*financial analysis*  
*related to*  
*leases.*

Date: September 22, 2017

To: C. H. Huckelberry  
County Administrator

From: Tom Burke  
Deputy County Administrator

*Tom Burke*  
*9/25/17*  
*cc Tom*  
*Keith*

Re: **Analysis of Leasing vs Purchase of IT Equipment, Software and Support Services**

Attached is the September 21, 2017, memorandum from Keith Dommer analyzing three examples of leasing IT equipment, software and services. Mr. Dommer analyzed the financing cost and determined that Pima County is paying between 7.28 percent and 9.57 percent interest financial cost for these leases. The analysis is very detailed, and I wish to provide an overview of the process that has been used by Pima County.

In 2014, Pima County entered into a \$67 million Master Agreement 15-058 with HP Financial Services (HPFS). HPFS does not actually have IT equipment or services to lease, but merely finances the procurement of such services and equipment being acquired from numerous vendors.

For each lease that Pima County enters into, ITD obtained quotes from several companies, such as, Dell, Hewlett Packard, Cisco, etc., for specific equipment, software and support services needed. The County then selected the vendor with the lowest quote and instructed that vendor to send the equipment or software to Pima County, but to invoice HPFS. HPFS then pays the vendor selected by the County and finances the acquisition through a lease agreement. Several lease agreements are attached to Mr. Dommer's analysis. Each lease agreement identifies the acquisition cost for the equipment, and the acquisition cost for the support services, as quoted by the low bidder selected by the County. HPFS then calculates the annual lease payments to cover the cost of the acquisition and financing fee. In each situation reviewed by Finance, using the leasing structure was more expensive than acquiring the same items by purchase. The main reason an entity would want to lease IT equipment and support services is that it would not have sufficient cash to pay for the purchase of such items. Pima County, however, does have sufficient cash to purchase the equipment without paying the financing cost currently being paid to HPFS.

Based on the analysis of the Finance Department, it is my recommendation that the County purchase its IT equipment, software and support services.

TB/sp

Attachments

- c: John Voorhees, Assistant County Administrator – Administration Services
- Keith Dommer, Director - Finance & Risk Management Department
- Jesse Rodriguez, Chief Information Officer, Information Technology Department
- Mary Jo Furphy, Director – Procurement Department



Date: September 21, 2017

To: Tom Burke  
Deputy County Administrator

From: Keith Dommer   
Finance Director

Re: **Interest Rates on Leases of Information Technology Equipment, Software, and Support Services**

At the September 5, 2017 Board of Supervisors meeting, Supervisors discussed Pima County's Information Technology Life Cycle Management Plan. The initial Plan focused on leasing. However, Pima County can manage its planned life cycles by leasing, purchasing, or a combination of both. In connection with the Board's review of leasing and purchasing, the Finance and Risk Management Department reviewed Plan leases of information technology equipment, software, and support services and determined that the County has been paying interest rates between 7.28% and 9.57% on its leases. A Supervisor requested documentation showing how these interest rates were determined. Attached are three examples –

- Attachment 1 – A four-year server lease where Pima County paid \$282,600 more than the purchase cost
- Attachment 2 - A five-year server lease where Pima County paid \$546,180 more than the purchase cost
- Attachment 3 - A three-year personal computer lease where Pima County paid \$39,736 more than the purchase cost

The Finance and Risk Management Department used the following basic steps to determine the financing cost for the Plan leases expressed as an interest rate.

1. From the purchase quote for equipment, software, and support services, we obtained the total cash purchase price. The County could have directly bought the equipment, software, and support for this price. The support provided to the County on the purchase quote is the support provided to the County through the Plan lease. The Plan leases are only financing mechanisms; they do not provide additional service or support.
2. From the Master Operating Lease Agreement Schedule, we obtained the classification of the cash purchase price into two components: the equipment component and the software and support component. For the equipment component, the difference between the cash purchase price and the lease payments could be a combination of financing cost and an estimate of the value of the equipment at the end of the lease. For the software and support component, according to the Master Operating Lease Agreement Schedule, the

difference between the cash purchase price and the lease payments will be the financing cost for that component. At the end of the lease, there is no residual or trade-in value for this cost component.

3. From the Master Operating Lease Agreement Schedule, we obtained the lease term and annual lease payments for the equipment component and the software and support component. Most Plan leases are payable annually in advance meaning the first annual payment is due at the beginning of the lease (similar to a down payment), and the second payment is due at the beginning of year two, etc. Because the annual payments are due in advance, the amount financed is the cash purchase price less the first payment. Also, because the final payment is due at the beginning of the final year, the financing term is one year less than the lease term.
4. For the software and support component, we determined the interest rate that would cause the present value of the software and support lease payments to equal the purchase price for the software and support.
5. For the equipment component, using the software and support component interest rate, we determined the present value of the equipment lease payments. The difference between the present value of the equipment lease payments and the purchase price would likely be the residual or trade-in value that Hewlett-Packard Financial Services expects to recover at the end of the lease when the County returns the equipment. For the Plan leases the Finance and Risk Management Department reviewed, Hewlett-Packard Financial Services did not expect to recover any residual or trade-in value at the end of the 4 and 5-year server leases and expected to recover between \$172 to \$281 per personal computer at the end of a 3-year lease. In the example provided as Attachment 3, the calculated residual or trade-in value was \$212. Finance and Risk Management researched purchase prices of 3-year old personal computer equipment and found these values to be reasonable. According to the Master Operating Lease Agreement terms, this value belongs to Hewlett-Packard Financial Services and the personal computer equipment must be properly packaged and returned to Hewlett-Packard Financial Services at the County's cost. If the County had purchased the personal computer equipment, this value would belong to the County. Hewlett-Packard has a trade-in program that could be used if the County purchased equipment. The County's disposal effort and cost would be very similar, if not identical, between leasing and purchasing.

A copy of the Hewlett Packard Financial Services Master Operating Lease Agreement is included as Attachment 4.

The Finance and Risk Management Department is available to answer any questions about determining the financing costs of the Plan leases.

# **Attachment 1**

**PIMA COUNTY, ARIZONA  
LEASE ANALYSIS - DO 15\*16344**

**LEASE PAYMENTS PAYABLE ANNUALLY IN ADVANCE**

LEASE TERM IN YEARS  $\frac{4}{10}$   
FINANCING TERM IN YEARS 3

EQUIPMENT PRICE 1,316,434.62  $\frac{10}{10}$   
SOFTWARE and SUPPORT PRICE 1,305,083.39  $\frac{10}{10}$   
TOTAL PURCHASE PRICE 2,621,518.01

	ANNUAL PAYMENT	TOTAL LEASE PAYMENTS	RESIDUAL VALUE	FINANCING COST
EQUIPMENT LEASE ANNUAL PAYMENT	364,586.57	1,458,346.28	0.00	141,911.66
SOFTWARE AND SUPPORT ANNUAL PAYMENT	361,442.84	1,445,771.36	0.00	140,687.97
TOTAL ANNUAL PAYMENT	<u>726,029.41</u>	<u>2,904,117.64</u>		<u>282,599.63</u>

282,599.63

**AMOUNT FINANCED** 1,895,488.60

Equal to: Purchase Price less first annual in-advance payment  
Less any expected trade-in or residual value

**FINANCING RATE** 7.284%

	BEGINNING BALANCE	INTEREST COST	PRINCIPAL PAID	TOTAL PAYMENT	ENDING BALANCE
YEAR 1	1,895,488.60	138,067.39	587,962.02	726,029.41	1,307,526.58
YEAR 2	1,307,526.58	95,240.24	630,789.17	726,029.41	676,737.41
YEAR 3	676,737.41	49,293.55	676,735.86	726,029.41	1.55
			<u>1,895,487.05</u>		

**SELLER** Hewlett-Packard



hp financial services

Master Agreement Number 5249365301  
Schedule Number 524936530100003

COUNTERPART NO. \_\_\_\_\_ OF \_\_\_\_\_. TO THE EXTENT THAT THIS SCHEDULE CONSTITUTES CHATTEL PAPER (AS DEFINED ON THE UCC), NO SECURITY INTEREST IN THIS SCHEDULE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE AND LOCAL GOVERNMENT MASTER OPERATING LEASE AGREEMENT  
SCHEDULE (Software and Support)

Hewlett-Packard Financial Services Company<sup>1</sup> ("Lessor") and Pima County, Arizona, an agency, department or political subdivision of the State of Arizona ("Lessee") are parties to the State and Local Government Master Operating Lease Agreement identified by the Master Agreement Number specified above (the "Master Agreement"). This Schedule (which shall be identified by the Schedule Number specified above) and the Master Agreement together comprise a separate Lease between the parties. The terms and conditions of the Master Agreement are hereby incorporated by reference into this Schedule. All capitalized terms used in this Schedule without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE.

A. Description of Items of Leased Equipment Total Cost  
See attached Quote #GBS1-57463-08 dated 10/24/2014 \$1,316,434.62

B. **Initial Term:** 48 Months (plus the number of days from and including the Acceptance Date through and including the last day of the calendar month or quarter (depending on whether Rent is payable monthly, quarterly, or annually as specified in Section 3 below) in which the Acceptance Date occurs).

2. SOFTWARE AND SUPPORT TRANSACTION.

A. Description of Software and Support Items Total Cost  
See attached Quote #GBS1-57463-08 dated 10/24/2014 \$1,305,083.39

B. **Term:** 48 Months (plus the number of days from and including the Acceptance Date through and including the last day of the calendar month or quarter (depending on whether Rent is payable monthly, quarterly, or annually as specified in Section 3 below) in which the Acceptance Date occurs).

3. RENT:

For Lease: \$364,586.57  
For Software and Support Transaction: ~~\$361,442.84~~  
Total Rent: \$726,029.41

RENT is payable:  in advance  in arrears (check one)  
 monthly  quarterly  annually (check one)

DAILY RENT:

For Lease: N/A (i.e., the Rent payment specified above expressed on a per diem basis, assuming a 360 day year and 30 day months)

For Software and Support Transaction: N/A (based on the Software and Support Transaction Rate, and interest only)

For Software and Support Transactions, the "Software and Support Transaction Rate" generally equals the rate of interest that would cause the present value of the Rent payable over the Term, calculated as of the First Payment Date and assuming monthly or quarterly (as applicable) compounding, to equal the Total Cost of the Software and Support Items.

Lessee shall pay Lessor (a) on the first day of each calendar month or calendar quarter (depending on whether Rent is payable monthly or quarterly as specified above) if Rent is payable in advance, or (b) on the last day of each calendar month or calendar quarter (depending on whether Rent is payable monthly or quarterly as specified above) if Rent is payable in arrears, the Rent payment specified above for the length of the Initial Term in the case of a Lease and for the length of the Term in the case of a Software and Support Transaction. The First Payment Date shall be the first day (if Rent is payable in advance) or the last day (if Rent is payable in arrears) of the month or quarter (as applicable) immediately following the month or quarter (as applicable) in which the Acceptance Date occurs. In addition, on the First Payment Date Lessee shall also pay Lessor (a) in the case of Leases an amount equal to the Daily Rent multiplied by (i) 15 days if Rent is payable monthly or (ii) 45

<sup>1</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

1/10

days if Rent is payable quarterly; or (b) in the case of Software and Support Transactions an amount equal to the Daily Rent multiplied by the number of days from and including the Funding Date up to but excluding the first day of the month or quarter (as applicable) in which the First Payment Date occurs.

If Rent is payable annually, the First Payment Date shall be the first day (if Rent is payable in advance) or the last day (if Rent is payable in arrears) of the month immediately following the month in which the Acceptance Date occurs, and subsequent payments of Rent will be due on each anniversary date of the First Payment Date during the Term. Rent will be prorated for partial years.

For Software and Support Transactions, all payments of Rent will be deemed to be blended payments of principal and interest (which interest will be calculated and payable at the Software and Support Transaction Rate), other than (a) Daily Rent, which is interest only, and (b) if Rent is payable in advance, the first periodic payment of Rent which is principal only. All payments of Rent with respect to Software and Support Transactions will be applied first to accrued and unpaid interest and next on account of principal, with interest on overdue amounts calculated and payable in accordance with the Master Agreement. All Rent, including Rent for Software and Support Transactions, is subject to Section 7 of the Master Agreement, Nonappropriation.

4. **LATEST COMMENCEMENT DATE:** November 30, 2014. Lessor's obligation to purchase and lease the Equipment or obtain under a Software and Support Transaction the Software and Support Items is subject to the Acceptance Date being on or before the Latest Commencement Date.

5. **EQUIPMENT LOCATION:** Pima County ITD-PECOC, 3434 E. 22nd St., Ste E, Tucson, AZ 85713

6. **SELLER:** Hewlett-Packard Company

7. **APPROPRIATIONS:** Monies for all Rent and other payments due under the Lease for the Fiscal Period ending 6/30/2015 are available from Lessee's appropriated funds for such Fiscal Period and that appropriations and/or other funds have been encumbered or designated for the payment of all Rent and other payments that shall become due under the Lease in such Fiscal Period.

8. **ADDITIONAL PROVISIONS:** For purposes of this Schedule only, the following changes are made to the Master Agreement, solely with respect to Software and Support Transactions and Software and Support Items covered hereby:

(a) Section 1 is hereby amended in its entirety to read as follows:

"This Master Agreement sets forth the general terms and conditions upon which (a) Lessor shall lease to Lessee and Lessee shall lease from Lessor items of Hardware, Software or both (such Hardware and Software being collectively referred to as "Equipment") and (b) Lessor shall provide Software and Support Transaction to Lessee for software program license fees, maintenance fees, fees for other services, and other costs and one-time charges ("Software and Support Items") Lessee desires to obtain under a Software and Support Transaction hereunder. If Lessor and Lessee agree to a lease of particular Equipment (a "Lease") and/or a software and support transaction for particular Software and Support Items (a "Software and Support Transaction") (Software and Support Transactions and Leases are collectively referred to herein unless otherwise indicated as "Leases"), each item of Equipment and each Software and Support Item will be described on a schedule in the form of Exhibit A, which schedule will incorporate this Master Agreement by reference ("Schedule")

(b) The following Section is hereby amended to add "or Software and Support Transaction" after the word "Lease" in the indicated lines:

Section 2(b): each of lines 1 and 2 of that Section.

(c) The following Sections are hereby amended to add "or obtained under a Software and Support Transaction" after the word "leased" in the indicated lines:

Section 14, line 10

Section 30 "Unit of Equipment", in 3 places, lines 1 and 2, to the extent that this definition relates to Software which constitutes a Software and Support Item.

(d) The Master Agreement is hereby amended to add "and/or Software and Support Items" after the word "Equipment" in each place in which the word "Equipment" appears.

(e) Section 4 of the Master Agreement is amended to delete Subsections (b), (c) and (d) and the capitalized language at the end of that Section and to restate (a) in its entirety as follows:

"(a) If Lessee shall have paid all amounts due and owing, and shall have otherwise fulfilled the terms and conditions of the Master Agreement and this Schedule, then on the last day of the Initial Term (i) the Lease with respect to the Software and Support Items shall terminate and, except as provided in Section 26 of the Master Agreement, Lessee shall be relieved of all of Lessee's obligations to Lessor with respect to the Software and Support Items, and (ii) Lessor shall transfer all of Lessor's interest in the Software and Support Items to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims arising by or through Lessor. If Lessee purchases the Equipment pursuant to Section 4(a) of the Master Agreement, the Fair Market Value will not include the value of any Software and Support Items. If the Lease is extended pursuant to Section 4(b) of the Master Agreement, the Fair Rental Value will not include the value of any Software and Support Items. If the Lease is extended pursuant to Section 4(d) of the Master Agreement, the Rent to be paid during the extended term will not include the Rent "For Software and Support Transaction" under Section 3 above.

(f) Section 10 is hereby amended to add the following language as a new third sentence:

"Within ten (10) days after any termination of this Schedule involving Software prior to its natural expiration date pursuant to Section 7, Lessee shall certify to Lessor in writing that (a) it has no ability to use the returned Software or any Software upgrade or

update obtained from Supplier, and (b) that Lessee has ceased and will continue to cease all use of any Software and any Software upgrade or update obtained from Supplier.”

(g) The first two full sentences of Section 13 and all of Section 23 except the last three sentences of that Section shall not apply to Software and Support Items.

9. **FISCAL PERIOD:** 15 ~~Annual~~ July 1 - June 30

10. **TERMINATION FOR CONVENIENCE.** Lessee may terminate this Schedule at any time for convenience in accordance with Arizona law; provided, however, that Lessee agrees to notify Lessor no less than 30 days prior to the desired termination date (“Termination Date”). On or before the Termination Date, Lessee shall 1) return the Equipment in accordance with Section 10 of the Master Agreement, and 2) pay to Lessor the following Termination Charges: i) the sum of the current fiscal year’s payment obligations, including late fees, less any payments made as of the date of termination; plus ii) the Termination Value, which will be the present value of the unpaid Rent payments over the remaining Initial Term discounted at four percent (4%) per annum, compounded monthly pursuant to the attached Termination Value Schedule. If Lessee elects to terminate this Lease for convenience, Lessee’s interests under this Lease and Financing shall terminate on the Termination Date.

LESSOR AGREES TO LEASE TO LESSEE AND LESSEE AGREES TO LEASE FROM LESSOR THE EQUIPMENT DESCRIBED IN SECTION 1.A ABOVE, IF ANY, AND LESSOR AND LESSEE AGREE TO ENTER INTO A SOFTWARE AND SUPPORT TRANSACTION OF THE SOFTWARE AND SUPPORT ITEMS DESCRIBED IN SECTION 2.A ABOVE, IF ANY. SUCH LEASE AND/OR SOFTWARE AND SUPPORT TRANSACTION WILL BE GOVERNED BY THE MASTER AGREEMENT AND THIS SCHEDULE, INCLUDING THE IMPORTANT ADDITIONAL TERMS AND CONDITIONS SET FORTH ABOVE. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS SCHEDULE AND THE MASTER AGREEMENT, THE TERMS OF THIS SCHEDULE SHALL GOVERN. LESSEE HEREBY REPRESENTS AND WARRANTS THAT ON AND AS OF THE DATE HEREOF EACH OF THE REPRESENTATIONS AND WARRANTIES MADE BY LESSEE IN THE MASTER AGREEMENT ARE TRUE, CORRECT AND COMPLETE.

**LESSEE:**  
**PIMA COUNTY, ARIZONA**

**LESSOR:**  
**HEWLETT-PACKARD FINANCIAL SERVICES COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



**MASTER OPERATING LEASE AGREEMENT  
ACCEPTANCE CERTIFICATE (Software)**

Hewlett-Packard Financial Services Company<sup>1</sup> ("Lessor") and Pima County, Arizona ("Lessee") are parties to the Master Operating Lease Agreement (the "Master Agreement") and the Schedule under such Master Agreement (the "Schedule") identified by the Master Agreement Number and Schedule Number, respectively, specified above. The Master Agreement and Schedule together comprise a separate Lease, a separate Software and Support Transaction, or a separate Lease and a separate Software and Support Transaction, as the case may be, that is being accepted and commenced pursuant to this Acceptance Certificate. All capitalized terms used in this Acceptance Certificate without definition have the meanings ascribed to them in the Master Agreement.

**1. LEASE ACCEPTANCE.** Lessee hereby acknowledges that the Equipment described in Section 1 of the Schedule, if any, or if different, the Equipment described in the attached invoice or other attachment hereto, in either case having an aggregate Total Cost of \$1,316,434.62, has been delivered to the Equipment Location specified below, inspected by Lessee and found to be in good operating order and condition, and has been unconditionally and irrevocably accepted by Lessee under the Lease evidenced by the Master Agreement and the Schedule as of the Acceptance Date set forth below.

**2. SOFTWARE AND SUPPORT TRANSACTION ACCEPTANCE.** Lessee hereby acknowledges that the Software and Support Items described in Section 2 of the Schedule, if any, or if different, the Software and Support Items described in the attached invoice or other attachment hereto, in either case having an aggregate Total Cost of \$1,305,083.39, have been received or incurred by Lessee and have been unconditionally and irrevocably accepted by Lessee under the Software and Support Transaction evidenced by the Master Agreement and the Schedule, as of the Acceptance Date set forth below.

**3. LESSEE ACKNOWLEDGEMENTS.** Lessee hereby agrees to faithfully perform all of its obligations under the Master Agreement and the Schedule and reaffirms, as of the date hereof, its representations, warranties and covenants as set forth in the Master Agreement, including, without limitation, the representations and covenants set forth in clauses (i) through (m) in Section 17 of the Master Agreement. Lessee hereby acknowledges its agreement to pay Lessor Rent payments, as set forth in the Schedule, plus any applicable taxes, together with all other costs, expenses and charges whatsoever which Lessee is required to pay pursuant to the Master Agreement and the Schedule, in each instance at the times and in the manner set forth in the Master Agreement and the Schedule, respectively.

**4. EQUIPMENT LOCATION.** The Equipment has been installed and is located at the following Equipment Location:

\_\_\_\_\_  
\_\_\_\_\_

PIMA COUNTY, ARIZONA

BY: \_\_\_\_\_

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

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

<sup>1</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company Inc. in the States of Alabama and New York.

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HP Financial Services

Master Agreement Number 5249365301  
Schedule Number 524936530100003

**MASTER OPERATING LEASE AGREEMENT  
ACCEPTANCE CERTIFICATE (Software)**

Hewlett-Packard Financial Services Company<sup>1</sup> ("Lessor") and Pima County, Arizona ("Lessee") are parties to the Master Operating Lease Agreement (the "Master Agreement") and the Schedule under such Master Agreement (the "Schedule") identified by the Master Agreement Number and Schedule Number, respectively, specified above. The Master Agreement and Schedule together comprise a separate Lease, a separate Software and Support Transaction, or a separate Lease and a separate Software and Support Transaction, as the case may be, that is being accepted and commenced pursuant to this Acceptance Certificate. All capitalized terms used in this Acceptance Certificate without definition have the meanings ascribed to them in the Master Agreement.

**1. LEASE ACCEPTANCE.** Lessee hereby acknowledges that the Equipment described in Section 1 of the Schedule, if any, or if different, the Equipment described in the attached invoice or other attachment hereto, in either case having an aggregate Total Cost of \$1,316,434.62, has been delivered to the Equipment Location specified below, inspected by Lessee and found to be in good operating order and condition, and has been unconditionally and irrevocably accepted by Lessee under the Lease evidenced by the Master Agreement and the Schedule as of the Acceptance Date set forth below.

**2. SOFTWARE AND SUPPORT TRANSACTION ACCEPTANCE.** Lessee hereby acknowledges that the Software and Support Items described in Section 2 of the Schedule, if any, or if different, the Software and Support Items described in the attached invoice or other attachment hereto, in either case having an aggregate Total Cost of \$1,305,083.39, have been received or incurred by Lessee and have been unconditionally and irrevocably accepted by Lessee under the Software and Support Transaction evidenced by the Master Agreement and the Schedule, as of the Acceptance Date set forth below.

**3. LESSEE ACKNOWLEDGEMENTS.** Lessee hereby agrees to faithfully perform all of its obligations under the Master Agreement and the Schedule and reaffirms, as of the date hereof, its representations, warranties and covenants as set forth in the Master Agreement, including, without limitation, the representations and covenants set forth in clauses (i) through (m) in Section 17 of the Master Agreement. Lessee hereby acknowledges its agreement to pay Lessor Rent payments, as set forth in the Schedule, plus any applicable taxes, together with all other costs, expenses and charges whatsoever which Lessee is required to pay pursuant to the Master Agreement and the Schedule, in each instance at the times and in the manner set forth in the Master Agreement and the Schedule, respectively.

