

**JUDICIAL COUNCIL OF CALIFORNIA  
STANDARD MASTER AGREEMENT COVERSHEET (rev 07-14-14)**

MASTER AGREEMENT NUMBER <b>MA201501</b>
FEDERAL EMPLOYER ID NUMBER <b>02-0270756</b>

1. In this agreement (the "Master Agreement"), the term "Contractor" refers to **Merchants Fleet Management, a division of Merchants Automotive Group, Inc.**, and the term "Judicial Council" refers to the **Judicial Council of California**.

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2. This Master Agreement becomes effective as of June 1, 2015 (the "Effective Date") and expires on April 30, 2020 unless sooner terminated or extended.

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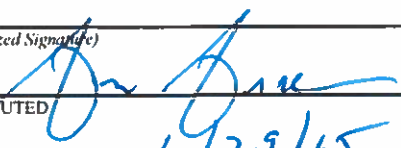

3. The title of this Agreement is: **Fleet Management Services, a Leveraged Procurement Agreement**.  
The title listed above is for administrative reference only and does not define, limit, or construe the scope or extent of the Agreement.

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4. The maximum amount the Judicial Council or a JBE may pay Contractor is set forth in each individual Purchase Order.

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5. The parties agree to the terms and conditions of this Agreement and acknowledge that this Agreement (made up of this coversheet, the following exhibits, and any attachments) contains the parties' entire understanding related to the subject matter of this Agreement. If there are any inconsistent terms in the exhibits, the following is the descending order of precedence: Exhibit A, B, and C.  
 Exhibit A – General Provisions  
 Exhibit A - Attachment 1 – Vehicle Lease Schedule Sample  
 Exhibit B – Payment Provisions  
 Exhibit B - Attachment 1 – Pricing Schedule  
 Exhibit C – Scope of Services

JUDICIAL COUNCIL'S SIGNATURE	CONTRACTOR'S SIGNATURE
JUDICIAL COUNCIL OF CALIFORNIA	CONTRACTOR'S NAME (if Contractor is not an individual person, state whether Contractor is corporation, partnership, etc.) <b>MERCHANTS FLEET MANAGEMENT, A DIVISION OF MERCHANTS AUTOMOTIVE GROUP, INC.,</b>
BY (Authorized Signature) 	BY (Authorized Signature) 
DATE EXECUTED <b>6/29/15</b>	DATE EXECUTED <b>6/18/15</b>
PRINTED NAME AND TITLE OF PERSON SIGNING <b>Stephen Saddler, Manager</b>	PRINTED NAME AND TITLE OF PERSON SIGNING <b>Gary T. Singer - Chairman of Board</b>
ADDRESS <b>Attn: Finance, Business Services Unit 455 Golden Gate Avenue, 6th Floor San Francisco, CA 94102</b>	ADDRESS <b>Attn: Maria Neve 1278 Hooksett Road Hooksett, NH 03106</b>

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**EXHIBIT A**  
**GENERAL TERMS**

This Master Agreement for Fleet Management Services (the “Master Agreement”) is entered into by and between Contractor and the “Judicial Council”), for the benefit of the 58 superior courts of California, the California appellate courts (including the Supreme Court of California), the Judicial Council, and the Habeas Corpus Resource Center (collectively, “Judicial Branch Entities” or “JBEs,” and individually, a “Judicial Branch Entity” or “JBE”).

**PURPOSE**

The purpose of this Master Agreement is to set forth the terms and conditions that apply to Contractor’s provision of a complete vehicle service program, including the lease and maintenance of vehicles, and fuel card management services that may be utilized by any Judicial Branch Entity.

Contractor and the Judicial Council agree as follows:

**1. TERM**

The initial term of this Master Agreement is five (5) years (unless sooner terminated as provided in this Master Agreement) commencing on the Effective Date, subject to the option of the Judicial Council to extend the term of this Master Agreement for one (1) additional year. If the Judicial Council exercises its option to extend the term of this Master Agreement, the Judicial Council will notify Contractor in writing prior to the expiration of the initial term. Notwithstanding the foregoing and to the extent consistent with Sections 10 and 11 of this Master Agreement, this Master Agreement shall remain in effect with respect to each vehicle leased by a JBE from Contractor for the remainder of the vehicle lease term (as set forth in the applicable Vehicle Lease Schedule).

**2. OBLIGATION**

This Master Agreement does not obligate any JBE to order any services or lease any vehicles under this Master Agreement and does not guarantee Contractor a specific volume of business under this Master Agreement or any Purchase Order (as defined in Section 5, below). Contractor shall lease vehicles and render services to any JBE that issues a Purchase Order under this Master Agreement.

**3. RELATIONSHIP OF THE PARTIES**

The Judicial Council has authority to enter into master agreements on behalf of Judicial Branch Entities. A Judicial Branch Entity may elect to utilize this Master Agreement by placing orders, as described in this Master Agreement, in which case the terms and conditions of this Master Agreement govern such orders. This Master Agreement or any

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Purchase Order does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Judicial Council or any other JBE and Contractor.

**4. SCOPE/PRICE**

Contractor is in the business of providing leased vehicles and fleet vehicle services. As further described in Exhibits A, B, and C of this Master Agreement, Contractor will lease to the JBE and provide such other services as requested by the JBE, and the JBE will lease from Contractor the vehicles as described in the Vehicle Lease Schedules (a copy of which is included in Exhibit A as Attachment 1) from time to time delivered by Contractor to the JBE for the vehicles and on the terms set forth in this Master Agreement and applicable Purchase Order, and will also provide fleet vehicle maintenance and management services, fuel credit card services and insurance/accident management services as requested by the JBE. Contractor will, before the delivery of each leased vehicle to a JBE, send the JBE a Vehicle Lease Schedule covering the vehicle, which will include, among other things, a description of the vehicle, the lease term and the monthly lease payment and other payments due with respect to the vehicle. The terms contained in each Vehicle Lease Schedule will be binding on the JBE unless the JBE objects in writing to such Vehicle Lease Schedule prior to the JBE accepting delivery of the vehicle covered by such Vehicle Lease Schedule. The vehicles are provided by lease only and Contractor will at all times remain the owner of the leased vehicles. Any Purchase Order to lease a vehicle and applicable Vehicle Lease Schedule issued under this Master Agreement shall be treated as a true lease for federal and applicable state income tax purposes with Contractor having all benefits of ownership.

**5. ORDERING**

- A. Any JBE may place individual orders pursuant to this Master Agreement. Orders will be placed by issuing a Purchase Order. A "Purchase Order" is defined as an ordering document used by a JBE to place an order for services or lease a vehicle under this Master Agreement. For a Purchase Order issued by the Judicial Council, a Business Services signatory, or designee, must approve the Purchase Order (and Vehicle Lease Schedule, if applicable) for the Judicial Council. The form and format of an ordering document used by a JBE may vary. All Purchase Orders will reference this Master Agreement. The terms and conditions of this Master Agreement are applicable to all Purchase Orders, regardless of the ordering document or the ordering process selected by a JBE.
- B. A Purchase Order placed by a JBE constitutes and will be construed as a separate independent contract between Contractor and such JBE, and such contract will be subject to and incorporate the terms and conditions of this Master Agreement, subject to the following: any additional or supplemental terms contained in the Purchase Order or in any invoice or confirmation of the Purchase Order (including in any Vehicle Lease Schedule) that conflict with or materially alter any term or condition of this Master Agreement as it relates to a Purchase Order will not be deemed part of such contract.

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- C. The JBE placing the Purchase Order will be responsible for the receipt and acceptance of all services under this Master Agreement. Acceptance of vehicles leased under a Purchase Order (and applicable Vehicle Lease Schedule) is the responsibility of the JBE in accordance with Sections 4 and 15 of this Master Agreement. Each JBE is responsible for payment pursuant to the terms and conditions in this Master Agreement and that JBE's Purchase Order (including Vehicle Lease Schedule, if applicable).
- D. Each JBE placing a Purchase Order will include the name and address of a JBE contact person in the Purchase Order ("Purchase Order Project Manager"). Contractor shall contact the Purchase Order Project Manager regarding questions about any Purchase Order or payment status of any Purchase Order.
- E. Prior to a JBE issuing a Purchase Order to Contractor for the lease of a vehicle, the JBE will confirm the specific make, model, equipment, and a mutually agreed-upon delivery date and place for the vehicle with Contractor; and the specific make, model, equipment and a mutually agreed-upon date and place will be included on the Purchase Order that is issued to Contractor.

