



CITY of NOVI CITY COUNCIL

**Agenda Item B
May 23, 2016**

SUBJECT: Approval to award a five-year lease for multi-function copy equipment to Applied Imaging through the Michigan Intergovernmental Trade Network (MITN) in the amount of \$31,440.00 annually. Subject to final review and approval of form of agreement by City Manager's office and the City Attorney.

SUBMITTING DEPARTMENT: Information Technology

CITY MANAGER APPROVAL: 

| | |
|-------------------------------|---|
| EXPENDITURE REQUIRED | \$31,440.00 (excluding cost per image) |
| AMOUNT BUDGETED | \$34,189.00 |
| APPROPRIATION REQUIRED | N/A |
| LINE ITEM NUMBER | 101-205.00-850.999 |

BACKGROUND INFORMATION: With the City of Novi's current copiers near the end of life (6 years old) resulting in more service calls and decreased quality of printed material, the I.T. Department assembled a six person, multi-departmental team to evaluate and recommend a multi-function copy, print, fax and scan replacement solution. The team's evaluation process included five manufacturers including Canon, Konica-Minolta, Ricoh, Toshiba, and Xerox. All five companies reproduced a selection of the City's publications and products. The outputs were assessed by the team for overall quality and performance. The team visited multiple companies for onsite demos of the products in order to evaluate ease of use and discuss their approach to service and support. Additionally, the team performed reference checks of organizations comparable to Novi's size and operations. Team members also met individually with all City departments to elicit and validate departmental operational requirements. Following the requirements validation, the team unanimously recommended Canon's line of products to best fulfill the functional requirements of the City's operations.

The Applied Imaging cost per image service plan is a toner inclusive contract covering all on-site labor, materials, preventive maintenance, and non-consumable parts for the duration of the five-year lease.

RECOMMENDED ACTION: Approval to award a five-year lease for multi-function copy equipment to Applied Imaging through the Michigan Intergovernmental Trade Network (MITN) in the amount of \$31,440.00 annually. Subject to final review and approval of form of agreement by City Manager's office and the City Attorney.

| | 1 | 2 | Y | N |
|----------------------|---|---|---|---|
| Mayor Gatt | | | | |
| Mayor Pro Tem Staudt | | | | |
| Council Member Burke | | | | |
| Council Member Casey | | | | |

| | 1 | 2 | Y | N |
|------------------------|---|---|---|---|
| Council Member Markham | | | | |
| Council Member Mutch | | | | |
| Council Member Wrobel | | | | |



imageRUNNER ADVANCE C5240A




Product Description

The imageRUNNER ADVANCE C5240A model operates at speeds of up to 40 ppm (LTR) in B&W and 35 ppm (LTR) in Color. Includes a 150-sheet Single Pass Duplex Automatic Document Feeder, Standard UFR II printing and Color Universal Send, Two 550 Sheet Cassettes, 100 Sheet Stack Bypass, 2GB of RAM, 160GB HDD, Drum Units, 1000Base-T/100Base-TX/10Base-T and USB 2.0 connectivity.

Space And Power Requirements

- Total Dimensions (W x D x H): 24.41" x 28.15" x 47.17"
- Total Installation Space (W x D x H): 43.39" x 46.22" x 47.17"
- Main Unit Power Requirements: 120V/15A
- Main Unit Plug: NEMA 5-15P

| Product name | Net component size | | | Additional Power Supply | Plug Image |
|----------------------------|--------------------|-------|-------|-------------------------|---|
| | W | D | H | | |
| | inch | inch | inch | | |
| imageRUNNER ADVANCE C5240A | 24.41 | 28.15 | 37.40 | |  |
| Cassette Feeding Unit-AD2 | 24.41 | 27.56 | 12.40 | None | |
| Total | 24.41 | 28.15 | 47.17 | | |



imageRUNNER ADVANCE C5250




Product Description

The imageRUNNER ADVANCE C5250 model operates at speeds of up to 50 ppm (LTR) in B&W and 45 ppm (LTR) in Color. Includes a 150-sheet Single Pass Duplex Automatic Document Feeder, Standard UFR II printing and Color Universal Send, Two 550 Sheet Cassettes, 100 Sheet Stack Bypass, 2GB of RAM, 160GB HDD, Drum Units, 1000Base-T/100Base-TX/10Base-T and USB 2.0 connectivity.