**4. EQUIPMENT LOCATION.** The Equipment has been installed and is located at the following Equipment Location:

Pima County ITD-PECOC, 3434 E. 22nd St., Ste E, Tucson, AZ 85713

PIMA COUNTY, ARIZONA

  
1/15/15

BY L. H. Williams  
GEORGE W. WILLIAMS / PROCUREMENT DIRECTOR  
Name and Title  
Acceptance Date: 1/15/15

<sup>1</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the States of Alabama and New York.



**Legal Quotation**

**To: Pima County**  
3434 east 22nd street  
Tucson, AZ 85713

**In reply to your request:**  
PimaCounty-10400 5Y R6-PrimaryDC

<b>HP Quote #</b>	<b>Created</b>	<b>Expires</b>
GBS1-57463-08	10/24/2014	12/31/2014

**Your HP Sales Contact:**

Candice Fitzgerald,  
Phone: +1 800 277 8988 ext. 771861  
Fax:  
Email: candice.fitzgerald@hp.com

**Payment Terms:**

Net 30 days, subject to credit approval

**Submit Purchase Order To:**

U.S. SLED Order Management.  
Phone: .  
Fax: 1-800-825-2329  
Email: VALOM-US-SLED@hp.com

**Attn: TBD**  
**Phone:**  
**Fax:**  
**Email:**

<b>Solution</b>	<b>Net Price</b>
Hardware:	US\$ 1,316,434.62
Software:	US\$ 372,858.64
Support:	US\$ 898,029.75
Installation:	US\$ 34,195.00
Other:	US\$ 0.00
<b>Sub-Total:</b>	<b>US\$ 2,621,518.01</b>
Shipping and Handling:	US\$ 0.00
<b>Grand Total:</b>	<b>US\$ 2,621,518.01</b>
<b>Estimated Delivery Upon Order Entry:</b> 3 weeks <b>Delivery Method:</b> Standard Delivery Duty Paid Shipping & Handling and Special Handling Exempt	

Print Date: 10/24/2014 3:38:24PM

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No.	Qty	Product	Description	Extended Item Net Price	Estimated Delivery Upon Order Entry
0100	1	E7W48A	HP 3PAR 10400 32 CC 64 DC Rackmount Base	47,216.44	3 weeks
0101	2	E7W34A	HP 3PAR 10400 32 CC 64 DC Contrlr Node	29,800.54	7 days
	2	Opt. 0D1	Factory integrated		7 days
0102	20	QR591A	HP 3PAR 10000 4Port FC Adapter	71,484.00	7 days
	20	Opt. 0D1	Factory integrated		7 days
0103	4	QR630A	HP 3PAR 10000 10G Conv Net Adapter	7,226.84	7 days
	4	Opt. 0D1	Factory integrated		7 days
0104	1	BD240A	HP 3PAR 10400 OS Suite Media Base LTU	3,365.32	5 days
	1	Opt. 0D1	Factory integrated		5 days
0105	80	BD241A	HP 3PAR 10400 OS Suite Mag LTU	96,924.80	5 days
	80	Opt. 0D1	Factory integrated		5 days
0106	1	BD264A	HP 3PAR 10400 Data Opt St v2 Base LTU	5,012.28	5 days
	1	Opt. 0D1	Factory integrated		5 days
0107	80	BD265A	HP 3PAR 10400 Data Opt St v2 Mag LTU	144,345.60	5 days
	80	Opt. 0D1	Factory integrated		5 days
0108	1	BD249A	HP 3PAR 10400 Replication Suite Base LTU	3,955.56	5 days
	1	Opt. 0D1	Factory integrated		5 days
0109	80	BD250A	HP 3PAR 10400 Replication Suite Mag LTU	113,904.00	5 days
	80	Opt. 0D1	Factory integrated		5 days
0110	1	BD244A	HP 3PAR 10400 Reporting Suite Media LTU	2,778.44	5 days
	1	Opt. 0D1	Factory integrated		5 days
0111	1	BD245A	HP 3PAR 10400 App Suite VMware Media LTU	2,572.64	5 days
	1	Opt. 0D1	Factory integrated		5 days
0200	24	QR592C	HP 3PAR 10000 40-drive Chassis	65,721.60	3 weeks
0201	48	QW907A	HP 3PAR 10000 4x2TB SAS 7.2K Magazine	115,891.20	7 days
	48	Opt. 0D1	Factory integrated		7 days
0202	96	E7X50A	HP 3PAR 10000 4X1.2TB 10K SAS Magazine	426,240.00	8 days
	96	Opt. 0D1	Factory integrated		8 days
0203	24	E7W26B	HP 3PAR 10000 4x920GB MLC SSD 5yr Mag	522,144.00	8 days
	24	Opt. 0D1	Factory integrated		8 days
0300	3	HF383A1	HP CP Svc for Storage Training	2,700.00	
0400	8	H6Z35A	HP Premier Flex LC/LC OM4 6m SB Cable	994.56	7 days
0500	40	H6Z36A	HP Premier Flex LC/LC OM4 10m SB Cable	3,803.60	7 days

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No.	Qty	Product	Description	Extended Item Net Price	Estimated Delivery Upon Order Entry
0600	24	QR598A	HP 3PAR 10000 Rackmount Drv Chassis	25,911.84	7 days
0700	1	HA112A4	HP 4y Critical Service		
	1	Opt. 300	Critical Storage Services	54,482.40	
	1	Opt. 4RK	Critical SWD Environment SVC	141,589.70	
	2	Opt. QPP	P10000 3PAR V400 Controller Nodes Supp	10,770.52	
	20	Opt. QPT	P10000 3PAR 4-Port FC Adapter Supp	25,793.60	
	24	Opt. QPV	P10000 3PAR 40-drive chassis Supp	29,406.96	
	48	Opt. RGK	HP 3PAR 10000 4x2TB SAS 10K Mag Supp	41,307.36	
	1	Opt. SDV	HP 3PAR 10400 OS Suite Base LTU Supp	6,656.61	
	80	Opt. SDW	HP 3PAR 10400 OS Suite Mag LTU Supp	76,440.80	
	1	Opt. SJ1	HP 3PAR 10400 Reporting Suite LTU Supp	2,762.19	
	1	Opt. SJ3	HP 3PAR 10400 App Suite LTU Supp	2,557.74	
	1	Opt. SJ5	HP 3PAR 10400 Replctn Ste Base LTU Supp	7,824.09	
	80	Opt. SJ6	HP 3PAR 10400 Replctn Ste Mag LTU Supp	89,826.40	
	1	Opt. SJB	HP 3PAR 10400 DataOptSt v2 Base LTU Supp	9,914.65	
	80	Opt. SJC	HP 3PAR 10400 Dt Opt St v2 Mag LTU Supp	113,815.20	
	24	Opt. TGH	HP 3PAR 10000 4x920GB SSD Mag Supp	118,191.84	
	96	Opt. TGK	HP 3PAR 10000 4X1.2TB SAS Magazine Supp	129,629.76	
	24	Opt. WSF	HP 3PAR Internal Entitlement Purpose		
	4	Opt. WTF	3PAR 2-Port 10G Convrg Ntwrk Adptr Supp	2,605.68	
	1	Opt. WTH	3PAR V400 16GB CC 32GB DC Rckmnt Supp	16,833.05	
0800	1	HA124A1	HP Technical Installation Startup SVC		
	1	Opt. 5KB	HP Startup Stg Vrtl Vol 3PAR P6K EVA SVC	4,900.00	
	1	Opt. 5RX	HP Startup 3PAR V-Cls Rec Mgr vSphre SVC	2,450.00	
	1	Opt. 5RY	HP Startup 3PAR V-Cls Sys Reporter SVC	2,450.00	
	1	Opt. 5RJ	HP Startup 3PAR V-Class 4 Node Rack SVC	13,370.00	
	1	Opt. 5UH	HP Startup 3PAR Data Opt Suite v2 SVC	6,125.00	
	1	Opt. 5UD	HP Startup 3PAR Replication Suite SVC	4,900.00	
0900	1	UW316AS	HP Proactive Select Service		
1000	2	HK696A1	HP 1Y Proactive Select 10 Credit SVC		
	2	Opt. 2BT	HP Proactive Select Credit SVC	3,220.00	
1100	1	UW316AS	HP Proactive Select Service		
1200	2	HK696A3	HP 3Y Proactive Select 30 Credit SVC		

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No.	Qty	Product	Description	Extended Item Net Price	Estimated Delivery Upon Order Entry
	2	Opt. 2BT	HP Proactive Select Credit SVC	11,701.20	
<b>Grand Total:</b>				<b>US\$ 2,621,518.01</b>	

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## Legal Quotation

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For inquiries regarding this quote please contact: RFQ-US-SLED@hp.com

Upon issuing a Purchase Order to Hewlett-Packard please include the following:

Hewlett-Packard Company listed as the Vendor

Bill to & ship to addresses

PO# and valid HP quote number

HP Purchase Agreement # ADSP010-00000005

Contact name, phone number & e-Mail address

For electronic software include the end user e-Mail Address

Requested delivery date (per SLA requirements) and any special delivery requirements

Tax status

If support is ordered provide the end user's name and phone number. For upgrades include the serial number or the support identifier for contract entitlement

\*Prices are exclusive of use, sales value added and other taxes. Should the item(s) being quoted herein be exempt from sales tax please include the appropriate valid tax exemption certificate referencing Hewlett-Packard Company as the vendor.

\*If quoted herein, Remarketed Products are fully remanufactured and carry new product warranty. Purchase is subject to inventory availability at receipt of order. Inventory may not be reserved. HP reserves the right to substitute new components if appropriate, or to cancel orders by notifying the customer if necessary components are unavailable.

\*If quoted herein, HP Promotions must be ordered as quoted, no substitutions will be allowed. POs must be received on or prior to the expiration date of the quote or special promotion whichever comes first.

\*If quoted herein, HP Consignment/Demo equipment is currently at the location listed on this quote. Issuing a PO against this formal quotation will imply acceptance and delivery of the Consignment/Demo inventory. The standard warranty applicable to new equipment will apply. Some demo equipment may contain products that are remanufactured to be functionally equivalent to new.

The terms and conditions of the WSCA/NASPO contract number ADSP010-00000005 applies to any order placed as a result of this inquiry. No other terms and conditions shall apply. Please reference this contract when placing an order.

Quote contains special discounts. Unless the customer has another valid agreement with HP, this quotation is governed by HP Customer Terms - Portfolio. A copy of these terms can be found on-line at <http://h20195.www2.hp.com/V2/GetPDF.aspx/4AA4-8516ENUS.pdf> or a copy can be requested from your Customer Service Representative.

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# Attachment 2

**PIMA COUNTY, ARIZONA  
LEASE ANALYSIS - DO 16\*33053**

equipment, maintenance, support, licenses 3,127,229.64 Quote 1A ~~20/30~~  
 network upgrade 342,337.00 Quote 1B ~~21/38~~  
 testing 131,524.00 Quote 1C ~~26/38~~  
 Total quoted purchase price 3,601,090.64

LEASE PAYMENTS PAYABLE ANNUALLY IN ADVANCE  
 LEASE TERM IN YEARS 5  
 FINANCING TERM IN YEARS 4

EQUIPMENT PRICE 1,801,962.82 ~~1/38~~  
 SOFTWARE and SUPPORT PRICE 1,799,197.82 ~~1/38~~  
 NET 30 PURCHASE PRICE 3,601,160.64

	ANNUAL PAYMENT	LEASE TOTAL	RESIDUAL VALUE	FINANCING COST
EQUIPMENT LEASE ANNUAL PAYMENT	<del>1/38</del> 411,622.37	2,058,111.85	0.00	256,149.03
SOFTWARE AND SUPPORT ANNUAL PAYMENT	<del>1/38</del> 417,845.70	2,089,228.50	0.00	290,030.68
TOTAL ANNUAL PAYMENT	829,468.07	4,147,340.35		546,179.71

546,179.71

AMOUNT FINANCED 2,771,692.57

Net 30 Purchase Price less first annual in-advance payment

FINANCING RATE 7.604%

	BEGINNING BALANCE	INTEREST COST	PRINCIPAL PAID	TOTAL PAYMENT	ENDING BALANCE
YEAR 1	2,771,692.57	210,760.61	618,707.46	829,468.07	2,152,985.11
YEAR 2	2,152,985.11	163,713.85	665,754.22	829,468.07	1,487,230.89
YEAR 3	1,487,230.89	113,089.63	716,378.44	829,468.07	770,852.45
YEAR 4	770,852.45	58,615.93	770,852.14	829,468.07	0.31
			<u>2,771,692.26</u>		

SELLER World Wide Technology

COUNTERPART NO. 1 OF 1. TO THE EXTENT THAT THIS SCHEDULE CONSTITUTES CHATTEL PAPER (AS DEFINED ON THE UCC), NO SECURITY INTEREST IN THIS SCHEDULE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE AND LOCAL GOVERNMENT MASTER OPERATING LEASE AGREEMENT  
SCHEDULE (Software and Support)

Hewlett-Packard Financial Services Company<sup>1</sup> ("Lessor") and Pima County, Arizona, an agency, department or political subdivision of the State of Arizona ("Lessee") are parties to the State and Local Government Master Operating Lease Agreement identified by the Master Agreement Number specified above (the "Master Agreement"). This Schedule (which shall be identified by the Schedule Number specified above) and the Master Agreement together comprise a separate Lease between the parties. The terms and conditions of the Master Agreement are hereby incorporated by reference into this Schedule. All capitalized terms used in this Schedule without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE.

A.	<u>Description of Items of Leased Equipment</u> See attached World Wide Technology, Inc. Quotes and Statements of Work	<u>Total Cost</u> \$1,801,962.82
----	---	-------------------------------------

B. **Initial Term:** 60 Months (plus the number of days from and including the Acceptance Date through and including the last day of the calendar month or quarter (depending on whether Rent is payable monthly, quarterly, or annually as specified in Section 3 below) in which the Acceptance Date occurs).

2. SOFTWARE AND SUPPORT TRANSACTION.

A.	<u>Description of Software and Support Items</u> See attached World Wide Technology, Inc. Quotes and Statements of Work	<u>Total Cost</u> \$1,799,197.82
----	--	-------------------------------------

B. **Term:** 60 Months (plus the number of days from and including the Acceptance Date through and including the last day of the calendar month or quarter (depending on whether Rent is payable monthly, quarterly, or annually as specified in Section 3 below) in which the Acceptance Date occurs).

3. RENT:

For Lease:	\$ 411,622.37
For Software and Support Transaction:	<del>\$ 417,845.70</del>
Total Rent:	\$ 829,468.07

RENT is payable:  in advance  in arrears (check one)  
 monthly  quarterly  annually (check one)

DAILY RENT:

For Lease: N/A (i.e., the Rent payment specified above expressed on a per diem basis, assuming a 360 day year and 30 day months)  
For Software and Support Transaction: N/A (based on the Software and Support Transaction Rate, and interest only)

For Software and Support Transactions, the "Software and Support Transaction Rate" generally equals the rate of interest that would cause the present value of the Rent payable over the Term, calculated as of the First Payment Date and assuming monthly or quarterly (as applicable) compounding, to equal the Total Cost of the Software and Support Items.

Lessee shall pay Lessor (a) on the first day of each calendar month or calendar quarter (depending on whether Rent is payable monthly or quarterly as specified above) if Rent is payable in advance, or (b) on the last day of each calendar month or calendar quarter (depending on whether Rent is payable monthly or quarterly as specified above) if Rent is payable in arrears, the Rent payment specified above for the length of the Initial Term in the case of a Lease and for the length of the Term in the case of a Software and Support Transaction. The First Payment Date shall be the first day (if Rent is payable in advance) or the last day (if Rent is payable in arrears) of the month or quarter (as applicable) immediately following the month or quarter (as applicable) in which the Acceptance Date occurs. In addition, on the First Payment Date Lessee shall also pay Lessor (a) in the case of Leases an amount equal to the Daily Rent multiplied by (i) 15 days if Rent is payable monthly or (ii) 45 days if Rent is payable quarterly; or (b) in the case of Software and Support Transactions an amount equal to the Daily Rent multiplied by the number of days from and including the Funding Date up to but excluding the first day of the month or quarter (as applicable) in which the First Payment Date occurs.

If Rent is payable annually, the First Payment Date shall be the first day (if Rent is payable in advance) or the last day (if Rent is payable in arrears) of the month immediately following the month in which the Acceptance Date occurs, and subsequent payments of Rent will be due on each anniversary date of the First Payment Date during the Term. Rent will be prorated for partial years.

<sup>1</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

For Software and Support Transactions, all payments of Rent will be deemed to be blended payments of principal and interest (which interest will be calculated and payable at the Software and Support Transaction Rate), other than (a) Daily Rent, which is interest only, and (b) if Rent is payable in advance, the first periodic payment of Rent which is principal only. All payments of Rent with respect to Software and Support Transactions will be applied first to accrued and unpaid interest and next on account of principal, with interest on overdue amounts calculated and payable in accordance with the Master Agreement. All Rent, including Rent for Software and Support Transactions, is subject to Section 7 of the Master Agreement, Nonappropriation.

4. **LATEST COMMENCEMENT DATE:** June 30, 2016. Lessor's obligation to purchase and lease the Equipment or obtain under a Software and Support Transaction the Software and Support Items is subject to the Acceptance Date being on or before the Latest Commencement Date.
5. **EQUIPMENT LOCATION:** ITD-PECOC, 3434 E. 22nd St., Ste E, Tucson, AZ 85713.
6. **SELLER:** World Wide Technology, Inc.
7. **APPROPRIATIONS:** Monies for all Rent and other payments due under the Lease for the Fiscal Period ending 6/30/2016 are available from Lessee's appropriated funds for such Fiscal Period and that appropriations and/or other funds have been encumbered or designated for the payment of all Rent and other payments that shall become due under the Lease in such Fiscal Period.
8. **ADDITIONAL PROVISIONS:** For purposes of this Schedule only, the following changes are made to the Master Agreement, solely with respect to Software and Support Transactions and Software and Support Items covered hereby:
  - (a) Section 1 is hereby amended in its entirety to read as follows:

"This Master Agreement sets forth the general terms and conditions upon which (a) Lessor shall lease to Lessee and Lessee shall lease from Lessor items of Hardware, Software or both (such Hardware and Software being collectively referred to as "Equipment") and (b) Lessor shall provide Software and Support Transaction to Lessee for software program license fees, maintenance fees, fees for other services, and other costs and one-time charges ("Software and Support Items") Lessee desires to obtain under a Software and Support Transaction hereunder. If Lessor and Lessee agree to a lease of particular Equipment (a "Lease") and/or a software and support transaction for particular Software and Support Items (a "Software and Support Transaction") (Software and Support Transactions and Leases are collectively referred to herein unless otherwise indicated as "Leases"), each item of Equipment and each Software and Support Item will be described on a schedule in the form of Exhibit A, which schedule will incorporate this Master Agreement by reference ("Schedule")."
  - (b) The following Section is hereby amended to add "or Software and Support Transaction" after the word "Lease" in the indicated lines:

Section 2(b): each of lines 1 and 2 of that Section.
  - (c) The following Sections are hereby amended to add "or obtained under a Software and Support Transaction" after the word "leased" in the indicated lines:

Section 14, line 10

Section 30 "Unit of Equipment", in 3 places, lines 1 and 2, to the extent that this definition relates to Software which constitutes a Software and Support Item.
  - (d) The Master Agreement is hereby amended to add "and/or Software and Support Items" after the word "Equipment" in each place in which the word "Equipment" appears.
  - (e) Section 4 of the Master Agreement is amended to delete Subsections (b), (c) and (d) and the capitalized language at the end of that Section and to restate (a) in its entirety as follows:

"(a) If Lessee shall have paid all amounts due and owing, and shall have otherwise fulfilled the terms and conditions of the Master Agreement and this Schedule, then on the last day of the Initial Term (i) the Lease with respect to the Software and Support Items shall terminate and, except as provided in Section 26 of the Master Agreement, Lessee shall be relieved of all of Lessee's obligations to Lessor with respect to the Software and Support Items, and (ii) Lessor shall transfer all of Lessor's interest in the Software and Support Items to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims arising by or through Lessor. If Lessee purchases the Equipment pursuant to Section 4(a) of the Master Agreement, the Fair Market Value will not include the value of any Software and Support Items. If the Lease is extended pursuant to Section 4(b) of the Master Agreement, the Fair Rental Value will not include the value of any Software and Support Items. If the Lease is extended pursuant to Section 4(d) of the Master Agreement, the Rent to be paid during the extended term will not include the Rent "For Software and Support Transaction" under Section 3 above.
  - (f) Section 10 is hereby amended to add the following language as a new third sentence:

"Within ten (10) days after any termination of this Schedule involving Software prior to its natural expiration date pursuant to Section 7, Lessee shall certify to Lessor in writing that (a) it has no ability to use the returned Software or any Software upgrade or update obtained from Supplier, and (b) that Lessee has ceased and will continue to cease all use of any Software and any Software upgrade or update obtained from Supplier."
  - (g) The first two full sentences of Section 13 and all of Section 23 except the last three sentences of that Section shall not apply to Software and Support Items.
9. **FISCAL PERIOD:** 16 | Annual | July 1 - June 30

10. **TERMINATION FOR CONVENIENCE.** Lessee may terminate this Schedule at any time for convenience in accordance with Arizona law; provided, however, that Lessee agrees to notify Lessor no less than 30 days prior to the desired termination date ("Termination Date"). On or before the Termination Date, Lessee shall 1) return the Equipment in accordance with Section 10 of the Master Agreement, and 2) pay to Lessor the following Termination Charges: i) the sum of the current fiscal year's payment obligations, including late fees, less any payments made as of the date of termination; plus ii) the Termination Value, which will be the present value of the unpaid Rent payments over the remaining Initial Term discounted at four percent (4%) per annum, compounded monthly pursuant to the attached Termination Value Schedule. If Lessee elects to terminate this Lease for convenience, Lessee's interests under this Lease and Financing shall terminate on the Termination Date.

LESSOR AGREES TO LEASE TO LESSEE AND LESSEE AGREES TO LEASE FROM LESSOR THE EQUIPMENT DESCRIBED IN SECTION 1.A ABOVE, IF ANY, AND LESSOR AND LESSEE AGREE TO ENTER INTO A SOFTWARE AND SUPPORT TRANSACTION OF THE SOFTWARE AND SUPPORT ITEMS DESCRIBED IN SECTION 2.A ABOVE, IF ANY. SUCH LEASE AND/OR SOFTWARE AND SUPPORT TRANSACTION WILL BE GOVERNED BY THE MASTER AGREEMENT AND THIS SCHEDULE, INCLUDING THE IMPORTANT ADDITIONAL TERMS AND CONDITIONS SET FORTH ABOVE. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS SCHEDULE AND THE MASTER AGREEMENT, THE TERMS OF THIS SCHEDULE SHALL GOVERN. LESSEE HEREBY REPRESENTS AND WARRANTS THAT ON AND AS OF THE DATE HEREOF EACH OF THE REPRESENTATIONS AND WARRANTIES MADE BY LESSEE IN THE MASTER AGREEMENT ARE TRUE, CORRECT AND COMPLETE.

LESSEE:  
PIMA COUNTY, ARIZONA

LESSOR:  
HEWLETT-PACKARD FINANCIAL SERVICES COMPANY<sup>2</sup>

By: Mary Jo Murphy  
Mary Jo Murphy, President Director  
Name and Title  
5/26/16  
Date

By: \_\_\_\_\_  
\_\_\_\_\_  
Name and Title  
\_\_\_\_\_  
Date

<sup>2</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.