**6. CONTRACTOR CERTIFICATION CLAUSES**

This Master Agreement (including any Purchase Order issued under this Master Agreement) incorporates the terms and conditions set forth at the appendix entitled "JBCL Appendix," posted at [www2.courtinfo.ca.gov/termsandconditions2.pdf](http://www2.courtinfo.ca.gov/termsandconditions2.pdf). If there is any conflict between a provision in the appendix and any other provision of this Master Agreement (or Purchase Order issued under this Master Agreement), the provision contained in the appendix prevails.

**7. CONTRACTOR'S RESPONSIBILITIES AND SERVICE WARRANTIES**

Contractor agrees to perform in a good workmanlike manner, to the satisfaction of the Purchase Order Project Manager, all the work and services described in any Purchase Order issued under this Master Agreement. Contractor warrants that all work and services will be rendered with promptness and diligence.

**8. RESPONSIBILITIES OF JBEs**

Each JBE shall allow only duly authorized, licensed and insured drivers to use and operate the vehicles leased from Contractor. Each JBE shall comply with, and cause its drivers to comply with, all laws, statutes, rules, regulations and ordinances and the provisions of all insurance policies or self insurance affecting or covering the leased vehicles or their use or operation. Each JBE shall keep the vehicles leased pursuant to this Master Agreement free of all liens, charges and encumbrances subject to the provisions of Section 14. In no event will any leased vehicle be used or operated by a JBE for transporting hazardous substances or persons for hire, for any illegal purpose or to pull trailers that exceed the manufacturer's trailer-towing recommendations. No vehicle leased pursuant to this Master Agreement is intended to be or will be utilized as a "school bus" as defined in the Code of Federal Regulations or any applicable state or municipal statute or regulation. A JBE shall not

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remove any vehicle leased pursuant to this Master Agreement from the continental United States without first obtaining Contractor's written consent.

**9. JBE'S OBLIGATIONS SUBJECT TO AVAILABILITY OF FUNDS**

- A. A JBE's obligation under this Master Agreement or any Purchase Order (including Vehicle Lease Schedule, if applicable) is subject to the availability of authorized funds. The Judicial Council may terminate the Master Agreement and any JBE may terminate a Purchase Order, without prejudice to any right or remedy of the Judicial Council or other JBE, for lack of appropriation of funds. If expected or actual funding is withdrawn, reduced or limited in any way prior to the expiration of this Master Agreement or any Purchase Order, the Judicial Council may terminate this Master Agreement in whole or in part, and any JBE may terminate a Purchase Order in whole or in part (including any Vehicle Lease, if applicable), upon written notice to Contractor. Such termination shall be in addition to the Judicial Council's rights to terminate this Master Agreement for convenience or default or the right of any JBE under a Purchase Order to terminate for convenience or default.
- B. Payment by a JBE shall not exceed the amount allowable for appropriation by the Legislature and the Judicial Council for that JBE. If this Master Agreement or any Purchase Order is terminated for non-appropriation:
- i. The JBE will be liable only for payment in accordance with the terms of this Master Agreement and applicable Purchase Order for services rendered prior to the effective date of termination; and
  - ii. Contractor shall be released from any obligation to provide further services pursuant to this Master Agreement or Purchase Orders as are affected by the termination.
- C. Funding for this Master Agreement or any Purchase Order beyond the current appropriation year is conditional upon appropriation of sufficient funds to support the activities described in this Master Agreement or any Purchase Order. The appropriation year ends on June 30 of each year. In no event will a JBE be in breach of this Master Agreement or any Purchase Order (including Vehicle Lease Schedule, if applicable) for failure to pay Contractor's invoices on time if such failure results from the failure of the Legislature to approve and adopt a budget in a timely manner.

**10. TERMINATION FOR OTHER THAN CAUSE**

- A. In addition to termination for cause under Section 11, below, the Judicial Council may terminate this Master Agreement at any time upon providing Contractor written notice at least thirty (30) days before the effective date of termination of this Master Agreement. Upon receipt of the termination notice from the Judicial Council, Contractor shall promptly notify all JBEs receiving services under this Master Agreement and discontinue all services affected unless the notice specifies otherwise. Notwithstanding the foregoing sentence, this Master Agreement shall, at the option of an individual JBE, remain in effect with respect to each vehicle leased by the individual JBE from Contractor for the

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remainder of the applicable vehicle lease term (as defined in the Vehicle Lease Schedule). If a JBE wishes to exercise this option, the JBE will promptly notify Contractor in writing that this Master Agreement remains in effect with respect to those vehicles currently leased by the JBE from Contractor.

- B. If the Judicial Council terminates all or a portion of this Master Agreement or any Purchase Order other than for cause, the Judicial Council shall pay Contractor for services satisfactorily rendered to the Judicial Council prior to termination and for a leased vehicle in accordance with "Total Monthly Lease Payment Including Additional Services" Section of the applicable Vehicle Lease Schedule.
- C. If a JBE, other than the Judicial Council, terminates all or a portion of a Purchase Order other than for cause, the JBE shall pay Contractor for services satisfactorily rendered to the JBE prior to termination and for a leased vehicle in accordance with "Total Monthly Lease Payment Including Additional Services" Section of the applicable Vehicle Lease Schedule.

**11. TERMINATION FOR CAUSE**

The Judicial Council may terminate this Master Agreement, and a JBE may terminate a Purchase Order (including any applicable Vehicle Lease Schedule), and be relieved of the payment of any consideration to Contractor if Contractor fails to perform the provisions of this Master Agreement or applicable Purchase Order at the time and in the manner provided. If the Master Agreement or any Purchase Order is terminated, the Judicial Council or other JBE, as applicable, may proceed with the work in any manner it deems proper. The cost to the Judicial Council to perform this Master Agreement or the cost to a JBE to perform a Purchase Order shall be deducted from any sum due Contractor under this Master Agreement or any Purchase Order, as applicable. Notwithstanding the foregoing, this Master Agreement shall, at the option of an individual JBE, remain in effect with respect to each vehicle leased by the individual JBE from Contractor for the remainder of the applicable vehicle lease term (as stated in the Vehicle Lease Schedule). If a JBE wishes to exercise this option, the JBE will promptly notify Contractor in writing that this Master Agreement remains in effect with respect to those vehicles currently leased by the JBE from Contractor.

**12. INSURANCE**

- A. The Judicial Council agrees to purchase and maintain in force during the term of this Master Agreement and any Purchase Order, indemnity protection through the California State Motor Vehicle Self-Insurance Program (VELSIP), a self-insured program providing liability indemnity protection to all California State agencies and employees who operate California State owned or leased vehicles on California State business. The indemnity protection provided by the VELSIP provides the JBE and Contractor protection against liability for physical damage or bodily injury resulting from a claim, lawsuit, action or liability arising out of the operation of a vehicle subject to the Master Agreement. The VELSIP is administered by the State of California Office of Risk and Insurance Management (ORIM).

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The VELSIP coverage complies in all respects with any governmental or regulatory agency requirements related to the operation of a motor vehicle, and is more fully described in the State Administrative Manual, section 2420. Contractor agrees to cooperate fully with the ORIM, the Judicial Council, and any other JBE in the investigation, defense and prosecution of all claims or suits arising from the use or operation of any vehicle subject to this Master Agreement. If any claim is made or action commenced for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any vehicle under this Master Agreement, the JBE will promptly notify both Contractor and the Judicial Council of such action or claim and forward to Contractor and the Judicial Council a copy of every demand, notice, summons or other process received in connection with such claim or action.