Space And Power Requirements

- Total Dimensions (W x D x H): 24.41" x 28.15" x 47.17"
- Total Installation Space (W x D x H): 43.39" x 46.22" x 47.17"
- Main Unit Power Requirements: 120V/20A
- Main Unit Plug: NEMA 5-20P

| Product name | Net component size | | | Additional Power Supply | Plug Image |
|---------------------------|--------------------|-------|-------|-------------------------|---|
| | W | D | H | | |
| | inch | inch | inch | | |
| imageRUNNER ADVANCE C5250 | 24.41 | 28.15 | 37.40 | |  |
| Cassette Feeding Unit-AD2 | 24.41 | 27.56 | 12.40 | None | |
| Total | 24.41 | 28.15 | 47.17 | | |



imageRUNNER ADVANCE C350iF




Product Description

The imageRUNNER ADVANCE C350iF operates at speeds of up to 36/36 pages per minute (LTR) in B&W/Color. Ships standard with Duplexing Automatic Document Feeder (DADF), Fax, UFR II, PCL and Genuine Adobe PS3, Color Universal Send with OCR/OOXML (.pptx), One 550-sheet Cassette, 100-sheet Stack Bypass, 1.5GB RAM, 160GB HDD, Drum Unit, 1000Base-T/100Base-TX/10Base-T and USB 2.0 connectivity, Secure Data Erase, IPSec, Access Management System, and Remote Operator's Software Kit.

Space And Power Requirements

- Total Dimensions (W x D x H): 20.12" x 24.45" x 24.02"
- Total Installation Space (W x D x H): 33.54" x 35.75" x 24.02"
- Main Unit Power Requirements: 120V/7.5A
- Main Unit Plug: NEMA 5-15P

| Product name | Net component size | | | Additional Power Supply | Plug Image |
|----------------------------|--------------------|-------|-------|-------------------------|---|
| | W | D | H | | |
| | inch | inch | inch | | |
| imageRUNNER ADVANCE C350iF | 20.12 | 24.45 | 24.02 | |  |
| Total | 20.12 | 24.45 | 24.02 | | |



imageRUNNER ADVANCE C3330i




Product Description

The imageRUNNER ADVANCE C3330i model operates at speeds of up to 30 pages per minute (LTR) in Color and B&W. Includes a 100-sheet Duplex Automatic Document Feeder, PCL, PS, and UFR II printing, Color Universal Send, OOXML support (.docx, .pptx), two 550-sheet cassettes, 100-sheet Stack Bypass, 2GB RAM, 215GB HDD, drum units, and Remote Operator's Software Kit.

Space And Power Requirements

- Total Dimensions (W x D x H): 22.24" x 27.28" x 44.33"
- Total Installation Space (W x D x H): 38.50" x 43.98" x 44.33"
- Main Unit Power Requirements: 120V/7.5A
- Main Unit Plug: NEMA 5-15P

| Product name | Net component size | | | Additional Power Supply | Plug Image |
|----------------------------|--------------------|-------|-------|-------------------------|---|
| | W | D | H | | |
| | inch | inch | inch | | |
| imageRUNNER ADVANCE C3330i | 22.24 | 27.28 | 34.57 | |  |
| Cassette Feeding Unit-AL1 | 22.24 | 24.21 | 9.76 | None | |
| Total | 22.24 | 27.28 | 44.33 | | |



imageRUNNER ADVANCE C5235A




Product Description

The imageRUNNER ADVANCE C5235A model operates at speeds of up to 35 ppm (LTR) in B&W and 30 ppm (LTR) in Color. Includes a 150-sheet Single Pass Duplex Automatic Document Feeder, Standard UFR II printing and Color Universal Send, Two 550 Sheet Cassettes, 100 Sheet Stack Bypass, 2GB of RAM, 160GB HDD, Drum Units, 1000Base-T/100Base-TX/10Base-T and USB 2.0 connectivity.