# DELIVERY ORDER PIMA COUNTY, ARIZONA

PLEASE REFERENCE THIS DO NUMBER ON ALL INVOICES  
THIS ORDER INCLUDES ALL TERMS, CONDITIONS, AND REQUIREMENTS DEFINED BY THE REFERENCED MASTER AGREEMENT

DO No: 1600000000000033053

DO Version: 2

MA No: 15000000000000058 Page: 1 of 2

S H I P  T O	<b>PIMA COUNTY INFORMATION TECHNOLOGY - PECOC</b>
	3434 E 22ND STREET, SUITE E TUCSON AZ 85713
	<b>Requested By: ROBERT MEREDITH</b>
	<b>Dept: IT Phone: 5207242303</b>

B I L  T O	<b>PIMA COUNTY FINANCE &amp; RISK MANAGEMENT - ACCOUNTS PAYABLE</b>
	PO BOX 791 TUCSON AZ 85701

V E N D O R	<b>HP FINANCIAL SERVICES</b>	<b>Contact: LYNN CANFIELD</b>
	<b>HP FINANCIAL SERVICES</b>	<b>Phone: 908-898-4975</b>
	<b>200 CONNELL DRIVE</b>	<b>Email: LYNN.CANFIELD@HP.COM</b>
	<b>5TH FLOOR</b>	<b>Terms: 0.0000 %</b>
	<b>BERKELEY HEIGHTS NJ 07922</b>	<b>Days: 30</b>

<b>Issued By:</b> ROSA MARIA LLAMAS	<b>Total:</b> \$4,147,340.35
<b>Issued Phone:</b> 5207248640	<b>FOB:</b> FOB Dest, Freight Prepaid
<b>Issued Email:</b> rosemary.llamas@pima.gov	<b>Shipping:</b> Vendor Method
<b>Issued Date:</b> 05-26-16	<b>Delivery:</b> STANDARD GROUND
<b>DO Description</b> HPFS Lease FY16 WWT MPLS Project for ITD Schedule 80	
<b>DO Extended Description</b> Attn: PCITD Bob Meredith/Allen Tallin	
<b>Modification Reason</b> Lease Schedule Revised by HPFS	

This Delivery Order incorporates the attached documents, and by reference all instructions, Standard Terms and Conditions, Special Terms and Conditions, and requirements that are included in or referenced by the solicitation documents used to establish this agreement. All Transactions and conduct are required to conform to these documents.

Number of Attachments: 2

Attachment Names: Schedule 80 Quote.pdf, Schedule 80 v2.pdf

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# DELIVERY ORDER DETAILS

DO No: 1600000000000033053

DO Version: 2

MA No: 150000000000000058 Page: 2 of 2

Line	Description			Line Subtotal			Due Date
1	HPFS Lease HP supplied Equip. per attachment 06/16-05/17			\$829,468.07			
	Quantity	UOM	Unit Price	Stock Code	VPN	MPN	
	1.00000	EA	\$829468.07				
2	HPFS Lease HP supplied Equip. per attachment 06/17-05/18			\$829,468.07			
	Quantity	UOM	Unit Price	Stock Code	VPN	MPN	
	1.00000	EA	\$829468.07				
3	HPFS Lease HP supplied Equip. per attachment 06/18-05/19			\$829,468.07			
	Quantity	UOM	Unit Price	Stock Code	VPN	MPN	
	1.00000	EA	\$829468.07				
4	HPFS Lease HP supplied Equip. per attachment 06/19-05/20			\$829,468.07			
	Quantity	UOM	Unit Price	Stock Code	VPN	MPN	
	1.00000	EA	\$829468.07				
5	HPFS Lease HP supplied Equip. per attachment 06/20-05/21			\$829,468.07			
	Quantity	UOM	Unit Price	Stock Code	VPN	MPN	
	1.00000	EA	\$829468.07				



World Wide Technology, Inc.

Sales Quotation

Submitted By

Submitted To

Quote Number: 4155215.3  
Customer: Plma County  
Quote Date: 03/24/2016  
Quote Name: Plma MPLS C1

ISR: Grenda, Angela M.  
P: (602) 472-7307  
Angela.Grenda@wwt.com  
AM: Heard, Corey S  
P: (480) 736-7337  
F: (602) 472-7201  
Corey.Heard@wwt.com

Allen Tollin  
P: 520-724-2311  
Allen.Tollin@plma.gov

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
1	SFP-10G-LR-S= CISCO SYSTEMS (CISCO PRO)	14d	106	\$775.80	\$82,234.80
Description: 10GBASE-LR SFP Module, Enterprise-Class					
2	SFP-10G-ZR-S= CISCO SYSTEMS (CISCO PRO)	14d	20	\$4,450.64	\$89,012.80
Description: 10GBASE-ZR SFP Module, Enterprise-Class					
3	C1-C6840-X-LE-40G CISCO SYSTEMS (CISCO PRO)	21d	20	\$21,528.04	\$430,560.80
Description: Cisco ONE Catalyst 6840-X-Chassis and 2x40G Standard Tables					
4	CON-SNT-C1C68X4G CISCO SYSTEMS (CISCO PRO)	Call	20	\$13,643.44	\$272,868.80
Description: SNTC-8X5XNBD Cisco ONE Catalyst 6840-X-Chassis and 2x 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
5	C6800-CAMPUS-DIST CISCO SYSTEMS (CISCO PRO)	21d	20	\$0.00	\$0.00
Description: Catalyst 6800 Campus Distribution Deployment; For Tracking O					
6	C6840-X-1100W-AC CISCO SYSTEMS (CISCO PRO)	21d	40	\$1,232.00	\$49,280.00
Description: Power Supply AC-1100W					
7	CAB-9K12A-NA CISCO SYSTEMS (CISCO PRO)	8d	40	\$0.00	\$0.00
Description: Power Cord, 125VAC 13A NEMA 5-15 Plug, North America					
8	C1FBPCAT6000S CISCO SYSTEMS (CISCO PRO)	21d	20	\$94.36	\$1,887.20
Description: Cisco ONE Foundation Perpetual Cat6000 Bundle					
9	CON-ECMU-C1FBPC6S CISCO SYSTEMS (CISCO PRO)	Call	20	\$134.66	\$2,693.20
Description: SWSS UPGRADES C1 Foundation Perpetual Cat6000 Bundle 5 yrs Smartnet Maintenance, Service Duration: 60 Months					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
10	C1-ISE-BASE-35 CISCO SYSTEMS (CISCOPRO) Description: Cisco ONE Identity Services Engine 150 EndPoint Base Lic	14d	20	\$0.00	\$0.00
11	C1-PI-LFAS-4K6K-K9 CISCO SYSTEMS (CISCOPRO) Description: Cisco ONE PI Device License for LF & AS for Cat 4k, 6k	21d	20	\$0.00	\$0.00
12	C1-EGW-150-K9 CISCO SYSTEMS (CISCOPRO) Description: Cisco ONE Energy Mgmt Perpetual Lic - 150 DO End Points	14d	20	\$0.00	\$0.00
13	C1ABPCAT6840S CISCO SYSTEMS (CISCOPRO) Description: Cisco ONE Advanced Perpetual Cat6840 Bundle	21d	20	\$3,914.19	\$78,283.80
14	CON-ECMU-C1ABPCAT CISCO SYSTEMS (CISCOPRO) Description: SWSS UPGRADES Cisco ONE Advanced Perpetual Cat6840 Bun 5 yrs Smartnet Maintenance, Service Duration: 60 Months	Call	20	\$5,315.63	\$106,312.60
15	S684AEK9-15202SY CISCO SYSTEMS (CISCOPRO) Description: Cisco CAT6840-X IOS ADV ENT SERVICES FULL ENCRYPT	21d	20	\$0.00	\$0.00
16	C1-CISCO4451/K9 CISCO SYSTEMS (CISCOPRO) Description: Cisco ONE ISR 4451 (4GE,3NIM,2SM,8G FLASH,4G DRAM, IPB)	21d	6	\$7,045.54	\$42,273.24
17	CON-SNT-C14451K9 CISCO SYSTEMS (CISCOPRO) Description: SNTC-8X5XNBD C1 ISR 4451 (4GE,3NIM,2SM,8G FLASH) 5 yrs Smartnet Maintenance, Service Duration: 60 Months	Call	6	\$6,378.75	\$38,272.50
18	SL-44-IPB-K9 CISCO SYSTEMS (CISCOPRO) Description: IP Base License for Cisco ISR 4400 Series	21d	6	\$0.00	\$0.00
19	PWR-4450-AC CISCO SYSTEMS (CISCOPRO) Description: AC Power Supply for Cisco ISR 4450 and ISR4350	21d	6	\$0.00	\$0.00
20	PWR-4450-AC/2 CISCO SYSTEMS (CISCOPRO) Description: AC Power Supply (Secondary PS) for Cisco ISR 4450	21d	6	\$326.65	\$1,959.90

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
21	CAB-AC CISCO SYSTEMS (CISCOPRO)	14d	12	\$0.00	\$0.00
Description: AC Power Cord (North America), C13, NEMA 5-15P, 2.1m					
22	MEM-4400-4G CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: 4G DRAM (2G+2G) for Cisco ISR 4400					
23	MEM-4400-DP-2G CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: 2G DRAM (1 DIMM) for Cisco ISR 4400 Data Plane					
24	MEM-FLASH-8G CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: 8G Compact Flash Memory for Cisco ISR 4450					
25	NIM-BLANK CISCO SYSTEMS (CISCOPRO)	21d	18	\$0.00	\$0.00
Description: Blank faceplate for NIM slot on Cisco ISR 4400					
26	POE-COVER-4450 CISCO SYSTEMS (CISCOPRO)	21d	12	\$0.00	\$0.00
Description: Cover for empty POE slot on Cisco ISR 4450					
27	SM-S-BLANK CISCO SYSTEMS (CISCOPRO)	21d	12	\$0.00	\$0.00
Description: Removable faceplate for SM slot on Cisco 2900,3900,4400 ISR					
28	C1F1PISR4400SK9 CISCO SYSTEMS (CISCOPRO)	21d	6	\$2,041.58	\$12,249.48
Description: Cisco ONE Foundation Perpetual License ISR 4400					
29	CON-ECMU-C1F1PISR CISCO SYSTEMS (CISCOPRO)	Call	6	\$2,657.81	\$15,946.86
Description: SWSS UPGRADES Cisco ONE Foundation Perpetual License I 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
30	SL-44-SEC-K9 CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: Security License for Cisco ISR 4400 Series					
31	SL-44-APP-K9 CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: AppX License for Cisco ISR 4400 Series					
32	ISRWAAS-RTU-2500 CISCO SYSTEMS (CISCOPRO)	14d	6	\$0.00	\$0.00
Description: ISRWAAS RTU for 2500 connections					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
33	VWAAS-RTU-2500 CISCO SYSTEMS (CISCOPRO)	14d	6	\$0.00	\$0.00
Description: VWAAS 2500 conns RTU for UCS-E on single ISR only					
34	C1-PI-LFAS-ISR-K9 CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: Cisco ONE PI Device License for LF & AS for ISR					
35	C1-NAM-60-VX10-K9 CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: Cisco ONE vNAM Software 6.0 and 150 Mbps License					
36	C1-CEM-100-K9 CISCO SYSTEMS (CISCOPRO)	14d	6	\$0.00	\$0.00
Description: Cisco ONE Energy Management - 100 DO End Points					
37	SISR4400UK9-316S CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: Cisco ISR 4400 Series IOS XE Universal					
38	GLC-LH-SMD= CISCO SYSTEMS (CISCOPRO)	14d	240	\$375.39	\$90,093.60
Description: 1000BASE-LX/LH SFP transceiver module, MMF/SMF, 1310nm, DOM					
39	TRN-CLC-000 CISCO SYSTEMS (CISCOPRO)	Call	15	\$0.00	\$0.00
Description: 10 Prepaid Training Credits:Redeem W/Cisco Learning Partners Service Duration: 12 Months					
40	C1-N7706-B26S2E-R CISCO SYSTEMS (CISCOPRO)	14d	2	\$40,268.08	\$80,536.16
Description: Cisco ONE N7706 Bundle (Chassis,2xSUP2E,6xFAB2),NoPowSup					
41	CON-SNT-N126S2ER CISCO SYSTEMS (CISCOPRO)	Call	2	\$25,851.65	\$51,703.30
Description: SNTC-8X5XNBD C1 N7706 Bun(Chas,2xSUP2E,6xFAB2),NoPwr 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
42	N7752K9-72 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Cisco NX-OS Release 7.2 for Nexus 7700 Series					
43	N77-C7706-FAB-2 CISCO SYSTEMS (CISCOPRO)	14d	12	\$0.00	\$0.00
Description: Nexus 7700 - 6 Slot Chassis 220Gbps/Slot Fabric Module					
44	N77-AC-3KW CISCO SYSTEMS (CISCOPRO)	21d	8	\$1,098.22	\$8,785.76
Description: Nexus 7700 - 3.0KW AC Power Supply Module (Cable Included)					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
45	CAB-9K16A-US1 CISCO SYSTEMS (CISCOPRO)	8d	8	\$0.00	\$0.00
Description: Power Cord 250VAC 16A, US/Japan, Src Plug NEMA 6-20					
46	N77-MODULE-BLANK CISCO SYSTEMS (CISCOPRO)	14d	4	\$0.00	\$0.00
Description: Nexus 7700 - Module Blank Slot Cover					
47	N7K-DP-CORE CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: N7K or N77 DC Core Deployment; For Tracking Only					
48	C1F2PNEX77001K9 CISCO SYSTEMS (CISCOPRO)	21d	2	\$18,303.67	\$36,607.34
Description: Cisco ONE Foundation Perpetual 7700 6 Slot and Higher					
49	CON-ECMU-CF2PX771 CISCO SYSTEMS (CISCOPRO)	Call	2	\$26,578.13	\$53,156.26
Description: SWSS UPGRADES C1 Foundation Perpetual Bundle 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
50	C1-DCL-N77-K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Cisco ONE DCNM LAN Enterprise License Nexus 7700					
51	N77-VDC1K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 VDC license (4 VDCs per license)					
52	N77-LAN1K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 LAN Enterprise License (L3 protocols)					
53	N77-TR51K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 Transport Services License (OTV/LISP)					
54	N77-EL21K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 Enhanced Layer 2 License (FabricPath)					
55	C1-PI-LFAS-N7K-K9 CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ONE PI Device License for LF & AS for Nexus 7K					
56	C1-EGW-DC-K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Cisco ONE Energy Mgmt Perpetual Lic - 1 DC End Point					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
57	C1A2PNEX77001K9 CISCO SYSTEMS (CISCOPRO)	21d	2	\$12,812.56	\$25,625.12
Description: Cisco ONE Advanced Perpetual Nexus 7700 6 Slot and Higher					
58	CON-ECMU-CA2PX771 CISCO SYSTEMS (CISCOPRO)	Call	2	\$18,604.69	\$37,209.38
Description: SWSS UPGRADES Cisco Nexus7000 Series Software Lic Bndl 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
59	C1-DCS-N77-K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Cisco ONE DCNM for SAN Advanced Edition for Nexus 7700					
60	N77-VDC1K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 VDC license (4 VDCs per license)					
61	N77-MPLS1K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 MPLS License					
62	N77-FCOE-F248XP CISCO SYSTEMS (CISCOPRO)	14d	4	\$0.00	\$0.00
Description: FCoE License for Nexus 7700 48-port 10G SFP+ (F2E)					
63	N77-SAN1K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 SAN Enterprise License					
64	N77-SUP2E CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 - Supervisor 2 Enhanced					
65	N77-SUP2E CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 - Supervisor 2 Enhanced					
66	N77-F348XP-23 CISCO SYSTEMS (CISCOPRO)	28d	2	\$16,107.24	\$32,214.48
Description: Nexus 7700 F3-Series 48 Port 1/10GbE (SFP/SFP+)					
67	N77-F348XP-23 CISCO SYSTEMS (CISCOPRO)	28d	2	\$16,107.24	\$32,214.48
Description: Nexus 7700 F3-Series 48 Port 1/10GbE (SFP/SFP+)					
68	N77-C770G-AFLT CISCO SYSTEMS (CISCOPRO)	14d	2	\$658.93	\$1,317.86
Description: Nexus 7700 - 6 Slot Chassis Air Filter Kit (Front/Side)					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
69	N77-C7706-FDK CISCO SYSTEMS (CISCOPRO)	14d	2	\$366.07	\$732.14
Description: Nexus 7700 - 6 Slot Chassis Front Door Kit					
70	N77-C7706-CMK CISCO SYSTEMS (CISCOPRO)	14d	2	\$366.07	\$732.14
Description: Nexus 7700 - 6 Slot Chassis Center Mount Kit					
71	ASR-9006-AC-V2 CISCO SYSTEMS (CISCOPRO)	21d	2	\$3,294.66	\$6,589.32
Description: ASR 9006 AC Chassis with PEM Version 2					
72	CON-SNT-ASR90061 CISCO SYSTEMS (CISCOPRO)	Call	2	\$1,690.36	\$3,380.72
Description: SNTC-8X5XNBD ASR 9006 AC Chassis with PEM Version 2 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
73	ASR-9006-FAN-V2 CISCO SYSTEMS (CISCOPRO)	21d	4	\$1,391.07	\$5,564.28
Description: ASR-9006 Fan Tray Version 2					
74	PWR-3KW-AC-V2 CISCO SYSTEMS (CISCOPRO)	21d	8	\$1,025.00	\$8,200.00
Description: 3KW AC Power Module Version 2					
75	PWR-CAB-AC-USA CISCO SYSTEMS (CISCOPRO)	21d	8	\$0.00	\$0.00
Description: Power Cord for AC V2 Power Module (USA)					
76	A9K-SW-MANAGER-CD CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: ASR 9000 Software Manager CD					
77	A9K-LC-FILR CISCO SYSTEMS (CISCOPRO)	21d	4	\$0.00	\$0.00
Description: A9K Line Card Slot Filler					
78	XR-A9K-PXK9-05.03 CISCO SYSTEMS (CISCOPRO)	21d	2	\$7,392.00	\$14,784.00
Description: Cisco IOS XR IP/MPLS Core Software 3DES					
79	CON-SNT-XRA9KPX5 CISCO SYSTEMS (CISCOPRO)	Call	2	\$2,817.28	\$5,634.56
Description: SNTC-8X5XNBD Cisco IOS XR IP/MPLS Core Software 3DES 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
80	A9K-OTHER CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: ASR9000; Other Network Applications; For Tracking Only					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
81	A9K-RSP440-TR CISCO SYSTEMS (CISCOPRO)	21d	4	\$17,571.52	\$70,286.08
Description: ASR9K Route Switch Processor with 440G/slot Fabric and 6GB					
82	CON-SNT-A9KRSP4T CISCO SYSTEMS (CISCOPRO)	Call	4	\$9,015.30	\$36,061.20
Description: SNTC-8X5XNBD ASR9K Route Switch Processr 440G/slot 6G 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
83	ASR-9006-BAFFLE CISCO SYSTEMS (CISCOPRO)	21d	2	\$549.11	\$1,098.22
Description: ASR 9006 Baffle for Front-to-Back Airflow					
84	A9K-MOD160-TR CISCO SYSTEMS (CISCOPRO)	21d	2	\$21,964.41	\$43,928.82
Description: 160G Modular Linecard, Packet Transport Optimized					
85	CON-SNT-A9KMOD1T CISCO SYSTEMS (CISCOPRO)	Call	2	\$11,269.13	\$22,538.26
Description: SNTC-8X5XNBD 160G Modular Linecard, Packet Transport 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
86	A9K-MPA-FILR CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: ASR 9000 MPA Slot Filler					
87	A9K-MPA-8X10GE CISCO SYSTEMS (CISCOPRO)	21d	2	\$23,794.77	\$47,589.54
Description: ASR 9000 8-port 10GE Modular Port Adapter					
88	CON-SNT-A9KMPA8X CISCO SYSTEMS (CISCOPRO)	Call	2	\$12,208.21	\$24,416.42
Description: SNTC-8X5XNBD ASR 9000 8-port 10GE Modular Port Adapte 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
89	A9K-MOD160-TR CISCO SYSTEMS (CISCOPRO)	21d	2	\$21,964.41	\$43,928.82
Description: 160G Modular Linecard, Packet Transport Optimized					
90	CON-SNT-A9KMOD1T CISCO SYSTEMS (CISCOPRO)	Call	2	\$11,269.13	\$22,538.26
Description: SNTC-8X5XNBD 160G Modular Linecard, Packet Transport 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
91	A9K-MPA-FILR CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: ASR 9000 MPA Slot Filler					
92	A9K-MPA-8X10GE CISCO SYSTEMS (CISCOPRO)	21d	2	\$23,794.77	\$47,589.54
Description: ASR 9000 8-port 10GE Modular Port Adapter					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
93	CON-SNT-A9KMPA8X CISCO SYSTEMS (CISCOPRO)	Call	2	\$12,208.21	\$24,416.42
Description: SNTC-8X5XNBD ASR 9000 8-port 10GE Modular Port Adapte 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
94	A9K-MOD160-AIP-TR CISCO SYSTEMS (CISCOPRO)	21d	2	\$14,642.94	\$29,285.88
Description: L3 VPN license for MOD160 Linecard, Transport Optimized					
95	CON-SNT-A9KMOD1 CISCO SYSTEMS (CISCOPRO)	Call	2	\$7,512.75	\$15,025.50
Description: SNTC-8X5XNBD L3 VPN license for M 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
96	A9K-MOD160-AIP-TR CISCO SYSTEMS (CISCOPRO)	21d	2	\$14,642.94	\$29,285.88
Description: L3 VPN license for MOD160 Linecard, Transport Optimized					
97	CON-SNT-A9KMOD1 CISCO SYSTEMS (CISCOPRO)	Call	2	\$7,512.75	\$15,025.50
Description: SNTC-8X5XNBD L3 VPN license for M 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
98	C1-ASR1002-X/K9 CISCO SYSTEMS (CISCOPRO)	21d	2	\$14,873.91	\$29,747.82
Description: Cisco ONE - ASR1002-X					
99	CON-SNT-A1002XK9 CISCO SYSTEMS (CISCOPRO)	Call	2	\$8,618.40	\$17,236.80
Description: SNTC-8X5XNBD C1 ASR1002-X Chassis,IPBase APIC EM APIs 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
100	ASR1K-RR CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: ASR1k-Router Reflector - Tracking only					
101	SPA-BLANK CISCO SYSTEMS (CISCOPRO)	21d	6	\$0.00	\$0.00
Description: Blank Cover for regular SPA					
102	ASR1002X-HD-BLANK CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Blank Cover for ASR1002-X HDD					
103	C1F1PASR1K9 CISCO SYSTEMS (CISCOPRO)	21d	2	\$8,624.00	\$17,248.00
Description: Cisco1 FND Perpetual Suite AES IPsec FW AVC Prime					
104	CON-ECMU-CFPASR11 CISCO SYSTEMS (CISCOPRO)	Call	2	\$9,302.34	\$18,604.68
Description: SWSS UPGRADES C1 FND Perp Suite AES IPsec FW AVCPrime 5 yrs Smartnet Maintenance, Service Duration: 60 Months					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
105	C1-ASR1-IPSEC-RTU CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ONE Encryption Right-To-Use Feat Lic ASR1000 Series					
106	C1-SLASR1-AES CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ONE ASR 1000 Advanced Enterprise Services License					
107	C1-FLSASR1-FW CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ONE FW License for ASR1000 Series					
108	C1-FLSASR1-AVC CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ONE Appl. Visibility and Control License ASR1000					
109	C1-PI-LFAS-ASR1K9 CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ONE PI Device License for LF & AS for ASR 1000					
110	SASR1K2XU-316S CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ASR 1002-X IOS XE UNIVERSAL - NO ENCRYPTTON					
111	ASR1002-PWR-AC CISCO SYSTEMS (CISCOPRO)	42d	4	\$0.00	\$0.00
Description: Cisco ASR1002 AC Power Supply					
112	CAB-AC-RA CISCO SYSTEMS (CISCOPRO)	14d	4	\$0.00	\$0.00
Description: Power Cord,110V, Right Angle					
113	M-ASR1002X-4GB CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ASR1002-X 4GB DRAM					
114	C1-N7706-B26S2E-R CISCO SYSTEMS (CISCOPRO)	14d	2	\$40,268.08	\$80,536.16
Description: Cisco ONE N7706 Bundle (Chassis,2xSUP2E,6xFAB2),NoPowSup					
115	CON-SNT-N126S2ER CISCO SYSTEMS (CISCOPRO)	Call	2	\$25,851.65	\$51,703.30
Description: SNTC-8X5XNBD C1 N7706 Bun(Chas,2xSUP2E,6xFAB2),NoPwr 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
116	N77S2K9-72 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Cisco NX-OS Release 7.2 for Nexus 7700 Series					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
117	N77-C7706-FAB-2 CISCO SYSTEMS (CISCOPRO)	14d	12	\$0.00	\$0.00
Description: Nexus 7700 - 6 Slot Chassis 220Gbps/Slot Fabric Module					
118	N77-AC-3KW CISCO SYSTEMS (CISCOPRO)	21d	8	\$1,098.22	\$8,785.76
Description: Nexus 7700 - 3.0KW AC Power Supply Module (Cable Included)					
119	CAB-AC-C6K-TWLK CISCO SYSTEMS (CISCOPRO)	21d	8	\$0.00	\$0.00
Description: Power Cord, 250Vac 16A, twist lock NEMA L6-20 plug, US					
120	N77-C7706-AFLT CISCO SYSTEMS (CISCOPRO)	14d	2	\$658.93	\$1,317.86
Description: Nexus 7700 - 6 Slot Chassis Air Filter Kit (Front/Side)					
121	N77-C7706-FDK CISCO SYSTEMS (CISCOPRO)	14d	2	\$366.07	\$732.14
Description: Nexus 7700 - 6 Slot Chassis Front Door Kit					
122	N77-C7706-CMK CISCO SYSTEMS (CISCOPRO)	14d	2	\$366.07	\$732.14
Description: Nexus 7700 - 6 Slot Chassis Center Mount Kit					
123	N77-MODULE-BLANK CISCO SYSTEMS (CISCOPRO)	14d	4	\$0.00	\$0.00
Description: Nexus 7700 - Module Blank Slot Cover					
124	N7K-DP-CORE CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: N7K or N77 DC Core Deployment; For Tracking Only					
125	C1F2PNEX77001K9 CISCO SYSTEMS (CISCOPRO)	21d	2	\$18,303.67	\$36,607.34
Description: Cisco ONE Foundation Perpetual 7700 6 Slot and Higher					
126	CON-ECMU-CF2PX771 CISCO SYSTEMS (CISCOPRO)	Call	2	\$26,578.13	\$53,156.26
Description: SWSS UPGRADES C1 Foundation Perpetual Bundle 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
127	C1-DCL-N77-K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Cisco ONE DCNM LAN Enterprise License Nexus 7700					
128	N77-VDC1K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 VDC license (4 VDCs per license)					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
129	N77-LAN1K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 LAN Enterprise License (L3 protocols)					
130	N77-TRS1K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 Transport Services License (OTV/LISP)					
131	N77-EL21K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 Enhanced Layer 2 License (FabricPath)					
132	C1-PI-LFAS-N7K-K9 CISCO SYSTEMS (CISCOPRO)	21d	2	\$0.00	\$0.00
Description: Cisco ONE PI Device License for LF & AS for Nexus 7K					
133	C1-EGW-DC-K9 CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Cisco ONE Energy Mgmt Perpetual Lic - 1 DC End Point					
134	N77-SUP2E CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 - Supervisor 2 Enhanced					
135	N77-SUP2E CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Nexus 7700 - Supervisor 2 Enhanced					
136	N77-F348XP-23 CISCO SYSTEMS (CISCOPRO)	28d	2	\$16,107.24	\$32,214.48
Description: Nexus 7700 F3-Series 48 Port 1/10GbE (SFP/SFP+)					
137	N77-F348XP-23 CISCO SYSTEMS (CISCOPRO)	28d	2	\$16,107.24	\$32,214.48
Description: Nexus 7700 F3-Series 48 Port 1/10GbE (SFP/SFP+)					
138	C1-C2960X-48FPD-L CISCO SYSTEMS (CISCOPRO)	14d	20	\$3,847.29	\$76,945.80
Description: Catalyst 2960-X 48 GigE PoE 740W, 2 x 10G SFP+, LAN Base					
139	CON-SNT-2948FPDL CISCO SYSTEMS (CISCOPRO)	Call	20	\$1,746.36	\$34,927.20
Description: SNTC-8X5XNBD Cat 2960-X 48 GigE PoE 740W,2x10G SFP+ 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
140	CAB-16AWG-AC CISCO SYSTEMS (CISCOPRO)	28d	20	\$0.00	\$0.00
Description: AC Power cord, 16AWG					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
141	C1FPCAT29002K9 CISCO SYSTEMS (CISCOPRO)	21d	20	\$93.71	\$1,874.20
Description: Cisco ONE Foundation Perpetual - Catalyst 2900 48 Port					
142	CON-ECMU-C1FPC292 CISCO SYSTEMS (CISCOPRO)	Call	20	\$109.15	\$2,183.00
Description: SWSS UPGRADES C1 FND Perpetual - Cat2900 48 Port 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
143	C1-EGW-50-K9 CISCO SYSTEMS (CISCOPRO)	14d	20	\$0.00	\$0.00
Description: Cisco ONE Energy Mgmt Perpetual Lic - 50 DO End Points					
144	C1-ISE-BASE-4BP CISCO SYSTEMS (CISCOPRO)	14d	20	\$0.00	\$0.00
Description: Cisco ONE Identity Services Engine 50 EndPoint Base Lic					
145	C1-PI-LFAS-2K3K-K9 CISCO SYSTEMS (CISCOPRO)	21d	20	\$0.00	\$0.00
Description: Cisco ONE PI Device License for LF & AS for Cat 2k, 3k					
146	C2960X-STACK CISCO SYSTEMS (CISCOPRO)	14d	20	\$575.05	\$11,501.00
Description: Catalyst 2960-X FlexStack Plus Stacking Module					
147	CAB-STK-E-0.5M CISCO SYSTEMS (CISCOPRO)	14d	20	\$0.00	\$0.00
Description: Cisco FlexStack 50cm stacking cable					
148	GLC-LH-SMD= CISCO SYSTEMS (CISCOPRO)	14d	20	\$375.39	\$7,507.80
Description: 1000BASE-LX/LH SFP transceiver module, MMF/SMF, 1310nm, DOM					
149	FPR-C9300-AC CISCO SYSTEMS (CISCOPRO)	14d	2	\$14,781.54	\$29,563.08
Description: Firepower 9300 Chassis for AC Power Supply, 0 PSU/4 fans					
150	CON-SNT-FPRC93AC CISCO SYSTEMS (CISCOPRO)	Call	2	\$8,505.00	\$17,010.00
Description: SNTC-8X5XNBD Firepower 9300 Chass 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
151	FPR9K-FAN CISCO SYSTEMS (CISCOPRO)	14d	8	\$0.00	\$0.00
Description: Firepower 9000 Series Fan					
152	FPR9K-RMK CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Firepower 9000 Series Rack Mount Kit					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
153	GLC-T CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: 1000BASE-T SFP					
154	FPR9K-SM-24 CISCO SYSTEMS (CISCOPRO)	14d	2	\$98,557.54	\$197,115.08
Description: Firepower 9000 Series Security Module					
155	CON-SNT-FPR9KSM2 CISCO SYSTEMS (CISCOPRO)	Call	2	\$56,700.00	\$113,400.00
Description: SNTC-8X5XNBD Firepower 9000 Series Security Module 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
156	FPR9K-SM-BLANK CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Firepower 9000 Series Security Module Blank Slot Cover					
157	FPR9K-SM-BLANK CISCO SYSTEMS (CISCOPRO)	14d	2	\$0.00	\$0.00
Description: Firepower 9000 Series Security Module Blank Slot Cover					
158	FPR9K-NM-BLANK CISCO SYSTEMS (CISCOPRO)	14d	4	\$0.00	\$0.00
Description: Firepower 9000 Series Network Module Blank Slot Cover					
159	FPR9K-SUP CISCO SYSTEMS (CISCOPRO)	14d	2	\$14,781.54	\$29,563.08
Description: Firepower 9000 Series Supervisor					
160	CON-SNT-FPR9KSUP CISCO SYSTEMS (CISCOPRO)	Call	2	\$8,505.00	\$17,010.00
Description: SNTC-8X5XNBD Firepower 9000 Serie 5 yrs Smartnet Maintenance, Service Duration: 60 Months					
161	FPR9K-PS-AC CISCO SYSTEMS (CISCOPRO)	14d	4	\$0.00	\$0.00
Description: Firepower 9000 Series AC Power Supply					
162	CAB-AC-C6K-TWLK CISCO SYSTEMS (CISCOPRO)	21d	4	\$0.00	\$0.00
Description: Power Cord, 250Vac 16A, twist lock NEMA L6-20 plug, US					
163	SF-FPR9K-ASA9.6-K9 CISCO SYSTEMS (CISCOPRO)	Call	2	\$0.00	\$0.00
Description: ASA 9.6 Software for Firepower appliance series					
164	SF-FXOS9K-1.1-K9 CISCO SYSTEMS (CISCOPRO)	Call	2	\$0.00	\$0.00
Description: Firepower Extensible Operating System version 1.1					