- B. If Section 4 of a Vehicle Lease Schedule includes a charge for automobile physical damage insurance (both collision and comprehensive coverage) or some other form of physical damage management that is administered by Contractor, Contractor agrees that (i) the Judicial Council will not be required to obtain or maintain any minimum physical damage insurance (collision and comprehensive) for the vehicle(s) covered by such Vehicle Lease Schedule and (ii) Contractor will assume the risk of physical damage (Casualty Occurrence) to the vehicle(s) covered by any Vehicle Lease Schedule; including, (iii) that such physical damage management shall apply to, and Contractor shall be and remain liable and responsible for, damage to a Covered Vehicle, as defined in Section 16.B., caused by wear and tear or mechanical breakdown or failure, damage to or loss of any parts, accessories or components added to a Covered Vehicle by the Judicial Council or other JBE, as applicable, with the prior written consent of Contractor and/or damage to or loss of any property and/or personal effects contained in a Covered Vehicle. In the event of a Casualty Occurrence to a Covered Vehicle, Contractor may, at its option, replace, rather than repair, the damaged vehicle with an equivalent vehicle, which replacement vehicle will then constitute the "leased vehicle" for purposes of this Master Agreement or applicable Purchase Order. Contractor may not at any time during the applicable term of this Master Agreement or any Purchase Order terminate said obligation to provide physical damage management during the term of such Purchase Order or the term of this Master Agreement. Subject to a showing of good cause and the prior written consent of the Judicial Council, Contractor may change the rates charged by Contractor under this Section for physical damage management and/or commercial automobile liability enrollment. Contractor shall provide the Judicial Council with at least thirty (30) days prior written notice of any anticipated change in rates under this Section.

The Judicial Council or other JBE, as applicable, shall be permitted to assume and self-insure the risks covered by a physical damage insurance policy and shall not be required to purchase or maintain any physical damage insurance policy of any kind with respect to any vehicle.

**13. INDEMNIFICATION AND RESPONSIBILITY**

Contractor shall defend, indemnify (with counsel satisfactory to the Judicial Council), and hold harmless the Judicial Council, other JBEs, and their respective officers, agents, and employees from and against any and all losses suffered by the Judicial Council, other JBEs, and their respective officers, agents and employees, and any and all claims, liabilities or penalties asserted against the Judicial Council, other JBEs, and their respective officers, agents and employees, by or on behalf of any person on account of, based on or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of Contractor. The provisions of this Section 13 shall survive any expiration or termination of this Master Agreement or any Purchase Order.

**14. ASSIGNMENTS**

Upon the prior written consent of the Judicial Council, which shall not be unreasonably withheld, Contractor may from time to time (a) assign, pledge or transfer this Master Agreement and/or any or all of its rights or interests under this Master Agreement and/or (b) grant a security interest in or lien on any or all of the vehicles leased to a JBE to secure indebtedness of Contractor, provided, however, such assignment, pledge or transfer or security interest or lien must remain subject to a JBE's right to quiet enjoyment as provided below in this Section 14. A JBE shall, upon notice from Contractor of any such assignment, security interest or lien, which has been approved in writing by the Judicial Council, acknowledge receipt thereof in writing and, as instructed in such notice, pay all amounts due or to become due under this Master Agreement or applicable Purchase Order to such assignee or secured party. A JBE's rights and interest in and to any vehicles leased from Contractor are and will continue at all times to be subject and subordinate in all respects to any assignment or security agreement now or hereafter executed by Contractor (subject to the prior written approval of the Judicial Council under this Master Agreement) with or in favor of any such assignee or secured party, provided that such JBE shall have the right of quiet enjoyment of the vehicles so long as no Event of Default (as defined in Section 19) by such JBE under this Master Agreement or applicable Purchase Order has occurred and is continuing.

Subject to each JBE's right of quiet enjoyment as described in this Section 14, the Judicial Council hereby consents to Contractor's grant to RBS Citizens, N.A., of a security interest in or lien on any or all of the vehicles leased to JBEs under this Master Agreement or any applicable Purchase Order.

**15. LEASED VEHICLES**

**A. DELIVERY AND ACCEPTANCE OF LEASED VEHICLES**

As provided in Section 4 of this Master Agreement and in the applicable Purchase Order, Contractor shall deliver vehicles to be leased to the JBE. The Judicial Council or other JBE shall inspect and accept or reject, as the JBE deems appropriate, the vehicle and the terms of the applicable Vehicle Lease Schedule. Subject to Section 5.B of this Master Agreement, the



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terms contained in each Vehicle Lease Schedule will be binding on the JBE when the JBE accepts delivery of the vehicle covered by such Vehicle Lease Schedule.

**B. SURRENDER OF LEASED VEHICLES**

At the expiration or earlier termination of a Purchase Order, including a Vehicle Lease Schedule, for a leased vehicle, Contractor agrees to pick up the leased vehicle at a place and time mutually agreed upon by the JBE and Contractor. If for any reason the JBE fails to return any leased vehicle to Contractor as and when mutually agreed, the JBE shall pay Contractor the prorated lease amount.

If Contractor fails to pick up the leased vehicle at the mutually agreed-upon place and time, the JBE will not be responsible for extra payment for, or damages to, the leased vehicle.

**C. REGISTRATION FOR LEASED VEHICLES**

Contractor will register all leased vehicles with the Department of Motor Vehicles. Contractor will install temporary registration documents on each vehicle prior to delivery to the JBE. Contractor will provide EXEMPT license plates and registrations within 30 days of delivery of a leased vehicle. Contractor and each JBE shall cooperate and furnish any and all information or documentation which may be reasonably necessary for compliance with the provisions of this Section or any federal, state or local law, rule, regulation or ordinance. JBEs will not permit any leased vehicle to be located in a state other than the State of California for any continuous period of time that would require such vehicle to become subject to the titling and/or registration laws of any state other than California.

**16. IMPROVEMENTS AND MAINTENANCE OF VEHICLES**

**A. VEHICLES LEASED WITHOUT FULL MAINTENANCE**

Each JBE will, at its expense, (i) maintain vehicles leased without full maintenance from Contractor in good condition, repair, maintenance and running order and in accordance with all manufacturer's instructions and warranty requirements and all legal requirements and (ii) furnish all labor, materials, parts and other essentials required for the proper operation and maintenance of the vehicles. Any alterations, additions, replacement parts or improvements to the leased vehicles will become and remain the property of Contractor and will be returned with the leased vehicles pursuant to Section 15.B. Notwithstanding the foregoing, so long as no Event of Default (as defined in Section 19) has occurred and is continuing, a JBE shall have the right to remove any additional equipment installed by the JBE and paid for by the JBE (not included in the lease cost) on a leased vehicle prior to returning such vehicle to Contractor under Section 15.B. The value of such alterations, additions, replacement parts and improvements will in no instance be regarded as a lease amount. Without the prior written consent of Contractor, a JBE will not make any alterations, additions, replacement parts or improvements to any leased vehicle that detract from its economic value or functional utility. Contractor will not be required to make any repairs or replacements of any nature or description with respect to any leased vehicle, to maintain or repair any leased

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vehicle or, except as set forth in Sections 16.B and 16.C below, to make any expenditure whatsoever in connection with any vehicle or this Master Agreement.