Line	Mfr Part # Mfr Name	Lead Time	Qty	Cust Price	Ext Price
165	L-F9K-ASA CISCO SYSTEMS (CISCOPRO)	Call	2	\$0.00	\$0.00
Description: License to run Standard ASA on a Firepower 9300 module					
166	L-F9K-ASA-SC-10 CISCO SYSTEMS (CISCOPRO)	Call	4	\$3,693.54	\$14,774.16
Description: License to add Security Context to ASA on Firepower 9300					
167	GLC-T= CISCO SYSTEMS (CISCOPRO)	14d	8	\$144.60	\$1,156.80
Description: 1000BASE-T SFP					
168	TRADE-IN CISCO SYSTEMS (CISCOPRO)	Call	1	\$0.00	\$0.00
Description: Trade-in Credit Trade-In Amt of \$440,461.08 (Included in above items)					

**Totals**

<b>Product Total</b>	\$2,054,868.66
<b>Maintenance Total</b>	\$1,072,430.98
<b>Customer Total</b>	\$3,127,299.64
<b>Estimated Shipping</b>	TBD
<b>Estimated Tax</b>	TBD
<b>Total Price:</b>	<b>\$3,127,299.64</b>

This quote is WWT Confidential Information.

Seller provides all products and services to Buyer only in accordance with any applicable third party terms and conditions within the applicable end user license agreement, terms of service, or similar legal instrument.

Unless expressly stated herein, price quotes are valid for 30 days and are subject to change thereafter.

Unless expressly stated herein, prices do not include, and Buyer is responsible for, any and all taxes, handling, shipping, transportation, duties or other charges or fees relating to the sale and delivery of products.

Products may only be returned in accordance with the original manufacturer's RMA policy.

Items returned after 30 days of receipt may not be returnable due to vendor restrictions.

All delivery dates are approximate and not guaranteed.

Products will be shipped in accordance with FCA WWT's shipping point (Incoterms 2010), unless otherwise stated herein or agreed to by both parties in writing in a contract.

Title and risk of loss will transfer to Buyer at WWT's shipping point.

Payment terms are net 30, unless otherwise agreed to by both parties in writing.

All products and services are provided to Buyer in accordance with Seller's terms of sale:

<https://www.wwt.com/TermsAndConditions/TermsAndConditions.doc>



# Pima County

Network Upgrade

March 18, 2016

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**PRESENTED BY**

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# 1 Project Scope

This Statement of Work (SOW) defines the services that World Wide Technology, Inc. (WWT) will deliver to Pima County (or Customer). Each of the parties' responsibilities are defined to provide a clear understanding of the scope of services WWT will perform. WWT is responsible for the delivery of the services and will engage Hye Tech on behalf of WWT to assist with the completion of the project scope.

The pricing submitted with this SOW reflects the services and responsibilities described herein. WWT will strive to meet Pima County schedule requirements; however, actual project dates will be subject to availability of materials and resources and Pima County attention to its responsibilities.

## 1.1 Project Summary

The scope of work described within this SOW is focused on the development and implementation of Pima County's Network Upgrade (Network Upgrade). WWT believes that the scope outlined within this SOW provides a solution in alignment with your organization's requirements.

WWT will meet the following Service objectives:

- Working with County staff implement all Core Layer network equipment in two (2) data centers
  - Rack, stack, and cable
  - Configure to Best Practices
    - Manufacturer and WWT
  - Implement logical network design
  - Connect to Distribution Layer network equipment (10Gigabit)
- Working with County staff implement six (6) Distribution Locations (specific locations TBD)
  - Rack, stack, and cable
  - Configure to Best Practice
    - Manufacturer and WWT
  - Implement logical network design

## 1.2 Deliverables

Activities related to scheduled tasks will support planning, design, and implementation deliverables necessary for a successful project. WWT deliverables will directly support the milestone and project completion criteria.

- Implementation plan for production deployment
- Production configurations for all core and distribution points
- Deployment of all core equipment and six (distribution) points
- Post deployment technical support as needed

## 1.3 Project Initiation

WWT follows a project initiation process that begins with planning the project with the key stakeholders. The process begins with planning a project initiation with Pima County during which all requirements, dependencies, success criteria, as well as challenges and risks to the project will be identified and planned for.

The project initiation will consist of the following tasks:

- Define roles and responsibilities of the project core team
- Articulate project objectives, priorities, technologies being deployed, and key deliverables
- Establish a high-level schedule for the project
- Develop strategies for mitigating major project risks
- Identify the project success criteria
- Understand project dependencies

### 1.3.1 Project Sites

Identification of the project sites and clear articulation of the level of effort associated with each site will be outputs of the planning phase.

Services will be performed at the following site(s):

- Tucson, AZ

## 1.4 Project Tasks

### 1.4.1 Phase 1 Final Development and Implementation Planning

- Submit for final approval all test results and final configurations
  - Review with county staff to obtain approval for final product
- Create final configurations for all cores and distribution points
  - Review with county staff and internal team to ensure consistent work product
- Update final documentation and design and submit as phase 3 deliverable for pre-production
- Working with County staff complete an installation and cutover plan (high level)

### 1.4.2 Phase 2 Production Implementation

- Working with County staff prepare for deployment of new core and distribution point equipment
  - Complete final surveys and ensure all requirements are met for installation
    - Review cutover plan and document low level tasks
      - Update cutover plan accordingly
    - Receive all equipment from lab and verify all equipment is functional
  - Complete rack and stack of all equipment
    - Apply remaining configurations from lab phase

- Migrate new cores and distribution points into production
  - Working with County staff to plan each Implementation
  - Support County staff with technical resources for each task

#### 1.4.3 Phase 3 Post Production Support

- WWT will provide ongoing technical support as needed on an hourly rate basis for a period of not less than one (1) year from date of final installation of the core and distribution points.

#### Project Approach

- Staffing
  - WWT will provide Subject Matter Experts (SME) for each associated phase
  - The SME will be the named and dedicated resource throughout the phase that is being worked
- Planning
  - WWT will work with Customer on all planning activities
- Implementation
  - Each work phase of the project will be conducted by an SME
    - Discovery
    - Architecture
    - Installation
    - Configuration
    - Testing
    - Migration
    - Support

## 1.5 Out of Scope

The following items have been determined to be specifically out of scope elements relative to this statement of work, and are identified in order to avoid any risk of confusion:

- Any work not specifically listed as a task in this document
- Any formal training

## 2 Pricing Summary

This is a Firm Fixed price engagement with WWT's deliverables being described in Section 1.2 above. *Costs for hardware and software are not included in WWT's fees.*

Work will be performed at Pima County facilities in the location(s) listed in Section 1.3.1 as well as remote support.

The firm fixed labor budget for this work is as follows:

**Professional Services**
**Firm Fixed Price**

Description	Price
Network Upgrade – Phase 1 and Phase 2	\$131,524.00
<b>Total Price</b>	<b>\$131,524.00</b>

**Time and Expenses**

Resource	Hourly Rate
Post Production Support SME	\$180.00

**Note:**

- Please see Customer Responsibilities and Assumptions for important information
- Pricing is shown in U.S. dollars (USD)
- Pricing is valid for ninety (90) days from the date of this SOW
- A Professional Services invoice will be generated upon completion of this engagement
- Payment Terms are Net-30 days from WWT invoice date
- A Professional Services invoice will be generated monthly for time and expenses incurred during that month for a period of one (1) year from date of final installation of the core and distribution points.

**2.1 Firm Fixed Price Project Considerations**
**2.1.1 Firm Fixed Price Change Control**

- If Pima County requests a change in the project schedule after the schedule has been mutually agreed upon between Pima County and WWT, a change order will be required to proceed as follows:
  - If a project schedule delay is requested during the course of the project, then Pima County may be subject to a change order. If the change order impacts the budget, a fixed-price change order commensurate with the cost impact will be presented by the WWT Project Manager
  - If the project is suspended or delayed for more than two (2) weeks during the course of the project, then Pima County may be subject to a change order. If the change order impacts the budget, a fixed-price change order commensurate with the cost impact will be presented by the WWT Project Manager. Project resumption will occur in a date mutually agreed upon between WWT and Pima County
  - Only changes that materially impact the project scope or schedule will be billable to Pima County
  - All change orders will be presented and explained by the WWT Project Manager. All billable change orders will be a fixed-price commensurate with the cost impact of the scope and/or schedule changes

- If the project is delayed for thirty (30) days or more for reasons outside of WWT's control, WWT reserves the right to invoice Pima County for work performed up to the date of the delay

### 3 Customer Responsibilities

All services performed by WWT will be based on the following Customer Responsibilities:

- Pima County will designate a single point of contact to whom all WWT communications may be addressed and who has the authority to act on all aspects of the services throughout the duration of the project; such contact shall be available during normal hours of business (Monday through Friday, 8:00am to 5:00pm local time, excluding holidays)
- Pima County will provide reasonable access to all Pima County sites and facilities, including where applicable, computer equipment, telecom equipment, facilities, workspace and telephone for WWT's use during the project
- Pima County will have suitable technical resources available for the duration of the engagement. The Pima County resources will need to participate in and support the various tasks of the project as required
- Pima County is responsible for the identification and interpretation of, and ensuring compliance with, any laws, statutes, rules, regulations and standards applicable to its or its affiliates' business or operations
- Pima County will respond to WWT's requests that Pima County staff work on issues and tasks not directly stated in this Statement of Work, but have a direct impact on the successful completion of this project
- Pima County shall afford WWT reasonable access on an as needed basis to Pima County staff at various times in the project but WWT is also aware that Pima County staff is dedicated to the daily operations of the facilities. WWT shall make every reasonable effort to limit the demands on these individuals but Pima County contacts will have critical knowledge of the operations and the business itself. This knowledge must be made available to WWT in a timely fashion, and is critical to the project's success
- Pima County will have five (5) business days to provide written feedback on all project artifacts, documents, or presentations developed or updated by WWT. If no feedback is provided, the item will be considered accepted by Pima County. If possible, WWT will continue with other work on the project while waiting for comments or acceptance
- Pima County will provide WWT an overview of relevant policies associated with the project. This should include any standardization information, naming conventions, IP addressing, or other pertinent information to the project
- Pima County will provide access to all of information, documentation and technology necessary for WWT to perform the assessment.
- All required hardware, software and licenses shall be provided by Pima County prior to the commencement of the project.
- Pima County will provide WWT access to all existing county infrastructure
- Pima County will make available to WWT access to all network and security infrastructure to complete the assessment. This access can be read only but should have access to review the running configurations of all key infrastructure
- Pima County will provide access to support contracts as applicable

- Pima County will provide WWT will remote access
- Pima County will provide resources to serve as project sponsors and technical resources for the following tasks
  - Escalations
  - Testing
  - Shipping and receiving
  - Inventory Control

Note: Success of the project is dependent on the responsibilities above. If responsibilities indicated above are not completed prior to the deployment date, the project timelines may need to be rescheduled based on engineering availability. WWT is qualified to provide most of these services listed above upon request. A quote for these services can be provided separately.

## 4 Assumptions

In preparing this statement of work, WWT made certain assumptions for items not expressly discussed during discussions with Pima County and WWT. Changes to these assumptions may affect proposal scope and cost.

- All WWT Intellectual Property shall remain the property of WWT, and WWT does not assign or transfer any ownership interest in any WWT Intellectual Property. However, WWT hereby grants to Pima County an irrevocable, nonexclusive, assignable royalty-free license (the "License") to use the WWT Intellectual Property created under this SOW to Pima County
- WWT will not be responsible for any project delays or costs caused by failure to deliver or by delayed provision of information, systems, or feedback from Pima County or Pima County's third party vendors
- Tasks will be completed during normal business hours between 8:00 a.m. and 5:00 p.m. local time, Monday through Friday, excluding WWT-observed holidays, unless otherwise negotiated and noted in this SOW
- Changes to this scope of work identified during this project will require a Project Change Management Form that could affect the schedule, milestone, or cost of the project
- WWT will assign all staff resources as to best-fit total requirements and no individual employee is being specifically promised or quoted for this project
- WWT shall rely upon any standard operating procedures or practices of Pima County and any direction or regulatory or other guidance provided by Pima County
- Any configuration or modification made by WWT to any third party software or materials provided by Pima County or work product incorporating such items will be subject to the ownership and other rights agreed to by Pima County with the applicable third party. Pima County understands any such configuration or modification may negate the third party warranty or indemnification rights provided to Pima County by the applicable third party and WWT will hold no liability for any configuration or modification performed at Pima County's direction
- WWT is not providing any warranty regarding, and is not liable for, any third party or Pima County software, documentation, equipment, tools or other products or materials, even if recommended by WWT
- Time estimates for the implementation of the solution does not include time required for Customer change control process

- Customer change control or process delays that impact the time and level of effort to deliver the end solution will incur a Change Order for the time difference
- The Services may be provided by WWT or individuals or organizations employed by or under contract with WWT, at the discretion of WWT
- The Services may include advice and recommendations, but Pima County agrees that all decisions in connection with the implementation of such advice and recommendations will be the responsibility of, and made by, Pima County

**Statement of Work  
R-00136897  
Pima County MPLS Test Project**

This Statement of Work ("SOW") is entered into as of March 18, 2016 between World Wide Technology, Inc. ("WWT") and Pima County, ("Pima" or "Customer").

WWT offers a number of lab and advisory services ("Lab Services") to assist customers in the evaluation and testing of a variety of technology products and integrated architectural solutions. These services may take a variety of forms and be of varying degrees of complexity (collectively, "Lab as a Service" or "LaaS"). WWT's LaaS's may be delivered through WWT's Advanced Technology Center ("ATC") (a collaborative ecosystem, powered by a multi-tenant private cloud infrastructure, where WWT can design, build, educate and demonstrate and deploy a variety of innovative technology products and integrated architectural solutions) or other similarly configured environments.

This SOW defines the Lab Services that WWT, will deliver to Customer. Each of the parties' responsibilities is defined herein to provide a clear understanding of the scope of Services. All Lab Services provided herein are provided solely pursuant to the terms and conditions as set forth in Appendix 3 below.

The pricing submitted with this SOW reflects the Lab Services and responsibilities described herein.

**Service(s) Selection**

Customer has requested that WWT perform the Lab Services described in this SOW using various information technology products, software and/or solutions (collectively, "Technology"), which may include, without limitation, technology demonstration, test, pursuant to agreed upon parameters.

This project requires the following services provided by WWT for Customer

Lab Hosting [ X ]	Quantification [ ]	Certification [ ]
Common Use [ ]		
Dedicated [ X ]		
Labor	Verification [ X ]	Interoperability [ ]
Pool [ ]		
Dedicated [ X ]		

**Service Description**

Based on test services that follow standard quality assurance lifecycle processes, WWT's LaaS practice spans multiple technologies and includes a variety of engagement models, from high to low touch, across diverse complexity levels. Our quality assurance foundation guarantees customers can test products and critical systems with the appropriate level of risk, compliance and process management.

WWT's LaaS service portfolio includes:

- **Lab Hosting** for multiple technologies, with options for dedicated self-service or WWT-attended engagement
- **Verification** of capabilities based on execution of test plans, method of procedure and regression analysis, in accordance with formal software development lifecycle ownership methodology
- **Quantification** of product and system capabilities using performance and scale characterization
- **Validation** of products and systems according to established passing grade measurement
- **Interoperability** testing to determine functionality based on compatibility and protocol compliance

30/20

**1) Scope Description****Test Description**

Pima County would like WWT to construct, host, and operate a test lab to support customer defined testing of Pima County's proposed MPLS WAN environment. This lab is dedicated to the sole use of Pima County for the period of eleven (11) weeks which includes three (3) weeks for lab construction/build and eight (8) weeks for lab testing. WWT will provide construction, hosting, and skilled engineering services for the project. Upon the conclusion of the lab testing, it should be expected that lab breakdown & equipment preparation for shipping back to Pima County will take approximately two (2) weeks.

Pima should understand that environmental, physical and configuration changes are normal and can be expected to occur.

The intent of the lab is to provide a base networking sandbox environment for the purposes of on-going testing, development, and experimentation with a focus on fully vetting the proposed network design for their production MPLS environment. The lab design will provide a topology that simulates a segment of Pima County's core MPLS production network as closely as possible. Pima County will provide all equipment required to build the base network topology with full physical connectivity and initial management/remote access configuration according to the high-level diagram (HLD). Upon completion of the physical lab build, the WWT field implementation services partner will work with Pima County and their representatives in developing the configurations according to the HLD and apply the full logical configuration to the topology to prepare for testing. The field implementation services will also work with Pima County's engineering staff to devise a test plan that accommodates failure scenarios. The field services implementation partner will be the primary party executing the tests according to the approved test plan & methodologies with guidance from Pima County & WWT. WWT will provide testing tools to facilitate the injection of simulated network traffic into the environment.

Upon completion of the testing, WWT will break down the equipment, re-package, and arrange for shipping to the designated Pima County location.

**Testing Strategy:**

- Develop proposed design & configurations to simulate deployment topology
- Build physical topology according to HLD
- Validate the device configurations and control plane functionality
- Validate deployment methodology/method-of-procedure proposed for production
- Traffic will be injected within the simulated topology lab sites with the Ixia traffic generation tool
  - A quantity of four (4) 1-Gbps ports will be provided on the Ixia appliance
- Throughput Target: 1GigE
- Introduce failure scenarios at various points according to test plan and observe the topology & configuration behavior
- Pima County will provide all equipment for devices under test
- Access to the hosts via Remote Desktop and/or Remote VDI as requested by the customer

**Description of Activities****Phase 1 – Discovery & Planning**

- Field Services Implementation partner will perform a brief of Pima County's existing layer 3 environment
  - Review router OS and licensed features
  - Review topology and routing design in place
  - Review redundancy needs per location
- Field Services Implementation partner will identify installation location targets for all required equipment
  - Identify rack space and power requirements
- Field Services Implementation partner will identify physical plant limitations and needs
  - Cable
  - Power
  - Cooling
- Field Services Implementation partner will identify current WAN and network addressing scheme
  - Proposed transport addressing space
  - Updates to any internal addressing needed
  - Management address space
- Field Services Implementation partner will assess current county manufacturer support and maintenance
- Field Services Implementation partner will identify any risk from discovery phase
- Field Services Implementation partner will establish success criteria derived from interviews and planning sessions with county staff
- Field Services Implementation partner will propose design for new core/distribution network
  - Layer 1-3 architecture
  - Interior gateway routing
  - Label switching
  - Create proposed routing & connectivity design
- Field Services Implementation partner will create a test plan for the lab phase
- Field Services Implementation partner will identify general pre-installation tasks
  - Verify hardware list vs. hardware on-hand
  - Upgrade to latest stable firmware, perform POST, and burn-in for 48 hours
  - Identify stacking needs and stack as needed
  - Identify modules, power-supplies and any other external parts

- Configure switches with standard base configuration and customer specific configurations
- Configure routers with standard base configuration and customer specific configurations
- Configure firewalls with standard base configuration and customer specific configurations

### **Phase 2 – Lab Installation, Configuration, & Testing**

- Pima County, acting as a test participant, will provide all proposed network equipment required to build a mock-up of the MPLS environment.
- WWT will construct and host a test lab on behalf of Pima County for their sole use for the period of the contract
  - NOTE: The duration referenced above is inclusive of the time to construct the lab
- The lab will contain the materials listed in Appendix 1:Bill of Materials or suitable substitutions
- The topology, shown in Appendix 3:High Level Design Lab Topology will be used to construct the lab
- WWT will supply the Ixia traffic simulation/generation tool, (1GigE – Qty: 4 ports) as part of the test environment
- Field Services Implementation partner will jointly develop a test strategy document with Pima County to detail the physical, virtual, and test goals of the project, this document will be peer reviewed and approved by Pima County before testing begins
  - NOTE: Pima County will be required to supply information and a point of contact for this documents creation and acceptance
- Field Services Implementation partner will jointly develop a test plan with Pima County to detail the test cases planned for execution during this project, this document will be peer reviewed and approved by Pima County before testing begins
  - NOTE: Pima County will be required to supply information and a point of contact for this documents creation and acceptance
- WWT & Field Services Implementation partner will staff the lab construction phase with skilled engineering resources as needed to meet the schedule and technical content
- Field Services Implementation partner will staff the test phase with skilled engineering resources to facilitate the test plan execution and test cases, per direction from Pima County
- WWT will partially staff the testing phase with skilled engineering resources to provide oversight and lab management in a limited capacity, up to eight (8) hours per week
- WWT will partially staff the test phase with smart-hands labor to facilitate any physical changes to the test environment, up to six (6) hours per week, per direction from Pima County
- WWT will provide remote access via remote desktop or VDI to the customer as requested, (on-site visits are encouraged)

- WWT will provide Pima County a lab Transfer of Information, TOI, for instruction and operational purposes

## 2) Technical Description

- WWT shall provide Pima County the facilities to house the Pima County-provided equipment with for the duration of this test:
- Test-bed will be similar to Appendix 3:
- In addition, WWT will provide a means for remote access to the equipment and to review the tests and the logs to all concerned parties
- WWT will provide technical support staff for documentation creation, lab construction, lab oversight, and consultancy as defined in this SOW
- Technical details of the project will be captured in the Project Test Strategy
- Install and configure two (2) test MPLS cores in a lab environment
  - Equipment to be installed for the MPLS core:
    - Quantity two (2) 7706 switches for core
    - Quantity two (2) 7706 switches for Fusion routers
    - Quantity two (2) ASA Firewalls
    - Quantity two (2) ASR 9K routers for edge
  - Configure as a simulated County MPLS core pair or as a split data center set as required
- Install and configure two (2) test distribution points in a lab environment
  - Equipment to be installed for the distribution points:
    - Quantity two (2) 6880 switches
    - Configure as simulated county distribution points connected and configured as expected in production
- Connect all equipment to simulate as expected in production
- Test connectivity and interior routing between core and distribution points on all VRF's
  - Execute test scenarios developed during planning stages
    - Failover during simulated hardware and link faults
    - Throughput testing and link saturation
    - Observe RIB during fault and verify convergence is working as designed
  - Adjust the configuration and design as necessary based on test results
- Verify routing between VRF's to verify function and security levels are achieved
  - Achieve required segregation and route table diversity

## 3) Roles and Responsibilities

For this project (and SOW) to be completed, the following Customer, and WWT responsibilities must be delivered per the project plan, (defined after project kick-off). The list below defines technology ownership for the project.

- WWT will provide the lab environment, including power and remote connectivity
- WWT will rack, stack, and cable all material
- Field Services Implementation partner will configure all network equipment and provisioning up to an operational and remotely accessible level (remote device management access)
- WWT will support physical changes related to test environmental alterations
- WWT will provide engineering oversight and management for the lab environment

- Field Services Implementation partner will provide engineering resources for test strategy & plan development
- Field Services Implementation partner will provide engineering resources for test execution
- It is assumed that the testing and topology management will be manual
- Pima County will provide a technical and program related point of contact for all communications
- Pima County will also provide a liaison for oversight and program direction as needed
- Pima County will provide engineering resources for test strategy & plan development
- Pima County will provide the network diagram (topology) required for the lab network to be constructed
- Pima County will provide a subject matter expert and responses to requests for information related to the construction of the project plan, lab plan, test strategy, and test plan
- Pima County will provide all network topology hardware required for test

#### 4) Assumptions

- It is assumed that the testing and topology management will be manual
- Pima County will provide a technical and program related point of contact for all communications
- Pima County will also provide a liaison for oversight and program direction as needed
- Pima County will provide skilled labor for test execution
- WWT will provide labor during the test phase to support physical changes to the network at the direction of Pima
- Field Services Implementation partner will execute all desired testing
- WWT tasks will be completed during normal business hours between 8:00 a.m. and 5:00 p.m. project site local time CST, Monday through Friday, excluding WWT-observed holidays, unless otherwise negotiated and noted in this SOW

#### 5) Deliverables

##### Phase 1 Deliverables

- Completed assessment of current environment
- Proposed architecture & design
- Test plan for lab verification

##### Phase 2 Deliverables

- Lab environment installed & configured according to design
- Test plan execution according to test cases
- Observation & documented gathering of test plan results

#### 6) Out of Scope

- Any work not specifically listed as a task in this document is considered out of scope
- WWT will not log "bug" reports with OEMs as part of this effort. All logs and data will be managed by Pima
- No formal training will be provided. Basic knowledge transfer, (TOI), will be performed during the implementation as needed, this is considered an informal sharing of information

**7) Pricing**
**a. Payment Schedule for Milestone Charges**

#	Milestone	Target Date for Completion of Milestone	Approval Criteria	% of Fixed Fee to be Invoiced	Amount
1	Project Plan	No later than 2 weeks from agreement of SOW	Pima approval of: <ul style="list-style-type: none"> <li>• Test Bed Instantiation plan and method</li> </ul>	0%	\$0.00
2	Test Lab environment is created	No later than 5 weeks from agreement of SOW	Pima approval of: <ul style="list-style-type: none"> <li>• Test environment set up as requested</li> <li>• Connectivity confirmed from Pima to the test environment</li> </ul>	0%	\$0.00
3	Test Project Complete	No later than 13 weeks from agreement of SOW	Pima approval of: <ul style="list-style-type: none"> <li>• Test phase completion &amp; lab services engagement</li> </ul>	100%	\$ 342,337.00

\*NOTE: WWT may invoice Pima the percentage of the fee set forth in the table above. One hundred percent (100%) of the fee will be invoiced in accordance with the interim milestones specified above, and One Hundred percent (100%) of the fee may be invoiced upon Approval of the final milestone. Final price shown above not inclusive of customer approval contingency fees and change notices

**b. Incremental Hardware/Software Charges**

The following options are presented for lab material and software required by the customer. Fees associated with the selection will be identified in section 6c.

Type	Weekly Rate	QTY	Total
Lab Access and Materials	\$ 2,444.34	11	\$ 26,887.74
Software Costs	N/A	N/A	N/A
<b>Total Incremental Hardware/Software Charges</b>			<b>See Below (e).</b>

**c. Total Fee Accumulation**

SOW Cost Elements	Unit Cost	Quantity	Total Cost
Skilled Labor – Lab Construction, Test, & Teardown (WWT)	\$ 87,516.00	1	\$ 87,516.00
Skilled Labor – Lab Construction and Test (Field Implementation Services)	\$ 204,433.33	1	\$ 204,433.33
Incremental Lab Access and Materials Fee	\$ 2,444.34	11	\$ 26,887.74
Incremental Test Tool Access Fee	\$ 7,833.31	3	\$ 23,499.93
<b>Maximum Fixed Amount</b>			<b>\$ 342,337.00</b>
<b>Weekly Contingency</b>			
Incremental Labor Support (WWT)	\$ 3,645.00	1	<TBD>
Incremental Lab Access and Materials Fee	\$ 2,444.34	1	<TBD>
Incremental Test Tool Access Fee	\$ 7,833.31	1	<TBD>
<b>Contingency Amount</b>			<b>(Customer Selection Required)</b>
<b>Service Request Not To Exceed Amount</b>			<b>\$ 342,337.00</b>

- Statement of Work Not to Exceed Amount (sum of (a) – (d) above): \$ 342,337.00
- Contingency Pricing based on agreed upon duration (sum of (e) above): \$TBD
- Pricing shown in U.S. dollars. Pricing is valid for ninety (90) days from the date of the SOW
- Payment Terms are net-30 days from WWT invoice date for One-Time Fees above
- Please see Customer Responsibilities and Assumptions for important information
- If the customer requests a change in the project scope after the SOW has been mutually agreed upon between parties, a change order will be required to proceed which may affect price and schedule

## 8) Service Levels

WWT shall support Pima County's lab and equipment with the following for the duration of the contract per agreed upon SLA

- WWT will escalate any issues found to the Customer or designee by the end of the day that the issue was detected
- All SLA's related to the testing information exchange will be independently agreed between WWT and Pima County
- WWT support will be provided during normal business hours between 8:00 a.m. and 5:00 p.m. project site local time, Monday through Friday, excluding WWT-observed holidays, unless otherwise negotiated and noted in this SOW

## 9) Special Conditions

WWT shall support Pima County's dedicated lab and equipment with the following for the duration of the contract

- Customer will have five business (5) days to provide written feedback on all project artifacts, documents, or presentations developed or updated by WWT. If no feedback is provided, the item will be considered accepted by Customer
- WWT will not be responsible for any project delays or costs caused by failure to deliver or by delayed provision of information, systems, or feedback from OEM or third party vendors involved in the project
- The parties agree that this Service Request shall not contain any Pima Sensitive Data, including but not limited to data classified as PII, MPNI or Highly Sensitive.
- A "Test Attempt" will be considered successful and complete if the device under test, (DUT), or network is able to complete each prescribed step in the test case
- Successfully completing a test Attempt does NOT indicate that the DUT or network has yielded the desired outcome, only that all the steps were executed and not blocked
  - Test results may be classified as:
    - Pass
    - Fail
    - Blocked
    - Untested
    - Pass with Exceptions
    - Fail with Exceptions
- The duration of the lab is NOT contingent on all test's achieving a "Pass" state per above. The duration is a fixed period of time, but can be extended through the change notification process, see 6.(g). and Appendix 3.(2)

[Remainder of page blank]

# **Attachment 3**

**PIMA COUNTY, ARIZONA  
LEASE ANALYSIS - DO 17\*2855**

Calculated Trade-in Value

LEASE PAYMENTS PAYABLE ANNUALLY IN ADVANCE  
LEASE TERM IN YEARS                   3 <sup>1/2</sup>  
FINANCING TERM IN YEARS               2

EQUIPMENT PRICE                               <sup>1/2</sup> 445,621.17  
SOFTWARE and SUPPORT PRICE               <sup>1/2</sup> 48,915.00  
NET 30 PURCHASE PRICE                     494,536.17 <sup>4/5</sup>

	ANNUAL PAYMENT	LEASE TOTAL	TRADE-IN VALUE	FINANCING COST
EQUIPMENT LEASE ANNUAL PAYMENT	<sup>1/2</sup> 138,315.51	414,946.53	65,875.00	35,200.36
SOFTWARE AND SUPPORT ANNUAL PAYMENT	<sup>1/2</sup> 17,816.80	53,450.40		4,535.40
TOTAL ANNUAL PAYMENT	<u>156,132.31</u>	<u>468,396.93</u>	<u>65,875.00</u>	<u>39,735.76</u>

AMOUNT FINANCED                               272,528.86

Net 30 Purchase Price less first annual in-advance payment  
LESS Trade-in Value

FINANCING RATE                                 9.575%

	BEGINNING BALANCE	INTEREST COST	PRINCIPAL PAID	TOTAL PAYMENT	ENDING BALANCE
BALANCE - YEAR 1	272,528.86	26,094.64	130,037.67	156,132.31	142,491.19
BALANCE - YEAR 2	142,491.19	13,643.53	142,488.78	156,132.31	2.41
SELLER			<u>272,526.45</u>		

COMPUTERS                                       310  
TRADE-IN VALUE per computer             212.50  
Total TRADE-IN VALUE                     65,875.00

DO 17\*2855

Master Agreement Number 5249365301  
Schedule Number 524936530100105

COUNTERPART NO. 1 OF 1. TO THE EXTENT THAT THIS SCHEDULE CONSTITUTES CHATTEL PAPER (AS DEFINED ON THE UCC), NO SECURITY INTEREST IN THIS SCHEDULE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE AND LOCAL GOVERNMENT MASTER OPERATING LEASE AGREEMENT  
SCHEDULE (Software and Support)

Hewlett-Packard Financial Services Company<sup>1</sup> ("Lessor") and Pima County, Arizona, an agency, department or political subdivision of the State of Arizona ("Lessee") are parties to the State and Local Government Master Operating Lease Agreement identified by the Master Agreement Number specified above (the "Master Agreement"). This Schedule (which shall be identified by the Schedule Number specified above) and the Master Agreement together comprise a separate Lease between the parties. The terms and conditions of the Master Agreement are hereby incorporated by reference into this Schedule. All capitalized terms used in this Schedule without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE.

A. **Description of Items of Leased Equipment** **Total Cost**  
See attached Milestone Computer Technology Inc. quote #11173870 dated 7/22/2016 \$445,621.17

B. **Initial Term:** 36 Months (plus the number of days from and including the Acceptance Date through and including the last day of the calendar month or quarter (depending on whether Rent is payable monthly, quarterly, or annually as specified in Section 3 below) in which the Acceptance Date occurs).

2. SOFTWARE AND SUPPORT TRANSACTION.

A. **Description of Software and Support Items** **Total Cost**  
See attached Milestone Computer Technology Inc. quote #11173870 dated 7/22/2016 \$48,915.00

B. **Term:** 36 Months (plus the number of days from and including the Acceptance Date through and including the last day of the calendar month or quarter (depending on whether Rent is payable monthly, quarterly, or annually as specified in Section 3 below) in which the Acceptance Date occurs).

3. RENT:

For Lease: \$ 138,315.51  
For Software and Support Transaction: \$ 17,816.80  
Total Rent: \$ 156,132.21

RENT is payable:  in advance  in arrears (check one)  
 monthly  quarterly  annually (check one)

DAILY RENT:

For Lease: N/A (i.e., the Rent payment specified above expressed on a per diem basis, assuming a 360 day year and 30 day months)

For Software and Support Transaction: N/A (based on the Software and Support Transaction Rate, and interest only)

For Software and Support Transactions, the "Software and Support Transaction Rate" generally equals the rate of interest that would cause the present value of the Rent payable over the Term, calculated as of the First Payment Date and assuming monthly or quarterly (as applicable) compounding, to equal the Total Cost of the Software and Support Items.

Lessee shall pay Lessor (a) on the first day of each calendar month or calendar quarter (depending on whether Rent is payable monthly or quarterly as specified above) if Rent is payable in advance, or (b) on the last day of each calendar month or calendar quarter (depending on whether Rent is payable monthly or quarterly as specified above) if Rent is payable in arrears, the Rent payment specified above for the length of the Initial Term in the case of a Lease and for the length of the Term in the case of a Software and Support Transaction. The First Payment Date shall be the first day (if Rent is payable in advance) or the last day (if Rent is payable in arrears) of the month or quarter (as applicable) immediately following the month or quarter (as applicable) in which the Acceptance Date occurs. In addition, on the First Payment Date Lessee shall also pay Lessor (a) in the case of Leases an amount equal to the Daily Rent multiplied by (i) 15 days if Rent is payable monthly or (ii) 45 days if Rent is payable quarterly; or (b) in the case of Software and Support Transactions an amount equal to the Daily Rent multiplied by the number of days from and including the Funding Date up to but excluding the first day of the month or quarter (as applicable) in which the First Payment Date occurs.

If Rent is payable annually, the First Payment Date shall be the first day (if Rent is payable in advance) or the last day (if Rent is payable in arrears) of the month immediately following the month in which the Acceptance Date occurs, and subsequent payments of Rent will be due on each anniversary date of the First Payment Date during the Term. Rent will be prorated for partial years.

<sup>1</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

For Software and Support Transactions, all payments of Rent will be deemed to be blended payments of principal and interest (which interest will be calculated and payable at the Software and Support Transaction Rate), other than (a) Daily Rent, which is interest only, and (b) if Rent is payable in advance, the first periodic payment of Rent which is principal only. All payments of Rent with respect to Software and Support Transactions will be applied first to accrued and unpaid interest and next on account of principal, with interest on overdue amounts calculated and payable in accordance with the Master Agreement. All Rent, including Rent for Software and Support Transactions, is subject to Section 7 of the Master Agreement, Nonappropriation.

4. **LATEST COMMENCEMENT DATE:** December 31, 2016. Lessor's obligation to purchase and lease the Equipment or obtain under a Software and Support Transaction the Software and Support Items is subject to the Acceptance Date being on or before the Latest Commencement Date.

5. **EQUIPMENT LOCATION:** 3950 S Country Club Rd, Tucson, AZ 85714

6. **SELLER:** HP Inc.

7. **APPROPRIATIONS:** Monies for all Rent and other payments due under the Lease for the Fiscal Period ending 6/30/2017 are available from Lessee's appropriated funds for such Fiscal Period and that appropriations and/or other funds have been encumbered or designated for the payment of all Rent and other payments that shall become due under the Lease in such Fiscal Period.

8. **ADDITIONAL PROVISIONS:** For purposes of this Schedule only, the following changes are made to the Master Agreement, solely with respect to Software and Support Transactions and Software and Support Items covered hereby:

(a) Section 1 is hereby amended in its entirety to read as follows:

"This Master Agreement sets forth the general terms and conditions upon which (a) Lessor shall lease to Lessee and Lessee shall lease from Lessor items of Hardware, Software or both (such Hardware and Software being collectively referred to as "Equipment") and (b) Lessor shall provide Software and Support Transaction to Lessee for software program license fees, maintenance fees, fees for other services, and other costs and one-time charges ("Software and Support Items") Lessee desires to obtain under a Software and Support Transaction hereunder. If Lessor and Lessee agree to a lease of particular Equipment (a "Lease") and/or a software and support transaction for particular Software and Support Items (a "Software and Support Transaction") (Software and Support Transactions and Leases are collectively referred to herein unless otherwise indicated as "Leases"), each item of Equipment and each Software and Support Item will be described on a schedule in the form of Exhibit A, which schedule will incorporate this Master Agreement by reference ("Schedule").