**B. VEHICLES LEASED WITH FULL MAINTENANCE**

Notwithstanding the provisions of Section 16.A above, if a Vehicle Lease Schedule includes a charge for maintenance, Contractor agrees that all factory-recommended preventative maintenance services pre-scheduled and prescribed by the original equipment manufacturer will be performed at industry standard intervals. All incidentals and parts required for the preventative maintenance (fluids, belts, hoses, ignition and emission components, etc.) will be included, subject to the terms and conditions of this Section 16.B, and Contractor will pay for, or reimburse the JBE for its payment of, all costs and expenses incurred in connection with the maintenance or repair of the vehicle(s) covered by such Vehicle Lease Schedule, (each, a "Covered Vehicle"). This Section 16.B does not cover, and the JBE will remain responsible for and pay for, (i) fuel, (ii) oil and other fluids between changes, (iii) tire repair and replacement, (iv) washing, (v) repair of damage due to lack of maintenance by the JBE between scheduled services (including, without limitation, failure to maintain fluid levels), (vi) maintenance or repair of any alterations to a Covered Vehicle or of any after-market components (this Section 16.B covers maintenance and repair only of the Covered Vehicles themselves and any factory-installed components, and does not cover maintenance or repair of chassis alterations, add-on bodies (including, without limitation, step vans) or other equipment (including, without limitation, lift gates and PTO controls) which is installed or modified by a dealer, body shop, upfitter or anyone else other than the manufacturer of the Covered Vehicle, (vii) any service and/or damage resulting from, related to or arising out of an accident, a collision, theft, fire, freezing, vandalism, riot, explosion, other Acts of God, an object striking the Covered Vehicle, improper use of the Covered Vehicle (including, without limitation, driving over curbs, overloading, racing or other competition) or the JBE's failure to maintain the Covered Vehicle as required by this Master Agreement. Whenever it is necessary to have a Covered Vehicle serviced, the JBE shall have the necessary work performed by an authorized dealer of such Covered Vehicle or by a service facility acceptable to Contractor. In every case, if the cost of such service will exceed \$500.00, Contractor is responsible for ensuring that the authorized dealer of such Covered Vehicle or a service facility acceptable to Contractor notifies Contractor of the service and obtains Contractor's authorization for such service and Contractor's instructions as to such service. If a service for a Covered Vehicle is paid for by the JBE, the JBE shall furnish Contractor with an invoice for all service to a Covered Vehicle, accompanied by a copy of the shop or service order (odometer mileage must be shown on each shop or service order). Contractor will not be obligated to pay for any unauthorized charges or those exceeding \$500.00 for one service on any Covered Vehicle unless the JBE or the service provider has notified Contractor as set forth above in this Section 16.B. Contractor will not have any responsibility to pay for any services in excess of the services recommended by the manufacturer, unless otherwise agreed to by Contractor. Contractor is not required to provide or pay for any service to any Covered Vehicle after 100,000 miles.

Contractor shall provide the JBE with an authorization card ("Vehicle Maintenance Card") for use in authorizing the payment of charges incurred in connection with the maintenance of

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a Covered Vehicle. The JBE shall be liable to Contractor for, and upon receipt of a monthly statement from Contractor, the JBE shall pay to Contractor all uncovered charges made by or for the account of the JBE with the Vehicle Maintenance Card for the leased vehicle (under the terms of this Section 16.B). The Vehicle Maintenance Card remains the property of Contractor and Contractor may revoke a JBE's right to possess or use the Vehicle Maintenance Card at any time. Upon termination or expiration of this Master Agreement or applicable Purchase Order, or upon the demand of Contractor, the JBE shall return the Vehicle Maintenance Card to Contractor. The Vehicle Maintenance Card is specific to the leased vehicle and is non-transferable.

**C. MAINTENANCE MANAGEMENT FOR JBE-OWNED VEHICLES OR OTHER VEHICLES NOT LEASED FROM CONTRACTOR**

Upon receipt of a Purchase Order from the JBE for maintenance management of vehicles not leased from Contractor, Contractor will provide a driver information packet outlining its vehicle maintenance program (the "Program") and a Vehicle Maintenance Card for each vehicle included in the JBE's Purchase Order request. All drivers of vehicles subject to this Master Agreement shall be a representative of a JBE. All Vehicle Maintenance Cards issued by Contractor upon request of the JBE shall be subject to the terms of this Master Agreement and the responsibility of the JBE. Contractor shall include an expiration date on all Vehicle Maintenance Cards issued to a JBE.

Vehicle Maintenance Cards issued to a JBE shall be used by the JBE and will be limited solely to purchases of certain products and services for JBE-owned vehicles or other vehicles not leased from Contractor, which are included in the Program. The Program is subject to all Contractor's instructions, rules and regulations which may be revised from time to time by Contractor upon prior written notice to the JBE. Vehicle Maintenance Cards shall remain the property of Contractor. The Vehicle Maintenance Card is specific to the JBE-owned vehicle and is non-transferable.

Contractor will provide vehicle maintenance control by phone, e-mail, or other writing authorizing charges for repairs and service over \$500. All charges for repairs and services will be invoiced to Contractor. Invoices will be audited by Contractor for accuracy, proper application of potential manufacturer's warranties, application of potential discounts and unnecessary, unauthorized repairs.

All audited invoices paid by Contractor on behalf of an individual JBE will be consolidated and submitted to that JBE on a single monthly invoice for the individual JBE's entire fleet covered under this Master Agreement and applicable Purchase Orders. Contractor shall ensure that charges invoiced to a JBE are at Contractor's lowest rate that it charges to its best customers. Contractor will exercise due care to prevent additional charges from being incurred once the JBE has notified Contractor of its desire to cancel any outstanding Vehicle Maintenance Card issued to the JBE. The JBE will use its best efforts to obtain and return any such cancelled Vehicle Maintenance Card.

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Contractor will charge an individual JBE for the maintenance management service under this Master Agreement a Program Fee of \$5.00 per month per Vehicle Maintenance Card. Contractor shall not charge a JBE a set-up fee or similar fee. This Program Fee only applies to JBE-owned vehicles and other vehicles not leased from Contractor. It does not apply to vehicles leased with full maintenance.

**D. ACCEPTANCE OF VEHICLES**

A JBE'S ACCEPTANCE OF DELIVERY OF EACH LEASED VEHICLE AS PROVIDED IN SECTION 15 OF THIS MASTER AGREEMENT WILL CONCLUSIVELY ESTABLISH THAT SUCH VEHICLE IS OF A SIZE, DESIGN, CAPACITY, TYPE AND MANUFACTURE SELECTED BY THE JBE AND THAT SUCH VEHICLE IS IN GOOD CONDITION AND REPAIR AND IS SATISFACTORY IN ALL RESPECTS AND IS SUITABLE FOR THE JBE'S PURPOSE.

**E. WARRANTY INFORMATION**

Contractor will provide each JBE with warranty information on the vehicle leased by the JBE and shall contact the JBE should recalls be necessary while the leased vehicle is under warranty. All warranties made by any supplier, Contractor and/or manufacturer of a leased vehicle are hereby assigned by Contractor to the JBE for the applicable term of the lease.

**F. STATEMENT OF ODOMETER WARRANTY**

Each JBE shall accomplish, at its expense, all vehicle inspections required by any governmental authority during the lease term for the vehicle. Each JBE shall comply with all odometer disclosure laws, rules and regulations, and to provide such written and signed disclosure information on such forms and in such manner as directed by Contractor. Providing false information or failure to complete the odometer disclosure form as required by law may result in fines and/or imprisonment.

**17. CONFIDENTIALITY OF REPORTS**

Contractor shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance under this Master Agreement or any Purchase Order. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the Judicial Council with respect to this Master Agreement or the prior written consent of the JBE with respect to performance under a Purchase Order.

**18. SUBCONTRACTING**

Contractor shall not subcontract this Master Agreement or Purchase Order or services provided under this Master Agreement or Purchase Order, unless the Judicial Council otherwise agrees in writing.

**19. DEFAULT BY JBE**

The following shall constitute an event of default ("Event of Default") by a JBE under this Master Agreement and applicable Purchase Order: (a) if a JBE fails to pay when due any lease payment or other amount due under this Master Agreement or applicable Purchase Order except as otherwise provided in Section 9.C relating to availability of funds; or (b) if a JBE fails to comply with any material provision of this Master Agreement or applicable Purchase Order.

Upon the occurrence of an Event of Default, Contractor shall first notify the JBE in writing of such Event of Default, and if the Event of Default remains uncorrected for 10 days after the JBE's receipt of such notice, then Contractor will have the right to exercise the following remedies: (i) Contractor may demand and receive immediate possession of any leased vehicle that is subject of an Event of Default and the Book Value of the leased vehicle shall be determined as set forth in Attachment B Section 6 of this Master Agreement, and the date of possession of the leased vehicle by Contractor shall be deemed the lease termination date; (ii) Contractor may enforce performance by the JBE of its obligations under this Master Agreement or a Purchase Order; (iii) Contractor may terminate the JBE's rights under the applicable Purchase Order; and/or (iv) Contractor may exercise any other right or remedy which may be available to Contractor under the Uniform Commercial Code or any other applicable law. Any termination by Contractor shall not affect the JBE's obligation to pay all amounts due for periods prior to the effective date of such termination.

**20. RETENTION AND AUDIT OF RECORDS**

Contractor shall maintain all financial data, supporting documents, and all other records relating to performance and billing under this Master Agreement and any Purchase Order for a period in accordance with California and federal law, a minimum retention period being no less than four (4) years. The retention period starts from the date of the submission of the final payment request under this Master Agreement or applicable Purchase Order. Contractor is also obligated to protect data and other records relating to this Master Agreement and any Purchase Order against fire or other damage. A JBE, or its designee, has the right to review all such documents and records of Contractor including, but not limited to, all sales data for a leased vehicle. This Section 20 shall survive termination of this Master Agreement.

**21. CONFLICT OF INTEREST**

A. Contractor and employees of Contractor shall not participate in proceedings that involve the use of California State funds or that are sponsored by the Judicial Council or another JBE if the person's partner, family, or organization has a financial interest in the outcome of the proceedings. Contractor and employees of Contractor shall also avoid actions resulting in or creating the appearance of (i) use of an official position with the government for private gain; (ii) preferential treatment to any particular person associated with this Master Agreement or a Purchase Order; (iii) loss of independence or impartiality; (iv) a decision made outside official channels; or (v) adverse effects on the

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confidence of the public in the integrity of the government or this Master Agreement or any Purchase Order.

- B. Contractor certifies and shall require any subcontractor to certify to the following: former Judicial Council or JBE employees will not be awarded a contract for two (2) years from the date of separation if that employee had any part of the decision making process relevant to the contract, or for one (1) year from the date of separation if that employee was in a policymaking position in the same general subject area as the proposed contract within the twelve (12)-month period of his or her separation from state service.

**22. SEVERABILITY**

If any term or provision of this Master Agreement is found to be illegal or unenforceable, this Master Agreement shall remain in full force and effect and that term or provision shall be deemed stricken.

**23. INTERPRETATION**

Headings or captions to the provisions of this Master Agreement are solely for the convenience of the parties, are not part of the Master Agreement, and shall not be used to interpret or determine the validity of this Master Agreement. No provision of this Master Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Master Agreement is to be construed as if drafted by both parties hereto.

**24. WAIVER; TIME IS OF THE ESSENCE**

The omission by Contractor or any JBE at any time to enforce any default or right, or to require performance of any of this Master Agreement's (or applicable Purchase Order's) terms, covenants, or provisions by the other party at the time designated, shall not be a waiver of the default or right, nor shall it affect the right of the party to enforce those provisions later. Time is of the essence in Contractor's performance under this Master Agreement and any Purchase Order.

**25. NOTICES**

A JBE and Contractor shall provide each other with notice of any injury or damage arising from or connected with services rendered pursuant to this Master Agreement to the extent that Contractor or JBE has actual knowledge of such injury or damage. Such notice shall be provided within ten (10) days of receiving actual knowledge of such injury or damage.

Notices to the Judicial Council or Contractor provided under this Master Agreement shall be in writing and shall be addressed to the person intended to receive the same, at the following address:

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Judicial Council: Patrick Fagan, Project Manager  
Judicial Council of California  
Real Estate & Facilities Management  
2860 Gateway Oaks Drive, Suite 400  
Sacramento, CA 95833-3509

With a copy to:

Judicial Council of California  
Administrative Division, Finance  
Attn: Business Services Manager  
455 Golden Gate Ave., 6th Floor  
San Francisco, CA 94102

Contractor: Merchants Fleet Management,  
a division of Merchants Automotive Group, Inc.  
Attn: Maria Neve  
1278 Hooksett Road  
Hooksett, NH 03106

Notice to a JBE other than the Judicial Council shall be in writing addressed to the person identified as the Purchase Order Project Manager in the applicable Purchase Order.

Notices addressed as above provided shall be deemed delivered three (3) business days after mailed by United States Mail or when delivered in person with written acknowledgement of the receipt thereof. Contractor and the Judicial Council may designate a different address or addresses for notices to be sent by giving written notice of such change of address to all other JBEs entitled to receive notice.

**26. INFORMAL DISPUTE RESOLUTION**

- A. Contractor and the Judicial Council shall attempt in good faith to resolve informally and promptly any dispute under this Master Agreement. If the dispute under this Master Agreement is not resolved promptly after diligent efforts, then either party may provide written notice to the other requesting resolution of the Master Agreement dispute by senior level negotiators for each party. In no event may Contractor or the Judicial Council initiate litigation under this Master Agreement unless their senior level negotiators have exchanged factual information about the dispute and met personally or by phone with the other party as often as all senior level negotiators deem reasonably necessary to resolve the dispute.
- B. The JBE's Project Manager and Contractor shall attempt in good faith to resolve informally and promptly any dispute under a Purchase Order. If the dispute under the Purchase Order is not resolved promptly after diligent efforts by the JBE's Project Manager and Contractor, then either the JBE or the Contractor may provide written notice to the other requesting resolution of the Purchase Order dispute by senior level negotiators for the JBE and the Contractor. In no event may Contractor or a JBE initiate litigation under an individual

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Purchase Order unless senior level negotiators for the JBE and Contractor have exchanged factual information about the Purchase Order dispute and met personally or by phone as often as all the senior level negotiators deem reasonably necessary to resolve the Purchase Order dispute.

- C. All dispute resolution discussions and negotiations conducted under this Section 26 are confidential and shall be treated as compromise and settlement negotiations to which California Evidence Code section 1152 applies.

**27. PUBLICITY**

Contractor shall not make any public announcement or issue any press release about this Master Agreement without the prior written approval of the Judicial Council.

**28. GAAP COMPLIANCE**

Contractor shall maintain an adequate system of accounting and internal controls that meets Generally Accepted Accounting Principles.

**29. AMENDMENT**

No waiver, alteration or amendment to this Master Agreement will be effective unless it is on a Judicial Council amendment form and signed by an authorized representative of Contractor and of the Judicial Council provided, however, the Judicial Council may exercise its option under Section 1 to extend the term of this Master Agreement without Contractor's signature.

**30. AUTHORITY AND BINDING EFFECT**

Each party warrants it has authority to enter into this Master Agreement, may perform as provided for in this Master Agreement, and any representative who signs this Master Agreement has authority to do so. Each party warrants that this Master Agreement constitutes a valid and binding obligation of that party, enforceable in accordance with its terms. This Master Agreement will not bind the Judicial Council until it is signed by a duly authorized representative of the Judicial Council.

**31. APPLICABLE LAW**

This Master Agreement and any Purchase Order, including, as applicable, a Vehicle Lease Schedule, shall be governed by California law without regard to any conflict of law rules that would direct the application of the laws of any other jurisdiction. Contractor irrevocably consents to personal jurisdiction in California.