(b) The following Section is hereby amended to add "or Software and Support Transaction" after the word "Lease" in the indicated lines:

Section 2(b): each of lines 1 and 2 of that Section.

(c) The following Sections are hereby amended to add "or obtained under a Software and Support Transaction" after the word "leased" in the indicated lines:

Section 14, line 10

Section 30 "Unit of Equipment", in 3 places, lines 1 and 2, to the extent that this definition relates to Software which constitutes a Software and Support Item.

(d) The Master Agreement is hereby amended to add "and/or Software and Support Items" after the word "Equipment" in each place in which the word "Equipment" appears.

(e) Section 4 of the Master Agreement is amended to delete Subsections (b), (c) and (d) and the capitalized language at the end of that Section and to restate (a) in its entirety as follows:

"(a) If Lessee shall have paid all amounts due and owing, and shall have otherwise fulfilled the terms and conditions of the Master Agreement and this Schedule, then on the last day of the initial Term (i) the Lease with respect to the Software and Support Items shall terminate and, except as provided in Section 26 of the Master Agreement, Lessee shall be relieved of all of Lessee's obligations to Lessor with respect to the Software and Support Items, and (ii) Lessor shall transfer all of Lessor's interest in the Software and Support Items to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims arising by or through Lessor. If Lessee purchases the Equipment pursuant to Section 4(a) of the Master Agreement, the Fair Market Value will not include the value of any Software and Support Items. If the Lease is extended pursuant to Section 4(b) of the Master Agreement, the Fair Rental Value will not include the value of any Software and Support Items. If the Lease is extended pursuant to Section 4(d) of the Master Agreement, the Rent to be paid during the extended term will not include the Rent "For Software and Support Transaction" under Section 3 above.

(f) Section 10 is hereby amended to add the following language as a new third sentence:

"Within ten (10) days after any termination of this Schedule involving Software prior to its natural expiration date pursuant to Section 7, Lessee shall certify to Lessor in writing that (a) it has no ability to use the returned Software or any Software upgrade or update obtained from Supplier, and (b) that Lessee has ceased and will continue to cease all use of any Software and any Software upgrade or update obtained from Supplier."

(g) The first two full sentences of Section 13 and all of Section 23 except the last three sentences of that Section shall not apply to Software and Support Items.

(h) This schedule cancels and supersedes schedule #524936530100105 signed July 28, 2016.

9. **FISCAL PERIOD:** 17 [Annual] July 1 - June 30

10. **TERMINATION FOR CONVENIENCE.** Lessee may terminate this Schedule at any time for convenience in accordance with Arizona law; provided, however, that Lessee agrees to notify Lessor no less than 30 days prior to the desired termination date ("Termination Date"). On or before the Termination Date, Lessee shall 1) return the Equipment in accordance with Section 10 of the Master Agreement, and 2) pay to Lessor the following Termination Charges: i) the sum of the current fiscal year's payment obligations, including late fees, less any payments made as of the date of termination; plus ii) the Termination Value, which will be the present value of the unpaid Rent payments over the remaining Initial Term discounted at four percent (4%) per annum, compounded monthly pursuant to the attached Termination Value Schedule. If Lessee elects to terminate this Lease for convenience, Lessee's interests under this Lease and Financing shall terminate on the Termination Date.

LESSOR AGREES TO LEASE TO LESSEE AND LESSEE AGREES TO LEASE FROM LESSOR THE EQUIPMENT DESCRIBED IN SECTION 1.A ABOVE, IF ANY, AND LESSOR AND LESSEE AGREE TO ENTER INTO A SOFTWARE AND SUPPORT TRANSACTION OF THE SOFTWARE AND SUPPORT ITEMS DESCRIBED IN SECTION 2.A ABOVE, IF ANY. SUCH LEASE AND/OR SOFTWARE AND SUPPORT TRANSACTION WILL BE GOVERNED BY THE MASTER AGREEMENT AND THIS SCHEDULE, INCLUDING THE IMPORTANT ADDITIONAL TERMS AND CONDITIONS SET FORTH ABOVE. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS SCHEDULE AND THE MASTER AGREEMENT, THE TERMS OF THIS SCHEDULE SHALL GOVERN. LESSEE HEREBY REPRESENTS AND WARRANTS THAT ON AND AS OF THE DATE HEREOF EACH OF THE REPRESENTATIONS AND WARRANTIES MADE BY LESSEE IN THE MASTER AGREEMENT ARE TRUE, CORRECT AND COMPLETE.

**LESSEE:**  
**PIMA COUNTY, ARIZONA**

**LESSOR:**  
**HEWLETT-PACKARD FINANCIAL SERVICES COMPANY<sup>2</sup>**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

<sup>2</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

DO 17#2855



# MILESTONE OFFICIAL QUOTE

CONTACT INFORMATION	PURCHASING INFORMATION	QUOTE INFORMATION
<b>Account Manager:</b> Andy Johnson (623.572.5635) Fax: 866.323.8020  <b>Quoting Resource:</b> Brandon Luther (602.457.6777) AZOM@milestonetech.com  <b>Special Notes:</b>	<b>To Purchase:</b>  <b>Make Purchase Order out to Hewlett Packard and designate Partner ID: 10281367 on PO. Forward PO to AZOM@MilestoneTech.com for processing. Thank you!</b>	<b>Quote Name:</b> Pima - HD v3  <b>Quote ID:</b> 11173870 <b>Quote Date:</b> Jul 22, 2016  <b>Contract: (WSCA/NASPO VP): ADSP016-098209</b> <b>Special Pricing ID: 92345705</b>



### QUOTE CONTENT:

ITEM DESCRIPTION	PART NUMBER	UNIT PRICE	QUANTITY	EXT. PRICE
HP EliteDesk 800 G2 SFF - Win 10 Pro 64, Intel Core i5-6600, 16GB RAM, 256GB SSD, 3/3/3 Warranty	L1G76AV	\$749.00	159	\$119,091.00
HP EliteBook 850 G3 - Win 10 Pro 64, Intel Core i5-6300U, 16GB RAM, 256GB SSD, NO MOBILE BROADBAND, 3/3/0 Warranty	L3D24AV	\$1,181.32	1	\$1,181.32
HP EliteBook 850 G3 - Win 10 Pro 64, Intel Core i5-6300U, 16GB RAM, 256GB SSD, WWAN, 3/3/0 Warranty	L3D24AV	\$1,263.53	31	\$39,169.43
HP EliteBook Revolve 810 G3 - Win 10 Home 64, Intel Core i5-5300U, 12GB RAM, 256GB SSD, WWAN, 3/3/0 Warranty	J0F65AV	\$1,427.66	119	\$169,891.54
9x5 NBD On-Site Coverage, 3YR - Electronic	U4414E	\$55.00	151	\$8,305.00
HP 3YR Absolute DDS Standard Education Svc	U8UQ3E	\$31.00	310	\$9,610.00
HP UltraSlim Docking Station	D9Y32AA#ABA	\$145.00	132	\$19,140.00
HP USB External DVDRW Drive	F2B56AA	\$59.00	30	\$1,770.00
HP Slim USB Keyboard and Mouse US	T6T83AA#ABA	\$19.00	182	\$3,458.00
HP Adjustable Dual Display Stand	AW664AA#ABA	\$122.00	114	\$13,908.00
Logitech C270 HD Webcam	960-000694-PIMA	\$27.22	404	\$10,996.88
HP LCD Speaker Bar	NQ576AA	\$15.00	405	\$6,075.00
HP EliteDisplay E222 Monitor	M1N96AA#ABA	\$142.00	519	\$73,698.00
HP Z30i 30-inch IPS Display	D7P94A4#ABA	\$1,150.00	1	\$1,150.00

Custom Installation includes factory services (Bios asset tagging, Bios Settings, standard asset tagging and Multiplatform PC image service) and deployment services.

U7TJ8E	\$100.00	310	\$31,000.00
<b>SubTotal:</b>			<b>\$508,444.17</b>

**Quote Total: \$508,444.17**

- The terms and conditions of the contract will apply to any order placed as a result of this inquiry, no other terms or conditions shall apply.
- Product availability and product discontinuation are subject to change without notice. The prices in this quotation are valid for 30 days from quote date above.
- Please include the quote number and contract from this quote on the corresponding purchase order.
- HP and/or Milestone Computer Technology, Inc. are not liable for pricing errors. If you place an order for a product that was incorrectly priced, we will cancel your order and credit you for any charges. In the event that we inadvertently ship an order based on a pricing error, we will issue a revised invoice to you for the correct price and contact you to obtain your authorization for the additional charge, or assist you with return of the product. If the pricing error results in an overcharge to you, HP will credit your account for the amount overcharged.

4/19

→ This quotation may contain open market products which are sold in accordance with HP's Standard Terms and Conditions. HP makes no representation regarding the TAA status for open market products. Third party items that may be included in this quote are covered under the terms of the manufacturer warranty, not the HP warranty.

→ For detailed warranty information, please go to [www.hp.com/go/specificwarrantyinfo](http://www.hp.com/go/specificwarrantyinfo). Sales taxes added where applicable. Freight is FOB Destination.

→ For ProcureAZ Orders please follow the steps below to ensure the order is processed correctly and that there are no duplicates:



1. Ensure the vendor chosen is Hewlett Packard Vendor Number: 9000003757.
2. Please include the quote number in the Purchase Order Notes.
3. For the PO Short Description, specify "DUPLICATE - DO NOT ORDER".
4. In the Item Description Field, add "Reference Partner ID: 10281367".
5. When the PO is ready to send, select the PRINT function. When PO is displayed, select File, Send, Page by Email, and submit to [AZOM@MILESTONETECH.COM](mailto:AZOM@MILESTONETECH.COM).

The above steps will email a copy of the PO to Milestone directly for processing and will prevent duplicate orders. This also enables us to track the order and ensure all post sales processes are completed correctly (eg. Carepacks, invoicing, etc.). Thanks!

5/1/15

# **Attachment 4**



(b) Acceptance Certificate. Upon the satisfactory inspection of the Equipment by Lessee, or if acceptance requirements for such Equipment are specified in the applicable Purchase Documents, as soon as such requirements are met, Lessee shall unconditionally and irrevocably accept the Equipment by executing and delivering to Lessor a properly completed Acceptance Certificate in substantially the form of Exhibit B.

**4. LESSEE'S END-OF-LEASE-TERM OPTIONS; AUTOMATIC EXTENSION.** Lessee shall have the following options in respect of each Lease at the end of the Initial Term, any Renewal Term and any optional extension of the Initial Term or any Renewal Term:

a. **Purchase Option.** Lessee may elect, by delivering to Lessor an End-of-Term Notice at least 90 days prior to the expiration of the Initial Term, any Renewal Term or any optional extension of the Initial Term or any Renewal Term, to purchase any or all Units of Equipment then subject to such Lease (other than items of Software that may not be sold by Lessor under the terms of any applicable License Agreement) for an amount equal to the Fair Market Value of such Units of Equipment as of the end of the Then Applicable Term, provided no Lessee Default shall have occurred and be continuing. In the event of such an election, Lessee shall pay such amount to Lessor, in immediately available funds, on or before the last day of the Then Applicable Term. If Lessee shall have so elected to purchase any of the Units of Equipment, shall have so paid the applicable purchase price and shall have fulfilled the terms and conditions of this Master Agreement, then on the last day of the Then Applicable Term (1) the Lease with respect to such Units of Equipment shall terminate and, except as provided in Section 26, Lessee shall be relieved of all of its obligations in favor of Lessor with respect to such Units of Equipment, and (2) Lessor shall transfer all of its interest in such Units of Equipment to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor. In the event Lessor and Lessee are unable to agree on the Fair Market Value of any Units of Equipment, Lessor shall, at Lessee's expense, select an independent appraiser to conclusively determine such amount.

b. **Renewal Option.** Lessee may elect, by delivering to Lessor an End-of-Term Notice at least 90 days prior to the expiration of the Initial Term, any Renewal Term, or any optional extension of the Initial Term or any Renewal Term, to renew the Lease with respect to any or all Units of Equipment then subject to such Lease (other than items of Software that may not be re-released by Lessor under the terms of any applicable License Agreement) for an amount equal to the Fair Rental Value of such Units of Equipment as of the end of the Then Applicable Term. In the event of such an election, Lessee shall enter into a mutually agreeable renewal agreement with Lessor ("Renewal Agreement") on or before the last day of the Then Applicable Term confirming the Units of Equipment as to which the Lease is to be renewed, the period for which the Lease is to be renewed (the "Renewal Term"), and the amount of Rent and the times at which such Rent is to be payable during the Renewal Term. In the event Lessor and Lessee are unable to agree on the Fair Rental Value of any Units of Equipment, Lessor shall, at Lessee's expense, select an independent appraiser to conclusively determine such amount.

c. **Return.** Lessee may elect, by delivering to Lessor an End-of-Term Notice at least 90 days prior to the expiration of the Initial Term, any Renewal Term or any optional extension of the Initial Term or any Renewal Term, to return any or all of the Units of Equipment then subject to such Lease in accordance with Section 10 of this Master Agreement.

d. **Optional Extension.** Lessee may elect, by omitting to deliver to Lessor an End-of-Term Notice at least 90 days prior to the expiration of the Initial Term or any Renewal Term, to extend the Initial Term or such Renewal Term, as the case may be. In that event, the Initial Term or such Renewal Term shall, without any additional notice or documentation, be automatically extended for successive calendar months with respect to all Items of Equipment then subject to such Lease through the end of the calendar month falling at least 90 days after the date Lessee shall have delivered to Lessor an End-of-Term Notice with respect to such Lease. For each calendar month that the Then Applicable Term of such Lease is so extended, Lessee shall pay to Lessor Rent in an amount equal to the monthly Rent payment in effect immediately prior to such extension (or the appropriate pro rata portion of the Rent payment then in effect in the case of Rent payable other than on a monthly basis), and all other provisions of this Master Agreement and the applicable Schedule shall continue to apply.

**IF LESSEE SHALL HAVE DELIVERED TO LESSOR AN END-OF-TERM NOTICE BY THE DATE SET FORTH HEREIN WITH RESPECT TO A LEASE, BUT SHALL HAVE SUBSEQUENTLY FAILED TO COMPLY WITH ITS OBLIGATIONS ARISING FROM ITS ELECTIONS SPECIFIED THEREIN (E.G., LESSEE SHALL HAVE FAILED, ON OR BEFORE THE LAST DAY OF THE THEN APPLICABLE TERM (1) TO PAY LESSOR THE PURCHASE PRICE FOR EQUIPMENT TO BE PURCHASED IN ACCORDANCE WITH SECTION 4(A) ABOVE, (2) TO EXECUTE A RENEWAL AGREEMENT WITH RESPECT TO EQUIPMENT AS TO WHICH THE LEASE IS TO BE RENEWED IN ACCORDANCE WITH SECTION 4(B) ABOVE, OR (3) TO RETURN TO LESSOR EQUIPMENT TO BE RETURNED IN ACCORDANCE WITH SECTION 4(C) ABOVE), THEN THE THEN APPLICABLE TERM OF SUCH LEASE SHALL, WITHOUT**

ANY ADDITIONAL NOTICE OR DOCUMENTATION, BE AUTOMATICALLY EXTENDED FOR SUCCESSIVE CALENDAR MONTHS WITH RESPECT TO ALL ITEMS OF EQUIPMENT AS TO WHICH LESSEE SHALL HAVE SO FAILED TO COMPLY WITH ITS OBLIGATIONS THROUGH THE END OF THE CALENDAR MONTH IN WHICH LESSEE SHALL HAVE COMPLIED WITH SUCH OBLIGATIONS. FOR EACH CALENDAR MONTH THAT THE THEN APPLICABLE TERM OF ANY LEASE IS SO EXTENDED, LESSEE SHALL PAY TO LESSOR RENT IN AN AMOUNT EQUAL TO THE MONTHLY RENT PAYMENT IN EFFECT IMMEDIATELY PRIOR TO SUCH EXTENSION (OR THE APPROPRIATE PRO RATA PORTION OF THE RENT PAYMENT THEN IN EFFECT IN THE CASE OF RENT PAYABLE OTHER THAN ON A MONTHLY BASIS), AND ALL OTHER PROVISIONS OF THIS MASTER AGREEMENT AND THE APPLICABLE SCHEDULE SHALL CONTINUE TO APPLY. NOTWITHSTANDING ANY OF THE PROVISIONS OF THIS SECTION 4 TO THE CONTRARY, IF ANY LESSEE DEFAULT SHALL HAVE OCCURRED AND BE CONTINUING AT ANY TIME DURING THE LAST 90 DAYS OF THE THEN APPLICABLE TERM OF ANY LEASE, LESSOR MAY CANCEL ANY RENEWAL TERM OR OPTIONAL OR OTHER AUTOMATIC EXTENSION OF THE THEN APPLICABLE TERM IMMEDIATELY UPON WRITTEN NOTICE TO LESSEE.

**5. RENT; LATE CHARGES.** As rent ("Rent") for the Equipment under any Lease, Lessee agrees to pay the amounts specified in the applicable Schedule on the due dates specified in the applicable Schedule. Lessee agrees to pay Lessor interest on any Rent payment or other amount due hereunder that is not paid within 10 days of its due date, at the rate of 1-1/2% per month (or such lesser rate as is the maximum rate allowable under applicable law). Subject to Section 7, Lessee will make provision for such payments in budgets submitted to its governing body for the purpose of obtaining funding for the payments.

**6. LEASES NON-CANCELABLE; NET LEASES; WAIVER OF DEFENSES TO PAYMENT.** IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT EACH LEASE HEREUNDER SHALL BE NON-CANCELABLE (EXCEPT AS SET FORTH IN SECTION 7 HEREOF), AND THAT EACH LEASE HEREUNDER IS A NET LEASE (SO THAT AMONG OTHER THINGS LESSEE SHALL PAY IN ADDITION TO THE RENT, TAXES, INSURANCE AND MAINTENANCE CHARGES RELATED TO THE EQUIPMENT.) LESSEE AGREES THAT IT HAS AN ABSOLUTE AND UNCONDITIONAL OBLIGATION TO PAY ALL RENT AND OTHER AMOUNTS WHEN DUE. LESSEE HEREBY WAIVES ANY RECOUPMENT, CROSS-CLAIM, COUNTERCLAIM OR ANY OTHER DEFENSE AT LAW OR IN EQUITY TO ANY RENT OR OTHER AMOUNT DUE WITH RESPECT TO ANY LEASE, WHETHER ANY SUCH DEFENSE ARISES OUT OF THIS MASTER AGREEMENT, ANY SCHEDULE, ANY CLAIM BY LESSEE AGAINST LESSOR, LESSOR'S ASSIGNEES OR SUPPLIER OR OTHERWISE. IF THE EQUIPMENT IS NOT PROPERLY INSTALLED, DOES NOT OPERATE OR INTEGRATE AS REPRESENTED OR WARRANTED BY SUPPLIER OR IS UNSATISFACTORY FOR ANY REASON WHATSOEVER, LESSEE WILL MAKE ANY CLAIM ON ACCOUNT OF THOSE ISSUES SOLELY AGAINST SUPPLIER AND WILL NEVERTHELESS PAY ALL SUMS DUE WITH RESPECT TO EACH LEASE.

**7. NONAPPROPRIATION.** Notwithstanding anything contained in this Master Agreement to the contrary, in the event that sufficient funds are not appropriated and budgeted by Lessee's governing body or are not otherwise available from other available sources in any fiscal period for the payment of Rent and other amounts due under any Lease, the Lease shall terminate on the last day of the fiscal period for which appropriations were received or other amounts are available to pay amounts due under the Lease without penalty or expense to Lessee of any kind whatsoever, except as to the portions of Rent payments or other amounts herein agreed upon for which funds shall have been appropriated or are otherwise available. Lessee will immediately notify the Lessor or its assignee of such occurrence. In the event of such termination, Lessee shall immediately cease all use of the Equipment, and shall, at its sole expense and risk, immediately de-install, disassemble, pack, crate, insure, and return the Equipment subject to such Lease to Lessor (all in accordance with Section 10 of this Master Agreement). Such Equipment shall be in the same condition as when received by Lessee (reasonable wear, tear and depreciation resulting from normal and proper use excepted), shall be in good operating order and maintenance as required by this Lease, shall be free and clear of any liens (except Lessor's lien) and shall comply with all applicable laws and regulations. Lessee agrees to execute and deliver to Lessor all documents reasonably requested by Lessor or evidence the transfer of legal and beneficial title to such Equipment to Lessor and to evidence the termination of Lessee's interest in such Equipment. Lessor will have all legal and equitable rights and remedies to take possession of the Equipment. At Lessor's request, Lessee shall promptly provide supplemental documentation as to such Non-Appropriation reasonably satisfactory to Lessor. Lessee's exercise of its rights pursuant to this Section 7 shall not

affect the survival of any indemnity and other provisions (other than the obligation to lease the Equipment and pay amounts due under the Lease) which survive the termination of the Lease.

**8. ASSIGNMENT OF PURCHASE DOCUMENTS.** Lessee assigns to Lessor all of Lessee's right, title and interest in and to (a) the Equipment described in each Schedule, and (b) the Purchase Documents relating to such Equipment. Such assignment of the Purchase Documents is an assignment of rights only; nothing in this Master Agreement shall be deemed to have relieved Lessee of any obligation or liability under any of the Purchase Documents, except that, as between Lessee and Lessor, Lessor shall pay for the Equipment in accordance with Section 2(d) hereof. Lessee represents and warrants that it has reviewed and approved the Purchase Documents. In addition, if Lessor shall so request, Lessee shall deliver to Lessor a document reasonably acceptable to Lessor whereby Seller acknowledges and provides any required consent to such assignment. For the avoidance of doubt, Lessee covenants and agrees that it shall at all times during the Total Term of each Lease comply in all respects with the terms of any License Agreement relating to any Equipment leased thereunder. **IT IS ALSO SPECIFICALLY UNDERSTOOD, AND AGREED THAT NEITHER SUPPLIER NOR ANY SALESPERSON OF SUPPLIER IS AN AGENT OF LESSOR, NOR ARE THEY AUTHORIZED TO WAIVE OR ALTER ANY TERMS OF THIS MASTER AGREEMENT OR ANY SCHEDULE.**

**9. ASSIGNMENT OF SUPPLIER WARRANTIES.** To the extent permitted, Lessor hereby assigns to Lessee, for the Total Term of any Lease, all Equipment warranties provided by any Supplier in the applicable Purchase Documents. Lessee shall have the right to take any action it deems appropriate to enforce such warranties provided such enforcement is pursued in Lessee's name and at its expense. In the event Lessee is precluded from enforcing any such warranty in its name, Lessor shall, upon Lessee's request, take reasonable steps to enforce such warranty. In such circumstances, Lessee shall, promptly upon demand, reimburse Lessor for all expenses incurred by Lessor in enforcing the Supplier warranty. Any recovery resulting from any such enforcement efforts shall be divided among Lessor and Lessee as their interests may appear.

**10. EQUIPMENT RETURN REQUIREMENTS.** At any time Lessee is required to return Equipment to Lessor under the terms of this Master Agreement or any Schedule, Lessee shall (a) wipe clean or permanently delete all data contained on the Equipment, including without limitation, any data contained on internal or external drives, discs, or accompanying media, and (b) pack the Equipment to be returned to Lessor in accordance with the manufacturer's guidelines and deliver such Equipment to Lessor at any destination within the continental United States designated by Lessor. In the case of any item of Software or License Agreement subject to a Schedule, at the time of the occurrence of a Non-Appropriation or a Lessee Default, Lessee shall also be automatically deemed to have reassigned any License Agreement, and shall immediately de-install and deliver to Lessor all Software, together with the original certificate of authenticity issued by the licensor of such Software, if any. All dismantling, packaging, transportation, in-transit insurance and shipping charges shall be borne by Lessee. All Equipment shall be returned to Lessor in the same condition and working order as when delivered to Lessee, reasonable wear and tear excepted, and except in the case of PC Equipment and Software, shall qualify for maintenance service by the Supplier at its then standard rates for Equipment of that age, if available. Lessee shall be responsible for, and shall reimburse Lessor promptly on demand for the cost of returning the Equipment to good working condition or, in the case of Equipment other than PC Equipment and Software, qualifying the Equipment for the Supplier's maintenance service, if available.