**32. ENTIRE AGREEMENT**

This Master Agreement, including all exhibits and attachments, constitutes the entire agreement between Contractor and the Judicial Council for the benefit of all JBEs with respect to the



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**subject matter hereof and shall supersede all previous proposals, both oral and written, negotiations, representations, commitments, writing and all other communications between Contractor and the Judicial Council.**

**EXHIBIT A  
 ATTACHMENT 1  
 VEHICLE LEASE SCHEDULE  
 (SAMPLE ONLY)**

**Vehicle Lease Schedule** \_\_\_\_\_ #: \_\_\_\_\_  
 This vehicle lease schedule is subject to the terms and conditions of Master Agreement  
 for Fleet Management Services # \_\_\_\_\_

<b>1. Lessee Name</b>	
Lessee Customer Number	
Address	
City	
Purchase Order Project Manager	
Vehicle Delivery Contact	
Vehicle Delivery Address	
Vehicle Delivery Date	

<b>2. Lease Term</b> (36, 48, or 60 months)	
--	--

<b>3. Vehicle Description</b>	
Year	Make
Series	Model
Unit #	VIN#

<b>4. Monthly Lease and Other Payments Due</b>	
<b>4A. Calculation of Monthly Lease Payment</b>	
Capitalized Price of Vehicle	
Less Capitalized Price Reduction (discounts, rebates)	
<b>Total Capitalized Amount</b> <b>("Delivered Price")</b>	

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Depreciation Reserve @ TBD	
<b>4B. Monthly Lease Charge</b>	
Total Monthly Lease Payment Excluding Additional Services	
<b>4C. Additional Services</b>	
Full Maintenance	
Physical Damage Management Comp/Collision Deductible 1000/1000	
Liability Limit	
Monthly Lease Sub-Total	
Tax	
<b>Total Monthly Lease Payment Including Additional Services</b>	
<b>4D. Reduced Book Value at Lease Termination ("Book Value")</b>	
<b>MSRP – Base Price</b>	
<b>Total Options – Provide Below</b>	
<b>Destination Charge</b>	
<b>MSRP Total Price</b>	

*End of Exhibit*

**EXHIBIT B  
PAYMENT PROVISIONS**

1. Contract Amount

The total amount that the Judicial Council or any JBE may pay to Contractor under any Purchase Order issued under this Master Agreement for performing for such JBE the services set forth in Exhibit C, Scope of Services, is not to exceed the total amount as set forth in the applicable Purchase Order.

2. Compensation for Leased Vehicles

A. The Judicial Council or any other JBE shall compensate Contractor for each leased vehicle in accordance with the summarized Table 1, below. To the extent the Judicial Council desires to lease a vehicle that is not currently set forth in Table 1, below, the Judicial Council and Contractor shall amend this Master Agreement to include such additional vehicle in Table 1, below. To the extent a JBE other than the Judicial Council desires to lease a vehicle that is not currently set forth in Table 1, below, the JBE and Contractor shall set forth in the Purchase Order (and applicable Vehicle Lease Schedule) the firm fixed amount for that vehicle which amount must be inclusive of all services set forth in Table 1, below:

**Table 1: Firm Fixed Amounts per Month for Leased Vehicles**

Order Period	Quantity	Year	Make	Model	Monthly Lease Payment	Monthly Maintenance Costs	Monthly Fuel Card Fee Per Vehicle	Monthly Insurance Costs Comp/Coll
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

B. The firm fixed amounts set forth in Table 1, above are the total compensation payable to Contractor by a JBE in connection with the lease, maintenance, and insurance of a vehicle and are inclusive of all costs of Contractor related to the performance of its obligations under this Master Agreement including, but not limited to benefits, expenses, fees, overhead, and profits of Contractor.

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C. During the First Order Period, as defined in Exhibit C, Section 1.C., Contractor’s pricing shall not exceed the pricing set forth in Exhibit B, Attachment 1, Pricing Schedule.

3. Allowable Adjustments:

- A. The Judicial Council and Contractor may amend this Master Agreement with such amendment to be effective for any Order Period starting after the First Order Period End Date (as those terms are defined in Exhibit C, Section 1.B) to reflect a change in a vehicle’s MSRP or a change in the Prime Rate, as reported by the Wall Street Journal’s bank survey. Prior to each Order Period, Contractor shall submit prices to the Judicial Council for consideration and approval.
- B. Subject to subsection A, above, Contractor must establish the monthly amount for new lease orders at the beginning of each Order Period by applying the percentage change in the MSRP for the vehicle of the same manufacture, model and features and the percentage change in the Fixed Lease Rate, as described in subsection C, below.
- C. Although the Fixed Lease Rate the Contractor charges for the First Order Period may be different from the Prime Rate, the allowable change in the Fixed Lease Rate for any subsequent Order Period shall be limited to the percentage change in the Prime Rate as compared to the Prime Rate that existed at the beginning of the immediately prior Order Period. Table 2 below is a hypothetical example of how the Fixed Lease Rate might change over the term of the Master Agreement based on a change in the Prime Rate.

Table 2: Lease Rate Change (Example Only)

Order Period	Prime Rate At Beginning of Order Period	Prime Rate At Beginning of Next Order Period	Percentage Change in Prime Rate For Next Order Period
First Order Period	3.00%	3.50%	0.50%
Second Order Period	3.50%	3.50%	0.00%
Third Order Period	3.50%	3.55%	0.05%
Fourth Order Period	3.55%	3.50%	-0.05%
Fifth Order Period	3.50%	3.60%	0.10%
1-year Option Term	Not Applicable	Not Applicable	Not Applicable

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- D. Table 3, below, shall be updated at the beginning of each Order Period to reflect actuals.

Table 3: Lease Rate (Actual)

Order Period	Prime Rate At Beginning of Order Period	Prime Rate At Beginning of Next Order Period	Percentage Change in Prime Rate For Next Order Period
First Order Period	3.25%	TBD	TBD
Second Order Period	TBD	TBD	TBD
Third Order Period	TBD	TBD	TBD
Fourth Order Period	TBD	TBD	TBD
Fifth Order Period	TBD	TBD	TBD
1-year Option Term	Not Applicable	Not Applicable	Not Applicable

4. Compensation for Maintenance Services and Fuel Management Program for JBE-Owned Vehicles

- A. For “pay as you go” maintenance and fuel card services for a JBE-owned vehicle, Contractor will charge the JBE a monthly administrative fee of \$5.00 per vehicle plus the cost of any maintenance service and a monthly administrative fee of \$0.00 per vehicle for the management of the fuel program, both at Contractor’s lowest standard rate that it charges to its best customers.
- B. Maintenance service for JBE-owned vehicles and fuel card purchases must be billed in a separate sections of the monthly invoice.

5. Daily Vehicle Rental Related to Maintenance Services; Fuel Card Usage

- A. When a JBE-owned vehicle covered for maintenance services under Section 3, immediately above, is unavailable for more than a day, Contractor will invoice for a daily rental vehicle separately.
- B. When a leased vehicle is unavailable for more than a day, Contractor will invoice the JBE for a daily vehicle rental only after 5 days of the rental period have elapsed.
- C. Daily vehicle rentals will be invoiced to the JBE at the lowest daily rates Contractor charges to its best customers, but in no event will the daily rate charged to a JBE exceed the amount charged to the State of California for a similar category of vehicle.
- D. Contractor will invoice the JBE in the monthly statement for fuel card usage.

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6. Method of Payment

- A. Upon completion of services and acceptance of the services by the JBE in accordance with the provisions of this Master Agreement, Contractor shall submit an invoice to the JBE monthly for services completed. After receipt of the monthly invoice, the JBE will either approve the invoice for payment or give Contractor specific written reasons why part or all of the payment is being withheld and what remedial actions Contractor must take to receive the withheld amount.
- B. The JBE will make payment in arrears after receipt and acceptance of Contractor's properly completed invoice. Invoices shall clearly indicate:
- i. The contract number of this Master Agreement;
  - ii. As applicable, the Purchase Order or other JBE reference number;
  - iii. A unique invoice number;
  - iv. Contractor's name and address;
  - v. Taxpayer identification (Contractor's federal employer identification number);
  - vi. Description of the completed work, including services rendered, task(s) performed, and/or deliverable(s), as appropriate;
  - vii. The dates worked, and associated charges; and,
  - viii. Preferred remittance address, if different from the mailing address.
- C. Contractor shall submit one (1) original and two (2) copies of invoices to:
- If to the Judicial Council:  
Patrick Fagan, Project Manager  
Judicial Council of California  
2860 Gateway Oaks, Suite 400  
Sacramento, CA 95833
- If to a JBE other than the Judicial Council:  
Addressed to the person identified as the Purchase Order Project Manager in  
the applicable Purchase Order
- D. Invoices or vouchers must be printed on Contractor's bill head.
- E. Contractor shall submit a monthly invoice for payment due for all leased vehicles and for services for the past month. For leased vehicles in a JBE's possession for the entire month, Contractor shall invoice at the full monthly amount shown in this Master Agreement or applicable Purchase Order. For leased vehicles in a JBE's possession for a partial month, Contractor shall invoice at a pro rata share of the monthly amount based on the number of days the leased vehicle was in the JBE's possession. A month shall be interpreted as thirty (30) days for the purposes of this computation. Lease payments do not begin to accrue until the JBE accepts delivery of the leased vehicle, and will be payable only for the days

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the leased vehicle is in the JBE's possession, and shall cease upon return of the leased vehicle to Contractor. Contractor will submit one invoice to the JBE monthly for services rendered in the prior month and for the monthly lease payments. The invoice will be broken out to reflect (i) leased vehicles, (ii) fuel charges, (iii) maintenance for JBE-owned vehicles, and (iv) all other charges. The JBE will pay Contractor following the JBE's receipt and approval of the invoice.

- F. The JBE shall endeavour to make payments to Contractor within forty-five (45) days after receipt and acceptance by the JBE of the correct, itemized invoices from Contractor. The JBE will not be in breach of this Master Agreement (or applicable Purchase Order) for failure to pay Contractor's invoices on time unless (i) the JBE has received a reasonably detailed written notice of late payment from Contractor and (ii) the JBE has not made the delinquent payment(s) within thirty (30) days of the JBE's receipt of such notice. In no event will the JBE be in breach of this Master Agreement (or applicable Purchase Order) for failure to pay Contractor's invoices on time if such failure results from the Legislature's failure to approve and adopt a budget in a timely manner.

7. Vehicle Lease Charges

- A. The JBE shall pay Contractor monthly lease payments according to the applicable Purchase Order, Vehicle Lease Schedule, and this Master Agreement. The monthly lease payments will be in the amount listed as the "Total Monthly Rental Including Additional Services" on the applicable Vehicle Lease Schedule and will be due and payable in advance on the first day of each month. If a vehicle is delivered to a JBE on any day other than the first day of a month, monthly lease payments will begin on the first day of the next month. In addition to the monthly lease payments, JBE shall pay to Contractor a pro-rated lease payment for the number of days that the delivery date of the leased vehicle precedes the first monthly lease payment date. A portion of each monthly lease payment, being the amount designated as "Depreciation Reserve" on the applicable Vehicle Lease Schedule, will be considered as a reserve for depreciation and will be credited against the Delivered Price of the leased vehicle for purposes of computing the Book Value of the leased vehicle under Section 6.C of this Exhibit B to the Master Agreement.
- B. In the event the term for any vehicle lease ends prior to the last day of the term as set forth on the Vehicle Lease Schedule, whether as a result of an Event of Default (as defined in Section 19 of the Master Agreement) by the JBE, a Casualty Occurrence (as defined in Section 12.B of the Master Agreement), or any other reason other than a default by Contractor, the lease payments paid by the JBE will be recalculated in accordance with the rule of 78s and the adjusted amount will be payable by the JBE to Contractor promptly, but no later than 45 days after the termination date.



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- C. A JBE shall pay to Contractor within forty-five (45) days after the end of the lease term for each vehicle leased under this Master Agreement, an additional payment equal to the excess, if any, of the Book Value of such vehicle over the wholesale value of such vehicle as determined in Exhibit C, Section I.G, below. If the Book Value of such vehicle is less than the wholesale value of such vehicle as determined in Exhibit C, Section I.G., below, Contractor agrees to pay such deficiency to the JBE as a terminal lease adjustment within forty-five (45) days after the end of the applicable lease term. The "Book Value" of a vehicle means the sum of (i) the "Delivered Price" of the vehicle as set forth in the applicable Vehicle Lease Schedule minus (ii) the total Depreciation Reserve paid by the JBE to Contractor with respect to such vehicle plus (iii) any other amounts owed by the JBE with respect to such leased vehicle.

8. Contractor Expenses

All fees and charges payable by any JBE under this Master Agreement and applicable Purchase Order are inclusive of any and all expenses of Contractor related to the performance by Contractor of its obligations under this Master Agreement and applicable Purchase Order including, but not limited to, clerical support, materials, fees, overhead, profits, and other expenses.

9. Taxes

California state entities are exempt from federal excise taxes. The JBE is responsible for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Master Agreement.

10. Payment Does Not Imply Acceptance of Work

Payment by any JBE as provided in this Master Agreement shall in no way lessen the liability of Contractor to replace unsatisfactory work or material, even if the unsatisfactory character of such work or material may not have been apparent or detected at the time such payment was made. Materials, data, components, or workmanship that do not conform to the requirements of this Master Agreement and are rejected by JBE, shall be replaced by Contractor without delay. Payment by a JBE does not imply acceptance of any invoice or work, and Contractor will immediately refund any payment made in error. A JBE may deduct any payment made in error against any other amount payable by the JBE to Contractor. This Section will survive the expiration or termination of this Master Agreement or any Purchase Order.

*End of Exhibit*

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**EXHIBIT B**  
**ATTACHMENT 1**  
**PRICING SCHEDULE**

1. Contractor's pricing for certain class vehicles during the First Order Period consist of 11 pages attached hereto.

*End of Exhibit B, Attachment 1*

**EXHIBIT C**  
**SCOPE OF SERVICES**

I. Vehicle Leasing

- A. Vehicle lease terms shall be for a base period of 36, 48, and 60 months. The Judicial Council and other JBEs reserve the right to lease other types of vehicles under this Master Agreement in addition to those contained in Table 1 of Exhibit B of this Master Agreement.
- B. Vehicles leased during the First Order Period of this Master Agreement must be depreciated using the rates in Table 1, below.

**Table 1: Depreciation and Residual for All Terms**

<b>Term</b>	<b>Depreciation</b>	<b>Residual</b>
36	2.09%	25%
48	1.67%	20%
60	1.33%	20%

- C. This Agreement will include a 12-month First Order Period and four subsequent 12-month Order Periods or five subsequent 12-month Order Periods, if the Judicial Council exercises its option under Section 1 of the Master Agreement. The First Order Period begins on May 1, 2015, the Effective Date of this Master Agreement and ends on April 30, 2016, ("First Order Period End Date"). An Order Period is defined as any 12-month period ending on the anniversary of the First Order Period End Date. During the applicable Order Period, the JBE may issue a Purchase Order for a lease at the rates then in effect under this Master Agreement.
- D. Thirty (30) days prior to the expiration or termination of leases under the Master Agreement, Contractor must contact the Judicial Council or other JBE to determine whether the leased vehicles should be returned to the same place where delivery was accomplished or to another destination mutually agreeable to the parties.
- E. Contractor must provide a written inspection form that is signed and dated by both the JBE and Contractor at the time the leased vehicle is returned to Contractor upon termination or expiration of the lease.
- F. Any JBE may choose to extend the initial 36 or 48 month lease term of the vehicle by an additional period of time mutually agreeable to Contractor and the JBE 30 days prior to the expiration or termination of the lease so long as the total term of the lease is no greater than 60 months and any extension occurs prior to expiration of the Master Agreement. Contractor must provide to the JBE adjustments, if any, to the amount of the lease payment along with new reduced Book Value at the end of the extension period.

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- G. Upon the expiration of each lease, Contractor shall provide the JBE or the Judicial Council, as applicable, with a terminal rental adjustment settlement document that includes the following:
  - i. Any final charges or credits;
  - ii. A printout from the Automotive Leasing Guide, Black Book, or other comparable reputable publication acceptable to the JBE that shows the most recent residual value of the leased vehicle;
  - iii. The settlement calculation; and
  - iv. The settlement amount, if any, to be paid by the JBE to the Contractor or by the Contractor to the JBE as set forth in Exhibit B, Section 7.C.
- H. Leased vehicles shall be for the most current model year as determined by the date on which the leased vehicles are requested by a JBE.
- I. All pre-delivery vehicle servicing must be performed in accordance with accepted new car delivery preparation standards.
- J. Contractor must provide a loaner vehicle for any JBE employee after drop off for servicing/repair or, alternatively, must provide a ride to pick up the rental vehicle, and provide a ride back to the service center if the repairs or maintenance require overnight servicing.
- K. Contractor must have a network of rental facilities acceptable to the Judicial Council and be able to deliver vehicles in all major California cities and to the following areas of the State of California.
  - Northern/Central Region (NCR) – Shasta, Placer, Nevada, Sacramento, Fresno.
  - Southern Region (SR) – Kern, Los Angeles, Orange, Riverside, San Diego, Burbank.
  - Bay Area/Northern Coastal Region (BANCR) – Mendocino, Sonoma, Contra Costa, Alameda, Santa Clara, San Francisco.
- L. Maintenance costs must include all costs except the cost of tires.