**11. EQUIPMENT USE, MAINTENANCE, AND ADDITIONS.** Lessee is solely responsible for the selection, installation, operation and maintenance of the Equipment and all costs related thereto, including shipping charges. Lessee shall at all times operate and maintain the Equipment in good working order, repair, condition and appearance, and in accordance with the manufacturer's specifications and recommendations. On reasonable prior notice to Lessee, Lessor and Lessor's agents shall have the right, during Lessee's normal business hours and subject to Lessee's reasonable, standard security procedures, to enter the premises where the Equipment is located for the purpose of inspecting the Equipment and observing its use. If Lessor shall have provided to Lessee any tags or identifying labels, Lessee shall, at its expense, affix and maintain in a prominent position on each item of Equipment such tags or labels to indicate Lessor's ownership of the Equipment. Except in the case of PC Equipment and Software, Lessee shall, at its expense, enter into and maintain and enforce at all times during the Total Term of each Lease a maintenance agreement to service and maintain the related Equipment, upon terms and with a provider reasonably acceptable to Lessor. Lessee may also maintain the Equipment itself provided that the individuals performing the maintenance receiving training from a provider reasonably acceptable to Lessor. Lessee shall make no alterations or additions to the Equipment, except those that (a) will not void any warranty made by the Supplier of the Equipment, result in the creation of any security interest, lien or

encumbrance on the Equipment or impair the value or use of the Equipment either at the time made or at the end of the Term of the applicable Lease, and are readily removable without damage to the Equipment ("Optional Additions"), or (b) are required by any applicable law, regulation or order. All additions to the Equipment or repairs made to the Equipment, except Optional Additions, become a part of the Equipment and Lessor's property at the time made; Optional Additions which have not been removed in the event of the return of the Equipment shall become Lessor's property upon such return.

**12. EQUIPMENT OWNERSHIP; LIENS; LOCATION.** As between Lessor and Lessee, Lessor is the sole owner of the Equipment and has sole title thereto, Lessee shall not make any representation to any third party inconsistent with Lessor's sole ownership of the Equipment. Lessee covenants with respect to each Lease that: (i) it will not pledge or encumber the Equipment or Lessor's interest in the Equipment in any manner whatsoever nor create or permit to exist any levy, lien or encumbrance thereof or thereon except those created by or through Lessor; (ii) the Equipment shall remain personal property whether or not affixed to realty and shall not become a fixture or be made to become a part of any real property on which it is placed without Lessor's prior written consent; and (iii) Lessee shall maintain the Equipment so that it does not become essential to and may be removed from any building in which it is placed without any damage to the building or the Equipment. Lessee may permit use of the Equipment by its affiliates or independent contractors at the Equipment Location provided it does not relinquish possession and control of the Equipment. Provided Lessee remains in possession and control of the Equipment, Lessee may relocate any Equipment from the Equipment Location specified in the applicable Schedule to another of its locations within the State of the Equipment Location upon prior written notice to Lessor specifying the new Equipment Location or to another of its locations within the United States after receiving the written consent of Lessor to such relocation. Lessee shall not locate or relocate any Equipment such that any third party comes into possession or control thereof without Lessor's prior written consent; provided, however, that Lessor shall not unreasonably withhold its consent to the location or relocation of Equipment to a third party co-location or hosting facility if such third party shall have executed and delivered to Lessor a waiver agreement in form and substance acceptable to Lessor pursuant to which, among other things, such third party shall have waived any rights to the Equipment and agreed to surrender the Equipment to Lessor in the event of a Lessee Default under this Master Agreement. Notwithstanding the foregoing, Lessor agrees that computer equipment usable outside of a fixed office environment, such as laptops, notebooks or similar PC Equipment (collectively, "Mobile PC Equipment") may be relocated on a non-permanent basis from the Equipment Location originally specified in the applicable Schedule without Lessor's prior written consent, provided that (i) such relocation is made by Lessee's primary employee in the custody and control of such Mobile PC Equipment; (ii) the primary employee remains in possession and control of the Mobile PC Equipment, and (iii) the primary employee's principal office is the Equipment Location. For purposes of this Master Agreement and any applicable Schedule, the term Equipment shall be deemed to include all Mobile PC Equipment.

**13. RISK OF LOSS AND INSURANCE.** Lessee assumes any and all risk of loss or damage to the Equipment from the time such Equipment is delivered to Lessee until such Equipment is returned to and is received by Lessor in accordance with the terms and conditions of this Master Agreement. Lessee agrees to keep the Equipment insured at Lessee's expense against all risks of loss from any cause whatsoever, including without limitation, loss by fire (including extended coverage), theft and damage. Lessee agrees that such insurance shall name Lessor as a loss payee and cover not less than the replacement value of the Equipment. Lessee also agrees that it shall carry commercial general liability insurance in an amount not less than \$2,000,000 total liability per occurrence and cause Lessor and its affiliates and its and their successors and assigns, to be named additional insureds under such insurance. Each policy shall provide that the insurance cannot be canceled without at least 30 days' prior written notice to Lessor, and no policy shall contain a deductible in excess of \$25,000. In lieu of maintaining insurance obtained by third party insurance carriers, Lessee may self insure against such risks, provided that Lessor's interests are protected to the same extent as if the insurance had been obtained by third party insurance carriers and provided further that such self insurance program is consistent with prudent business practices with respect to such insurance risk. Lessee shall provide to Lessor (a) on or prior to the Acceptance Date for each Lease, and from time to time thereafter, certificates of self-insurance evidencing such insurance coverage throughout the Term of each Lease, and (b) upon Lessor's request, copies of any insurance policies, but only if reasonably necessary for pursuit of an insurance claim or in connection with any litigation.

**14. CASUALTY LOSS.** Lessee shall notify Lessor of any Casualty Loss or repairable damage to any Equipment as soon as reasonably practicable after the date of any such occurrence but in no event later than 30 days after such occurrence. In the event any Casualty Loss shall occur, on the next Rent payment date Lessee shall (a) at Lessee's option provided no Lessee Default has occurred nor an event that with the passage of time or provision of notice would constitute a Lessee Default has occurred and is continuing or (b) at Lessor's option if a Lessee Default has occurred or an event that with the

passage of time or provision of notice would constitute a Lessee Default has occurred and is continuing (1) subject to Section 7 hereof, pay Lessor the Stipulated Loss Value of the Equipment suffering the Casualty Loss, or (2) substitute and replace each item of Equipment suffering the Casualty Loss with an item of Substitute Equipment. If Lessee shall pay the Stipulated Loss Value of the Equipment suffering a Casualty Loss, upon Lessor's receipt in full of such payment the applicable Lease shall terminate as it relates to such Equipment and, except as provided in Section 26, Lessee shall be relieved of all obligations under the applicable Lease as it relates to such Equipment. If Lessee shall replace Equipment suffering a Casualty Loss with items of Substitute Equipment (i) the applicable Lease shall continue in full force and effect without any abatement of Rent with such Substitute Equipment thereafter being deemed to be Equipment leased thereunder, and (ii) Lessee shall deliver to Lessor a bill of sale or other documentation, in either case in form and substance satisfactory to Lessor, in which Lessee shall represent and warrant that it has transferred to Lessor good and marketable title to all Substitute Equipment, free and clear of all liens, encumbrances and claims of others. Upon Lessor's receipt of such payment of Stipulated Loss Value in full, or such bill of sale or other documentation, as the case may be, Lessor shall transfer to Lessee all of Lessor's interest in the Equipment suffering the Casualty Loss "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor. In the event of any repairable damage to any Equipment, the Lease shall continue with respect to such Equipment without any abatement of Rent and Lessee shall, at its expense, from insurance proceeds or other funds legally available, promptly cause such Equipment to be repaired to the condition it is required to be maintained pursuant to Section 11.

**15. TAXES.** Lessor shall report and pay all Taxes now or hereafter imposed or assessed by any governmental body, agency or taxing authority upon the purchase, ownership, delivery, installation, leasing, rental, use or sale of the Equipment, the Rent or other charges payable hereunder, or otherwise upon or in connection with any Lease, whether assessed on Lessor or Lessee, other than any such Taxes required by law to be reported and paid by Lessee. Lessee shall promptly reimburse Lessor for all such Taxes paid by Lessor, together with any penalties or interest in connection therewith attributable to Lessee's acts or failure to act, excluding (a) Taxes on or measured by the overall gross or net income or items of tax preference of Lessor, (b) as to any Lease the related Equipment, Taxes attributable to the period after the return of such Equipment to Lessor, and (c) Taxes imposed as a result of a sale or other transfer by Lessor of any portions of its interest in any Lease or in any Equipment except for a sale or other transfer to Lessee or a sale or other transfer occurring after and during the continuance of any Lessee Default.

**16. GENERAL INDEMNITY.** Lessee, to the extent permitted by law, shall indemnify and hold harmless Lessor and assignees, from and against any and all Claims arising directly out of or in connection with any matter involving this Master Agreement, the Equipment or any Lease, including but not limited to the selection, manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, maintenance, use (including any patent, trademark or copyright infringement), condition, return or operation of any Equipment or the enforcement of Lessor's rights under any Lease. Notwithstanding the foregoing, Lessee shall have no obligation to indemnify or defend against any Claim arising solely as a result of Lessor's negligence or willful misconduct.

**17. COVENANT OF QUIET ENJOYMENT.** So long as no Lessee Default exists, and no event shall have occurred and be continuing which, with the giving of notice or the passage of time or both, would constitute a Lessee Default, neither Lessor nor any party acting or claiming through Lessor, by assignment or otherwise, will disturb Lessee's quiet enjoyment of the Equipment during the Total Term of the related Lease.

**18. DISCLAIMERS AND LESSEE WAIVERS.** LESSEE LEASES THE EQUIPMENT FROM LESSOR "AS IS, WHERE IS". IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT (A) EXCEPT AS EXPRESSLY SET FORTH IN SECTION 17, LESSOR MAKES ABSOLUTELY NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY, OPERATION, OR CONDITION OF ANY EQUIPMENT (OR ANY PART THEREOF), THE MERCHANTABILITY OR FITNESS OF EQUIPMENT FOR A PARTICULAR PURPOSE, OR ISSUES REGARDING PATENT INFRINGEMENT, TITLE AND THE LIKE; (B) LESSOR SHALL NOT BE DEEMED TO HAVE MADE, BE BOUND BY OR LIABLE FOR, ANY REPRESENTATION, WARRANTY OR PROMISE MADE BY THE SUPPLIER OF ANY EQUIPMENT (EVEN IF LESSOR IS AFFILIATED WITH SUCH SUPPLIER); (C) LESSOR SHALL NOT BE LIABLE FOR ANY FAILURE OF ANY EQUIPMENT OR ANY DELAY IN THE DELIVERY OR INSTALLATION THEREOF; (D) LESSEE HAS SELECTED ALL EQUIPMENT WITHOUT LESSOR'S ASSISTANCE; AND (E) LESSOR IS NOT A MANUFACTURER OF ANY EQUIPMENT. IT IS FURTHER AGREED THAT LESSOR SHALL HAVE NO LIABILITY TO LESSEE,

**LESSEE'S CUSTOMERS, OR ANY THIRD PARTIES FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS MASTER AGREEMENT OR ANY SCHEDULE OR CONCERNING ANY EQUIPMENT, OR FOR ANY DAMAGES BASED ON STRICT OR ABSOLUTE TORT LIABILITY OR LESSOR'S NEGLIGENCE; PROVIDED, HOWEVER, THAT NOTHING IN THIS MASTER AGREEMENT SHALL DEPRIVE LESSEE OF ANY RIGHTS IT MAY HAVE AGAINST ANY PERSON OTHER THAN LESSOR. LESSOR AND LESSEE AGREE THAT THE LEASES SHALL BE GOVERNED BY THE EXPRESS PROVISIONS OF THIS MASTER AGREEMENT AND THE OTHER FUNDAMENTAL AGREEMENTS AND NOT BY THE CONFLICTING PROVISIONS OF ANY OTHERWISE APPLICABLE LAW. ACCORDINGLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, LESSEE WAIVES ANY RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY ARTICLE 2A OF THE UCC (INCLUDING, BUT NOT LIMITED TO, LESSEE'S RIGHTS, CLAIMS AND DEFENSES UNDER UCC SECTIONS 2A-303 AND 2A-508 THROUGH 2A-522) AND THOSE RIGHTS NOW OR HEREAFTER CONFERRED BY STATUTE OR OTHERWISE, IN EITHER CASE THAT ARE INCONSISTENT WITH OR THAT WOULD LIMIT OR MODIFY LESSOR'S RIGHTS SET FORTH IN THIS MASTER AGREEMENT.**

**19. LESSEE WARRANTIES.** Lessee represents, warrants and covenants to Lessor with respect to each Lease that: (a) Lessee is an agency or department of, or a political subdivision of the state in which it is located; (b) Lessee has the power and authority to enter into each of the Fundamental Agreements; (c) all Fundamental Agreements are legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with their terms and do not violate or create a default under any instrument or agreement binding on Lessee; (d) there are no pending or threatened actions or proceedings before any court or administrative agency that could reasonably be expected to have a material adverse effect on Lessee or any Fundamental Agreement, unless such actions have been disclosed to Lessor and consented to in writing by Lessor; (e) Lessee shall comply in all material respects with all laws and regulations the violation of which could have a material adverse effect upon the Equipment or Lessee's performance of its obligations under any Fundamental Agreement; (f) each Fundamental Agreement shall be effective against all creditors of Lessee under applicable law, including fraudulent conveyance and bulk transfer laws, and shall raise no presumption of fraud; (g) all financial statements, certificates or summaries relating to Lessee's financial condition, [15c] budget or the assessment and collection of taxes and other related information furnished by Lessee shall be prepared in accordance with generally accepted accounting principles in the United States in effect at that time and shall fairly present Lessee's financial position as of the dates given on such statements; (h) since the date of the most recent annual financial statement, there has been no material adverse change in the financial condition of, or the level of assessment or collection of taxes by, the Lessee; (i) the Equipment, subject to the Lease, is essential to the immediate performance of a governmental or proprietary function by Lessee within the scope of its authority and will be used during the Term of the Lease only as set forth in this agreement to perform such function; (j) Lessee intends to use the Equipment for the entire Term of the Lease and all Equipment will be used for business purposes only and not for personal, family or household purposes; (k) Lessee has complied fully with all applicable law governing open meetings, public bidding and appropriations required in connection with the Lease and the acquisition of the Equipment; (l) there has been no material change in the budget for Lessee's current Fiscal Period since its adoption; (m) Lessee's obligations to pay Rent and any other amounts due under the Lease constitute a current expense and not a debt of Lessee requiring voter approval under Ariz. Const. art. 7, sec. 13; (n) no provision of the Lease constitutes a pledge of the tax or general revenues of Lessee; (o) Lessee does not export, re-export, or transfer any Equipment, Software, system software or source code or any direct product thereof to a prohibited destination, or to nationals of proscribed countries wherever located, without prior authorization from the United States government and other applicable governments; (p) Lessee does not use any Equipment, Software or system software or technology, technical data, or technical assistance related thereto or the products thereof in the design, development, or production of nuclear, missile, chemical, or biological weapons or transfer the same to a prohibited destination, or to nationals of proscribed countries wherever located, without prior authorization from the United States and other applicable governments; and (q) Lessee is not an entity designated by the United States government or any other applicable government with which transacting business without the prior consent of such government is prohibited.

**20. DEFAULT.** Any of the following shall constitute a default by Lessee (a "Lessee Default") under this Master Agreement and all Leases: (a) Lessee fails to pay any Rent payment or any other amount payable to Lessor under this Master Agreement or any Schedule within 10 days after its due date; or (b) Lessee defaults on or breaches any of the other terms and conditions of any Material Agreement, and fails to cure such breach within 10 days after written notice thereof from Lessor; or (c) any representation or warranty made by Lessee in any Material Agreement proves to be incorrect in any material respect when made or reaffirmed; or (d) any change occurs in relation to Lessee's financial condition that, in Lessor's reasonable opinion, would have a material adverse effect on Lessee's ability to perform its obligations under this

Master Agreement or under any Schedule; or (e) Lessee becomes insolvent or fails generally to pay its debts as they become due; or (f) a proceeding under any bankruptcy, reorganization, arrangement of debt, insolvency or receivership law is filed by or against Lessee (and if such proceeding is involuntary, it is not dismissed within 60 days after the filing thereof) or Lessee takes any action to authorize any of the foregoing matters; or (g) any letter of credit or guaranty issued in support of a Lease is revoked, breached, canceled or terminated (unless consented to in advance by Lessor); or (h) any Equipment is levied against, seized or attached.

**21. REMEDIES.** If a Lessee Default occurs, Lessor may, in its sole discretion, exercise one or more of the following remedies: (a) declare all amounts due and to become due during Lessee's current fiscal year under any or all Leases to be immediately due and payable; or (b) terminate this Master Agreement or any Lease; or (c) take possession of, or render unusable, any Equipment wherever the Equipment may be located, without demand or notice and without any court order or other process of law in accordance with Lessee's reasonable security procedures, and no such action shall constitute a termination of any Lease; or (d) require Lessee to deliver the Equipment to a location specified by Lessor; or (e) declare the Stipulated Loss Value for any or all Equipment to be due and payable as liquidated damages for loss of a bargain and not as a penalty and in lieu of any further Rent payments under the applicable Lease or Leases; or (f) proceed by court action to enforce performance by Lessee of any Lease and/or to recover all damages and expenses incurred by Lessor by reason of any Lessee Default; or (g) terminate any other agreement that Lessor may have with Lessee; or (h) exercise any other right or remedy available to Lessor at law or in equity. Also, Lessee shall pay Lessor (i) all costs and expenses that Lessor may incur to maintain, safeguard or preserve the Equipment, and other expenses incurred by Lessor in enforcing any of the terms, conditions or provisions of this Master Agreement (including reasonable legal fees and collection agency costs) and (ii) all costs incurred by Lessor in exercising any of its remedies hereunder (including reasonable legal fees). Upon repossession or surrender of any Equipment, Lessor will lease, sell or otherwise dispose of the Equipment in a commercially reasonable manner, with or without notice and at public or private sale, and apply the net proceeds thereof to the amounts owed to Lessor under this Master Agreement; provided, however, that Lessee will remain liable to Lessor for any deficiency that remains after any sale or lease of such Equipment. Any proceeds of any sale or lease of such Equipment in excess of the amounts owed to Lessor under this Master Agreement will be retained by Lessor. Lessee agrees that with respect to any notice of a sale required by law to be given, 10 days' notice will constitute reasonable notice. With respect to any exercise by Lessor of its right to recover and/or dispose of any Equipment or other Collateral securing Lessee's obligations under any Schedule, Lessee acknowledges and agrees as follows: (i) Lessor shall have no obligation, subject to the requirements of commercial reasonableness, to clean-up or otherwise prepare the Equipment or any other Collateral for disposition, (ii) Lessor may comply with any applicable state or federal law requirements in connection with any disposition of the Equipment or other Collateral, and any actions taken in connection therewith shall not be deemed to have adversely affected the commercial reasonableness of any such disposition, and (iii) Lessor may convey the Equipment and any other Collateral on an "AS IS, WHERE IS" basis, and without limiting the generality of the foregoing, may specifically exclude or disclaim any and all warranties, including any warranty of title or the like with respect to the disposition of the Equipment or other Collateral, and no such conveyance or such exclusion or such disclaimer of any warranty shall be deemed to have adversely affected the commercial reasonableness of any such disposition. These remedies are cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time, provided, however, that the intent of the cumulative remedy provisions hereunder is to make Lessor whole, as if no Lessee Default has occurred, and not to penalize Lessee with duplicative remedies.

**22. PERFORMANCE OF LESSEE'S OBLIGATIONS.** If Lessee fails to perform any of its obligations hereunder, Lessor may perform any act or make any payment that Lessor deems reasonably necessary for the maintenance and preservation of the Equipment and Lessor's interests therein; provided, however, that the performance of any act or payment by Lessor shall not be deemed a waiver of, or release Lessee from, the obligation at issue. All sums so paid by Lessor, together with expenses (including legal fees and costs) incurred by Lessor in connection therewith, shall be paid to Lessor by Lessee immediately upon demand.

**23. TRUE LEASE; SECURITY INTEREST; MAXIMUM RATE.** Each Lease is intended to be a "Finance Lease" as defined in Article 2A of the UCC, and Lessee hereby authorizes Lessor to file a financing statement to give public notice of Lessor's ownership of the Equipment. The parties' intent that each Lease be a "Finance Lease" within the meaning of Article 2A and the UCC shall have no effect on the characterization of any Lease for accounting purposes, which characterization shall be made by each party independently on the basis of generally accepted accounting principles in the United States in effect at the time. Lessee, by its execution of each Schedule, acknowledges that Lessor has informed it that (a) the identity of Seller is set forth in the applicable Schedule, (b) Lessee is entitled under Article 2A of the UCC to 96514 / 00132598 / v3

the promises and warranties, including those of any third party, provided to Lessor in connection with, or as a part of, the applicable Purchase Documents, and (c) Lessee may communicate with Seller and receive an accurate and complete statement of the promises and warranties, including any disclaimers and limitations of them or of remedies. If (1) notwithstanding the express intention of Lessor and Lessee to enter into a true lease, any Lease is ever deemed by a court of competent jurisdiction to be a lease intended for security, or (2) Lessor and Lessee enter into a Lease with the intention that it be treated as a lease intended as security by so providing in the applicable Schedule, then to secure payment and performance of Lessee's obligations under this Master Agreement and all Leases, Lessee hereby grants Lessor a purchase money security interest in the related Equipment and in all attachments, accessories, additions, substitutions, products, replacements, rentals and proceeds (including, without limitation, insurance proceeds) thereto as well as a security interest in any other equipment financed pursuant to this Master Agreement or any other agreement between Lessor and Lessee (collectively, the "Collateral"). In any such event, notwithstanding any provisions contained in this Master Agreement or in any Schedule, neither Lessor nor any Assignee shall be entitled to receive, collect or apply as interest any amount in excess of the maximum rate or amount permitted by applicable law. In the event Lessor or any Assignee ever receives, collects or applies as interest any amount in excess of the maximum amount permitted by applicable law, such excess amount shall be applied to the unpaid principal balance and any remaining excess shall be refunded to Lessee. In determining whether the interest paid or payable under any specific contingency exceeds the maximum rate or amount permitted by applicable law, Lessor and Lessee shall, to the maximum extent permitted under applicable law, characterize any non-principal payment as an expense or fee rather than as interest, exclude voluntary prepayments and the effect thereof, and spread the total amount of interest over the entire term of this Master Agreement and all Leases.