2. Fleet Vehicle Management

- A. Contractor must provide:
  - i. a monthly all-inclusive full service maintenance and fuel management program for the fixed monthly fee per leased vehicle as specified in Exhibit B, paragraph 2, Compensation for Leased Vehicles, and
  - ii. a “pay as you go” maintenance and fuel program where a monthly administration fee is charged per JBE-owned or non-leased vehicle as specified in Exhibit B, paragraph 4, Compensation for Maintenance Services and Fuel Management Program for JBE-Owned Vehicles, and

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purchases/services are billed at cost (which must be no more than the lowest standard rate that Contractor charges to its best customers).

B. Contractor must also provide:

- i. Driver support to coordinate repairs and minimize vehicle downtime;
- ii. Cost and quality controls for vehicle repairs;
- iii. Fleet management support and recommendations;
- iv. Emergency roadside assistance, 24 hour/day;
- v. Quarterly metrics for costs and service;
- vi. Project Organization and Management;
- vii. Semi-annual update meeting at:

Judicial Council  
2860 Gateway Oaks Drive, Suite 400  
Sacramento, CA 95833

- viii. Additional semi-annual update meetings as may be requested by other JBEs

3. Preventive Maintenance (PM)

- A. Contractor will invoice the JBE in arrears for repairs at Contractor's cost.
- B. Contractor will monitor repairs to make sure JBE does not pay for any work covered by the factory warranty or work being "up-sold" by the service provider that is not necessary.
- C. Contractor's PM coverage is nationwide, with a toll-free access to Contractor's call center for drivers and service writers to reach Contractor's service specialists and comprehensive records, which results in controlled operating expenses and minimal downtime.
- D. JBE may schedule service at any of Contractor's nationwide service provider or JBE's preferred local source.
- E. Contractor will provide coupon books to all drivers to cover all necessary preventative maintenance with recommended maintenance items at key maintenance mileage milestones.
- F. Contractor must provide a preventive maintenance schedule with notification of key maintenance milestones and the services/parts listed below:
  - All factory recommended preventative maintenance services as pre-scheduled and prescribed by the original equipment manufacturer to be performed at industry standard intervals.
  - All incidental parts required for preventative maintenance (fluids, belts, hoses, ignition and emission components, etc.). For the "Pay as you go" program, these incidental items, will be billed back to the JBE.

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4. Maintenance and Repair

- A. Contractor must have a network of maintenance and repair facilities acceptable to the Judicial Council in all major California cities and in the following areas of the State of California. Upon request of the JBE, Contractor must provide a complete listing of all participating locations for vehicle maintenance and repair:

Northern/Central Region (NCR) – Shasta, Placer, Nevada, Sacramento, Fresno.

Southern Region (SR) – Kern, Los Angeles, Orange, Riverside, San Diego, Burbank.

Bay Area/Northern Coastal Region (BANCR) – Mendocino, Sonoma, Contra Costa, Alameda, Santa Clara, San Francisco.

- B. Capabilities for providing 24 / 7 driver's aide with regard to emergency roadside assistance for the entire state and the Reno, Nevada/Lake Tahoe area.
- C. A loaner vehicle will be provided for up to 5 days free of charge when a leased vehicle is undergoing repairs or maintenance that requires overnight servicing.
- D. A process acceptable to the Judicial Council for documenting all vehicle repair service performed on a vehicle.
- E. A quality assurance program acceptable to the Judicial Council for all services.
- F. Strategies for minimizing repair times and driver downtime.
- G. A process acceptable to the Judicial Council for monitoring the repair process (time, labor rates, parts used, quality of repair and driver satisfaction).
- H. A support process acceptable to the Judicial Council in the event that a vehicle requires repair service but is under a manufacturer or repair facility warranty.
- I. The following maintenance and repair related information/reports for each JBE:
- Every 2 weeks oil change reminders;
  - Monthly summary cost reports:
    - body repairs, mechanical repairs, glass, car rentals, etc.;
  - Custom reports as requested by the JBE.
- J. Contractor shall provide at least the following metrics on vehicle performance as requested by a JBE, but no more than twice per fiscal year for each JBE.
- JBE trends (average cost of repairs, average number of days for repairs, etc.);
  - JBE performance vs. Contractor's other accounts;
  - Contractor's performance vs. Industry (average cost of repairs, average number of days for repairs, etc.);
  - JBE cost-savings opportunities.

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K. Management of warranty claim service.

5. Fuel Card Management Services

- A. The fuel cards which are provided must be vehicle specific with the vehicle license number and/or JBE assigned number appearing on the card.
- B. Contractor must own or have a contractual relationship with the fuel card management company, and bill through to the JBE.
- C. A single/universal fueling charge card that is accepted at multiple stations throughout the State of California. Upon request of the JBE, Contractor must provide a list of the different companies that will accept Contractor's fuel card.
- D. The ability to provide assistance to drivers that may experience problems with Contractor's fuel card through a 24 / 7 customer service 1-800 help line.
- E. Identification and verification capabilities for drivers who will be using Contractor's fuel card, i.e., identification number, personal identification number (PIN), etc.
- F. Fuel card usage reports.
- G. A tracking program that would highlight excessive fuel purchases on any card and the method of notifying the JBE.
- H. A process of fuel card cancellation along with the steps required to cancel fuel cards, including a process for determining when the liability for fuel card charges ends.
- I. Procedures and controls to prevent as well as detect abuse/misuse of fuel cards.

6. Insurance And Accident Services

- A. The Judicial Council shall be responsible to provide vehicle liability protection for claims or lawsuits resulting from the operation of a vehicle subject to this Master Agreement. The coverage will be provided through the State Motor Vehicle Self-Insurance Program (VELSIP) and will cover liability arising out of the operation of each vehicle with limits of liability as established by the State of California Office of Risk and Insurance Management (ORIM), and more fully set forth in the State Administrative Manual, section 2420.
- B. Contractor shall be responsible for repairs of all damage to any vehicle. Contractor may charge back to the individual JBE the first \$1,000 on any loss or damage. Contractor is also responsible for all administrative details for all accident reports/repairs, subrogation and insurance processes including:
  - Towing arrangements;
  - Car/van rental arrangements;
  - Appraisals and photographs;
  - Salvage;

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- Claims recovery assistance;
  - Coordination of subrogation and loss recovery;
  - Third party physical damage claims;
  - Reporting associated with accident, repair, subrogation claims, recoveries and legal proceedings involving physical damage to the vehicles; and
  - Accident activity reports.
- C. As part of accident administration, Contractor will be required to receive telephonic and e-mail reports of all accidents involving property damage. Contractor must promptly notify the Judicial Council's Risk and Insurance Management office when an accident involving a vehicle subject to the Master Agreement is reported to Contractor. The Judicial Council will require that Contractor cooperate with the ORIM, the JBE, the Judicial Council's Risk and Insurance Management office, and the Judicial Council's Legal Services office in the investigation and administration of any claims or lawsuits arising from the JBE's operation of a vehicle.
- D. Minimally, Contractor will be required to provide the Judicial Council, and as requested by other JBEs, the following information:
- Monthly listing of all accidents reported by the JBE with an indication of cost to repair a damaged vehicle.
  - Quarterly subrogation activity report showing the current status of each file.
  - Monthly report showing damages recovered for the reporting period and the cost of repairs for each vehicle. Funds recovered should accompany this report.
  - Semi-annual report to include total cost of repairs and total of recovered damages.

*End of Exhibit*