**24. ASSIGNMENT.** Lessor shall have the unqualified right to sell, assign, grant a security interest in or otherwise convey any part of its interest in this Master Agreement, any Lease or any Equipment, in whole or in part, without prior notice to or the consent of Lessee. If any Lease is sold, assigned, or otherwise conveyed, Lessee agrees that Lessor's purchaser, assignee or transferee, as the case may be ("Assignee") shall (a) have the same rights, powers and privileges that Lessor has under the applicable Lease, (b) have the right to receive from Lessee all amounts due under the applicable Lease; and (c) not be required to perform any obligations of Lessor, other than those that are expressly assumed in writing by such Assignee. Lessee agrees to execute such acknowledgements to such assignment as may be reasonably requested by Lessor or the Assignee. Lessee further agrees that, in any action brought by such Assignee against Lessee to enforce Lessor's rights hereunder, Lessee will not assert against such Assignee any set-off, defense or counterclaim that Lessee may have against Lessor or any other person. Unless otherwise specified by Lessor and the Assignee, Lessee shall continue to pay all amounts due under the applicable Lease to Lessor; provided, however, that upon notification from Lessor and the Assignee, Lessee covenants to pay all amounts due under the applicable Lease to such Assignee when due and as directed in such notice. Lessee further agrees that any Assignee may further sell, assign, grant a security interest in or otherwise convey its rights and interests under the applicable Lease with the same force and effect as the assignment described herein. Lessee may not assign, transfer, sell, sublease, pledge or otherwise dispose of this Master Agreement, any Lease, any Equipment or any interest therein.

**25. FURTHER ASSURANCES.** Lessee agrees to promptly execute and deliver to Lessor such further documents and take such further action as Lessor may require in order to more effectively carry out the intent and purpose of this Master Agreement and any Schedule. Without limiting the generality of the foregoing, Lessee agrees (a) to furnish to Lessor from time to time, its certified financial statements, officer's certificates and appropriate resolutions, opinions of counsel and such other information and documents as Lessor may reasonably request, and (b) to execute and timely deliver to Lessor such documents that Lessor deems necessary to perfect or protect Lessor's security interest in the Collateral or to evidence Lessor's interest in the Equipment. It is also agreed that Lessor or Lessor's agent may file as a financing statement, any lease document (or copy thereof, where permitted by law) or other financing statement that Lessor deems appropriate to perfect or protect Lessor's security interest in the Collateral or to evidence Lessor's interest in the Equipment. Upon demand, Lessee will promptly reimburse Lessor for any filing or recordation fees or expenses (including legal fees and costs) incurred by Lessor in perfecting or protecting its interests in any Collateral. Lessee represents and warrants that Lessee's name as set forth in the signature block below is Lessee's full and accurate legal name and that the information set forth on the first page hereof regarding its organization number, tax identification number and location is true and correct as of the date hereof. Lessee further agrees to provide Lessor advance written notice of any change in the foregoing.

**26. TERM OF MASTER AGREEMENT; SURVIVAL.** This Master Agreement shall commence and be effective upon the execution hereof by both parties and shall continue in effect until terminated by either party by 30 days prior written notice to the other, provided that the effective date of the termination is after all obligations of Lessee arising

hereunder and pursuant to any Schedule have been fully satisfied. Notwithstanding the foregoing, all representations, warranties and covenants made by Lessee hereunder shall survive the termination of this Master Agreement and shall remain in full force and effect. All of Lessor's rights, privileges and indemnities under this Master Agreement or any Lease, to the extent they are fairly attributable to events or conditions occurring or existing on or prior to the expiration or termination of such Lease, shall survive such expiration or termination and be enforceable by Lessor and Lessor's successors and assigns.

**27. WAIVER OF JURY TRIAL. LESSEE AND LESSOR HEREBY EXPRESSLY WAIVE ANY RIGHT TO DEMAND A JURY TRIAL WITH RESPECT TO ANY ACTION OR PROCEEDING INSTITUTED BY LESSOR OR LESSEE IN CONNECTION WITH THIS MASTER AGREEMENT OR ANY FUNDAMENTAL AGREEMENT.**

**28. NOTICES.** All notices, requests, demands, waivers and other communications required or permitted to be given under this Master Agreement or any other Fundamental Agreement shall be in writing and shall be deemed to have been received upon receipt if delivered personally or by a nationally recognized overnight courier service, or by confirmed facsimile transmission, or 3 days after deposit in the United States mail, certified, postage prepaid with return receipt requested, addressed as follows (or such other address or fax number as either party shall so notify the other):

If to Lessor:

Hewlett-Packard Financial Services Company  
200 Connell Drive, Suite 5000  
Berkeley Heights, NJ 07922  
Attn: Director of Operations North America  
Fax: (908) 898-4109

If to Lessee:

Pima County, Arizona  
33 N Stone Avenue, 17<sup>th</sup> Floor  
Tucson, AZ 85701  
Attn: \_\_\_\_\_ ("Authorized  
Lessee Representative")  
Fax:

**29. MISCELLANEOUS**

**(a) Governing Law.** THIS MASTER AGREEMENT AND EACH LEASE SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF EQUIPMENT LOCATION.

**(b) Credit Review.** Lessee consents to a reasonable credit review by Lessor for each Lease.

**(c) Captions and References.** The captions contained in this Master Agreement and any Schedule are for convenience only and shall not affect the interpretation of this Master Agreement or any Lease. All references in this Master Agreement to Sections and Exhibits refer to Sections hereof and Exhibits hereto unless otherwise indicated.

**(d) Entire Agreement; Amendments.** This Master Agreement and all other Fundamental Agreements executed by both Lessor and Lessee constitute the entire agreement between Lessor and Lessee relating to the leasing of the Equipment, and supersede all prior agreements relating thereto, whether written or oral, and may not be amended or modified except in a writing signed by the parties hereto.

**(e) No Waiver.** Any failure of Lessor to require strict performance by Lessee, or any written waiver by Lessor of any provision hereof, shall not constitute consent or waiver of any other breach of the same or any other provision hereof.

**(f) Lessor Affiliates.** Lessee understands and agrees that Hewlett-Packard Financial Services Company or any affiliate or subsidiary thereof may, as lessor, execute Schedules under this Master Agreement, in which event the terms and conditions of the applicable Schedule and this Master Agreement as it relates to the lessor under such Schedule shall be binding upon and shall inure to the benefit of such entity executing such Schedule as lessor, as well as any successors or assigns of such entity. Lessee agrees that Lessor may disclose any information provided by Lessee to Lessor or created by Lessor in the course of administering the Material Agreements to any parent or affiliate of Lessor.

**(g) Invalidity.** If any provision of this Master Agreement or any Schedule shall be prohibited by or invalid under law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Master Agreement or such Schedule.

**(h) Counterparts.** This Master Agreement may be executed in counterparts, which collectively shall constitute one document.

**(i) Lessor Reliance.** Lessor may act in reliance upon any instruction, instrument or signature reasonably believed by Lessor in good faith to be genuine. Lessor may assume that any employee of Lessee who executes any document or gives any written notice, request or instruction has the authority to do so.

**(j) Certifications.**

1) **Cancellation Due to Conflict.** Lessee within three (3) years after the execution of this Lease may cancel this Lease, without penalty or further obligation, pursuant to A.R.S. Section 38-511, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Lease on behalf of the Lessee is, at any time while this Lease or any extension of this Lease is in effect, an employee or agent of Lessee in any capacity or a consultant to Lessee with respect to the subject matter of this Lease. Such cancellation shall be effective when written notice from Lessee is received by Lessor, unless the notice specifies a later time.

2) Lessor hereby warrants that it will at all times during the term of this Master Agreement comply with all federal immigration laws applicable to Lessor's employment of its employees, and with the provisions of A.R.S. § 23-214 (A) and otherwise incorporating the federal immigration laws applicable to Lessor's employment of its employees into Arizona law (together the "State and Federal Immigration Laws"). Lessor agrees to comply with all provisions and requirements of Arizona Executive Order 2009-09 to the extent such Order is consistent with the requirements of federal law, including any requirements relating to flow down of all provisions and requirements to any subcontractors. Executive Order 2009-09 supersedes Executive order 99-4 and amends Executive order 75-5 and may be viewed and downloaded at the Governor of the State of Arizona's website [http://www.azgovernor.gov/dms/upload/EO\\_2009\\_09.pdf](http://www.azgovernor.gov/dms/upload/EO_2009_09.pdf). Lessor's compliance with federal law shall satisfy Lessor's obligations under Executive Order 2009-09. During the performance of this Master Agreement, Lessor shall not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.

**30 DEFINITIONS.** All capitalized terms used in this Master Agreement have the meanings set forth below or in the Sections of this Master Agreement referred to below:

"**Acceptance Certificate**" means an Acceptance Certificate in substantially the form of Exhibit B executed by Lessee and delivered to Lessor in accordance with Section 3.

"**Acceptance Date**" means, as to any Lease, the date Lessee shall have accepted the Equipment subject to such Lease in accordance with Section 3.

"**Assignee**" means any assignee of all or any portion of Lessor's interest in this Master Agreement, any Schedule or any Equipment, whether such assignee received the assignment of such interest from Lessor or a previous assignee of such interest.

"**Authorized Lessee Representative**" has the meaning specified in Section 28.

"**Casualty Loss**" means, with respect to any Equipment, the condemnation, taking, loss, destruction, theft or damage beyond repair of such Equipment.

"**Casualty Value**" means, as to any Equipment, an amount determined as of the date of the Casualty Loss or Lessee Default in question pursuant to a "Table of Casualty Values" attached to the applicable Schedule or, if no "Table of Casualty Values" is attached to the applicable Schedule, an amount equal to the sum of (i) the present value as of the date of the Casualty Loss or Lessee Default in question (discounted at 5% per annum, compounded monthly) of all Rent payments payable after such date through the scheduled date of expiration of the Then Applicable Term, plus (ii) the present value as of the date of the Casualty Loss or Lessee Default in question (discounted at 5% per annum, compounded monthly, from the scheduled date of expiration of the Then Applicable Term) of an amount determined by multiplying the applicable casualty percentage specified below by the Total Cost of such Equipment. The applicable casualty percentage shall be 35% for Equipment having an Initial Term of less than 24 months; 30% for Equipment having an Initial Term of 24 months or greater, but less than 36 months; 25% for Equipment having an Initial Term of 36 months or greater, but less than 48 months; and 20% for Equipment having an Initial Term of 48 months or greater.

"**Claims**" means all claims, actions, suits, proceedings, costs, expenses (including, without limitation, court costs, witness fees and attorneys' fees), damages, obligations, judgments, orders, penalties, fines, injuries, liabilities and losses, including, without limitation, actions based on Lessor's strict liability in tort.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Collateral**" has the meaning specified in Section 23.

"**Daily Rent**" means, as to any Lease, an amount equal to the per diem Rent payable under the applicable Schedule (calculated on the basis of a 360-day year and 30-day months).

"**End-of-Term Notice**" means, as to any Lease, a written notice delivered by Lessee to Lessor at least 90 days prior to the end of the Initial Term, any Renewal Term, or any optional extension of the Initial Term or any Renewal Term, setting forth Lessee's elections pursuant to Section 4 with respect to the Equipment subject to such Lease. Each End-of-Term Notice shall specify on a line item basis and in the same format as the Equipment is described in the applicable

Schedule (or if different, in the applicable Acceptance Certificate) the Units of Equipment to be purchased by Lessee (if any), as to which the Lease is to be renewed (if any), and that are to be returned to Lessor (if any).

**"Equipment"** has the meaning specified in Section 1.

**"Equipment Location"** means, as to any Equipment, the address at which such Equipment is located from time to time, as originally specified in the applicable Schedule and as subsequently specified in a notice delivered to Lessor pursuant to Section 12, if applicable.

**"Fair Market Value"** means the total price that would be paid for any specified Equipment in an arm's length transaction between an informed and willing buyer (other than a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell. Such total price shall not be reduced by the costs of removing such Equipment from its current location or moving it to a new location.

**"Fair Rental Value"** means the amount of periodic rent that would be payable for any specified Equipment in an arm's length transaction between an informed and willing lessee and an informed and willing lessor, neither under compulsion to lease. Such amount shall not be reduced by the costs of removing such Equipment from its current location or moving it to a new location.

**"Final Invoice Amount"** has the meaning set forth in Section 2(c).

**"First Payment Date"** means, as to any Lease, the date the first Rent payment with respect to the Initial Term of such Lease is due, as determined pursuant to the terms of the applicable Schedule.

**"Fiscal Period"** shall mean the fiscal year of Lessee, as it may be more particularly described in a Schedule.

**"Fundamental Agreements"** means, collectively, this Master Agreement, each Schedule and Acceptance Certificate and all other related instruments and documents.

**"Hardware"** means items of tangible equipment and other property.

**"Initial Term"** means, as to any Lease, the initial term thereof as specified in the related Schedule.

**"Lease"** has the meaning specified in Section 2(a).

**"Lessee"** has the meaning specified in the preamble hereof.

**"Lessee Default"** has the meaning specified in Section 20.

**"Lessor"** has the meaning specified in the preamble hereof.

**"License Agreement"** means any license agreement or other document granting the purchaser the right to use Software or any technical information, confidential business information or other documentation relating to Hardware or Software, as amended, modified or supplemented by any other agreement between the licensor and Lessor.

**"Master Agreement"** has the meaning specified in the preamble hereof.

**"Material Agreements"** means, collectively, all Fundamental Agreements, all other material agreements by and between Lessor and Lessee, and any application for credit, financial statement, or financial data required to be provided by Lessee in connection with any Lease.

**"Mobile PC Equipment"** has the meaning specified in Section 12 hereof.

**"Non-Appropriation"** has the meaning specified in Section 7.

**"Optional Additions"** has the meaning specified in Section 11.

**"PC Equipment"** means, collectively, personal computers (e.g., workstations, desktops and notebooks) and related items of peripheral equipment (e.g., monitors, printers and docking stations).

**"Purchase Documents"** means, as to any Equipment, any purchase order, contract, bill of sale, License Agreement, invoice and/or other documents that Lessee has, at any time, approved, agreed to be bound by or entered into with any Supplier of such Equipment relating to the purchase, ownership, use or warranty of such Equipment.

**"Renewal Agreement"** has the meaning specified in Section 4.

**"Renewal Term"** has the meaning specified in Section 4.

**"Rent"** has the meaning specified in Section 5.

**"Schedule"** means, unless the context shall otherwise require a Schedule executed by Lessor and Lessee pursuant to Section 2(a).

**"Seller"** means, as to any Equipment, the seller of such Equipment as specified in the applicable Schedule.

**"Software"** means copies of computer software programs owned or licensed by Lessor, and any disks, CDs, or other media on which such programs are stored or written.

**"State"** means any of the states of the United States, its territories and possessions.

**"Stipulated Loss Value"** means, as to any Equipment, an amount equal to the sum of (a) all Rent and other amounts due and owing with respect to such Equipment as of the date of payment of such amount, plus (b) the Casualty Value of such Equipment.

**"Substitute Equipment"** means, as to any item of Hardware or Software subject to a Lease, a substantially equivalent or better item of Hardware or Software having equal or greater capabilities and equal or greater Fair Market Value manufactured or licensed by the same manufacturer or licensor as such item of Hardware or Software subject to a

Lease. The determination of whether any item of Equipment is substantially equivalent or better than an item of Equipment subject to a Lease shall be based on all relevant facts and circumstances, but shall minimally require, in the case of a computer, that each of processor, hard-drive, random access memory and CD ROM drive, if applicable, be equivalent or better.

"Supplier" means as to any Equipment, the Seller and the manufacturer or licensor of such Equipment collectively, or where the context requires, any of them.

"System Software" means an item of Software that is pre-loaded on an item of Hardware purchased by Lessor for lease hereunder for which the relevant Purchase Documents specify no purchase price separate from the aggregate purchase price specified for such items of Hardware and Software.

"Taxes" means all license and registration fees and all taxes (local, state and federal), fees, levies, imposts, duties, assessments, charges and withholding of any nature whatsoever, however designated (including, without limitation, any value added, transfer, sales, use, gross receipts, business, occupation, excise, personal property, real property, stamp or other taxes) other than taxes measured by Lessor's income.

"Term" means the term thereof as specified in the related Schedule.

"Then Applicable Term" means, as to any Lease, the term of the Lease in effect at the time of determination, whether it be the Initial Term, any Renewal Term or any optional or other automatic extension of the Initial Term or any Renewal Term pursuant to Section 4.

"Total Cost" means as to any Lease, the total acquisition cost to Lessor of the Equipment subject to such Lease as set forth in the applicable Purchase Documents, including related delivery, installation, taxes and other charges which Lessor has agreed to pay and treat as a portion of such acquisition cost, if any.

"Total Term" means, as to any Lease, the aggregate term of such Lease, including the Initial Term, any Renewal Term and any optional or other automatic extension of the Initial Term or any Renewal Term pursuant to Section 4.

"UCC" means the Uniform Commercial Code as enacted and in effect in any applicable jurisdiction.

"Unit of Equipment" means, as to the Equipment leased pursuant to any Schedule (a) each individual item of PC Equipment leased pursuant to such Schedule, and (b) all Equipment taken as a whole leased pursuant to such Schedule other than PC Equipment taken as a whole.

IN WITNESS WHEREOF, LESSEE AND LESSOR HAVE EXECUTED THIS MASTER AGREEMENT ON THE DATES SPECIFIED BELOW.

LESSEE:  
PIMA COUNTY, ARIZONA  
By: Sharon Bronson

Sharon Bronson, Chair  
Name and Title  
AUG 05 2014  
Date

LESSOR:  
HEWLETT-PACKARD FINANCIAL SERVICES COMPANY<sup>2</sup>  
By: [Signature]

[Signature]  
Name and Title  
10-7-2014  
Date

APPROVED AS TO FORM:  
[Signature]  
Deputy County Attorney  
REGINA NASSEN

ATTEST:  
[Signature]  
Clerk, Board of Supervisors  
Pima County, Arizona

<sup>2</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.



hp financial services

Exhibit A to Master Agreement

Master Agreement Number 5249365301  
Schedule Number \_\_\_\_\_

**COUNTERPART NO. \_\_\_\_\_ OF \_\_\_\_\_. TO THE EXTENT THAT THIS SCHEDULE CONSTITUTES CHATTEL PAPER (AS DEFINED ON THE UCC), NO SECURITY INTEREST IN THIS SCHEDULE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.**

**STATE AND LOCAL GOVERNMENT MASTER OPERATING LEASE AGREEMENT SCHEDULE**

Hewlett-Packard Financial Services Company<sup>3</sup> ("Lessor") and Pima County, Arizona, an agency, department or political subdivision of the State of Arizona ("Lessee") are parties to the State and Local Government Master Operating Lease Agreement identified by the Master Agreement Number specified above (the "Master Agreement"). This Schedule (which shall be identified by the Schedule Number specified above) and the Master Agreement together comprise a separate Lease between the parties. The terms and conditions of the Master Agreement are hereby incorporated by reference into this Schedule. All capitalized terms used in this Schedule without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE.

A. Description of Items of Leased Equipment Total Cost

B. Initial Term: \_\_\_\_ Months.

2. RENT: \$ \_\_\_\_\_

RENT is payable: \_\_\_\_ in advance \_\_\_\_ in arrears (check one) \_\_\_\_ monthly  
\_\_\_\_ quarterly (check one) \_\_\_\_ semi-annually \_\_\_\_ annually

**If the Rent is due in advance, then the first Rent payment shall be due on the Acceptance Date. If the Rent is due in arrears, then the first Rent payment shall be due at the end of the first payment frequency period as selected above.**

3. LATEST COMMENCEMENT DATE: \_\_\_\_\_. Lessor's obligation to purchase and lease the Equipment is subject to the Acceptance Date being on or before the Latest Commencement Date.

4. EQUIPMENT LOCATION: \_\_\_\_\_

<sup>3</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

- 5. **SELLER:** \_\_\_\_\_
- 6. **APPROPRIATIONS:** Monies for all Rent and other payments due under the Lease for the Fiscal Period ending \_\_\_\_\_ are available from Lessee's appropriated funds for such Fiscal Period and that appropriations and/or other funds have been encumbered or designated for the payment of all Rent and other payments that shall become due under the Lease in such Fiscal Period.
- 7. **ADDITIONAL PROVISIONS:**
- 8. **FISCAL PERIOD:** \_\_\_[Annual]\_\_\_\_\_

LESSOR AGREES TO LEASE TO LESSEE AND LESSEE AGREES TO LEASE FROM LESSOR THE EQUIPMENT DESCRIBED IN SECTION 1.A ABOVE. SUCH LEASE WILL BE GOVERNED BY THE MASTER AGREEMENT AND THIS SCHEDULE, INCLUDING THE IMPORTANT ADDITIONAL TERMS AND CONDITIONS SET FORTH ABOVE. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS SCHEDULE AND THE MASTER AGREEMENT, THE TERMS OF THIS SCHEDULE SHALL GOVERN. LESSEE HEREBY REPRESENTS AND WARRANTS THAT ON AND AS OF THE DATE HEREOF EACH OF THE REPRESENTATIONS AND WARRANTIES MADE BY LESSEE IN THE MASTER AGREEMENT ARE TRUE, CORRECT AND COMPLETE.

**LESSEE:**  
**PIMA COUNTY, ARIZONA**

**LESSOR:**  
**HEWLETT-PACKARD FINANCIAL SERVICES COMPANY<sup>4</sup>**

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Date**

<sup>4</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.



hp financial services

Exhibit B to Master Agreement  
Master Agreement Number 5249365301  
Schedule Number \_\_\_\_\_

**STATE AND LOCAL GOVERNMENT MASTER OPERATING LEASE AGREEMENT  
ACCEPTANCE CERTIFICATE**

Hewlett-Packard Financial Services Company<sup>5</sup> ("Lessor") and Pima County, Arizona, an agency, department or political subdivision of the State of Arizona ("Lessee") are parties to the State and Local Government Master Operating Lease Agreement (the "Master Agreement") and Schedule under such Master Agreement (the "Schedule") identified by the Master Agreement Number and Schedule Number, respectively, specified above. The Master Agreement and Schedule together comprise a separate Lease, that is being accepted and commenced pursuant to this Acceptance Certificate. All capitalized terms used in this Acceptance Certificate without definition have the meanings ascribed to them in the Master Agreement.

**1. LEASE ACCEPTANCE.** Lessee hereby acknowledges that the Equipment described in Section 1 of the Schedule, or if different, the Equipment described in the attached invoice or other attachment hereto, has been delivered to the Equipment Location specified below, inspected by Lessee and found to be in good operating order and condition, and has been unconditionally and irrevocably accepted by Lessee under the Lease evidenced by the Master Agreement and the Schedule as of the Acceptance Date set forth below. Lessee authorizes Lessor to adjust the Rent payments on the Schedule to reflect the Final Invoice Amount set forth on the attached invoice(s) if such amount is different than the Total Cost on the Schedule.

**2. LESSEE ACKNOWLEDGEMENTS.** Lessee hereby agrees to faithfully perform all of its obligations under the Master Agreement and the Schedule and reaffirms, as of the date hereof, its representations and warranties as set forth in the Master Agreement. Lessee hereby acknowledges its agreement to pay Lessor Rent payments, as set forth in the Schedule, plus any applicable taxes, together with all other costs, expenses and charges whatsoever which Lessee is required to pay pursuant to the Master Agreement and the Schedule, in each instance at the times, in the manner and under the terms and conditions set forth in the Master Agreement and the Schedule, respectively.

**3. EQUIPMENT LOCATION.** The Equipment has been installed and is located at the following Equipment Location:

\_\_\_\_\_

**4. REPRESENTATIONS AND WARRANTIES.** Lessee hereby represents and warrants that on and as of the date hereof each of the representations and warranties made by Lessee in the Master Agreement are true, correct and complete.

PIMA COUNTY, ARIZONA  
By: \_\_\_\_\_

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

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

Authorized By: \_\_\_\_\_

<sup>5</sup> Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.