Space And Power Requirements

- Total Dimensions (W x D x H): 24.41" x 28.15" x 47.17"
- Total Installation Space (W x D x H): 43.39" x 46.22" x 47.17"
- Main Unit Power Requirements: 120V/15A
- Main Unit Plug: NEMA 5-15P

| Product name | Net component size | | | Additional Power Supply | Plug Image |
|----------------------------|--------------------|-------|-------|-------------------------|---|
| | W | D | H | | |
| | inch | inch | inch | | |
| imageRUNNER ADVANCE C5235A | 24.41 | 28.15 | 37.40 | |  |
| Cassette Feeding Unit-AD2 | 24.41 | 27.56 | 12.40 | None | |
| Total | 24.41 | 28.15 | 47.17 | | |



Tax-Exempt Installment/Purchase Agreement

APPLICATION NO.
2098790

| ACCEPTED BY SELLER: | | |
|--|----------------------------------|--------------|
| FULL LEGAL NAME U.S. Bank Equipment Finance, a division of U.S. Bank National Association ("U.S. Bank Equipment Finance") | | |
| STREET ADDRESS 1310 Madrid Street, Suite 101 | | |
| CITY Marshall | STATE MN | ZIP 56258 |
| SIGNATURE | | DATE |
| PRINT NAME | | |
| TITLE | TELEPHONE NUMBER 800-328-5371 | |

| AGREED TO BY PURCHASER: | | |
|---------------------------------------|----------------------------------|--------------|
| FULL LEGAL NAME City of Novi | | |
| STREET ADDRESS 45175 Ten Mile Road | | |
| CITY Novi | STATE MI | ZIP 48375 |
| SIGNATURE X | | DATE |
| PRINT NAME | | |
| TITLE | TELEPHONE NUMBER 248-347-0460 | |

AGREEMENT: Seller hereby sells, transfers, assigns and conveys to Purchaser and Purchaser hereby purchases and accepts from Seller all the Property described in Property Schedule incorporated herein by reference, upon the terms and conditions set forth herein and as supplemented by the terms and conditions set forth in the Property Schedule. This Tax-Exempt Installment Purchase Agreement together with the Property Schedule shall be defined as the "Agreement."

TERM: The term of this Agreement (the "Term") listed in the Property Schedule shall commence upon the commencement date of the Property by Purchaser and continue for the time period set forth in the Property Schedule. This Agreement cannot be canceled or terminated by Purchaser except as expressly provided herein. Purchaser represents and warrants that the average life of the Property does not exceed the average life of the Term.

INSTALLMENT PAYMENTS: Purchaser shall pay the purchase price to Seller for the Property in installments (the "Installment Payments") in the amounts, and on the dates specified, in the Property Schedule.

NO OFFSET: THE OBLIGATIONS OF PURCHASER TO PAY THE INSTALLMENT PAYMENTS DUE UNDER THE PROPERTY SCHEDULE AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED IN THIS AGREEMENT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE PROPERTY OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES. THIS PROVISION SHALL NOT LIMIT PURCHASER'S RIGHTS OR ACTIONS AGAINST ANY VENDOR. Purchaser anticipates that the Property shall be exempt from property taxes. Notwithstanding, Purchaser shall pay when due all taxes, fees and governmental charges assessed or levied against or with respect to the Property. The Installment Payments payable by Purchaser under this Agreement have been established to reflect the savings resulting from this exemption from taxation.

LATE CHARGES: Should Purchaser fail to duly pay any part of any Installment Payment or other sum to be paid to Seller under this Agreement on the date on which such amount is due hereunder, then Purchaser shall pay late charges on such delinquent payment from the due date thereof until paid at the rate of 12% per annum or the highest rate permitted by law, whichever is less.

MAINTENANCE OF PROPERTY: At all times during the Term, Purchaser shall, at Purchaser's own cost and expense, maintain, preserve, and keep the Property in good working order, and condition, and from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals to the Property, which shall become part of the Property. The Property is and will remain personal property.

INSURANCE OF PROPERTY: All risk of loss to the Property shall be borne by the Purchaser. At all times during the Term, Purchaser shall, at Purchaser's own cost and expense, cause casualty, public liability, and property damage insurance to be carried and maintained (or shall provide Seller with a certificate stating that adequate self-insurance has been provided) with respect to the Property, sufficient to protect the full replacement value of the Property and to protect from liability in all events for which insurance is customarily available. Purchaser shall furnish to Seller certificates evidencing such coverage throughout the Term. Any insurance policy to be carried and maintained pursuant to this Agreement shall be so written or endorsed as to make losses, if any, payable to Purchaser and Seller as their respective interests may appear. All such liability insurance shall name Seller as an additional insured. Each insurance policy carried and maintained pursuant to this Agreement shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially or adversely to the interest of the Seller without first giving written notice thereof to Seller at least 30 days in advance of such change of status.

TERMINATION OF SELLER'S INTEREST: To secure Purchaser's obligations hereunder, Seller is granted a security interest in the Property, including substitutions, repairs, replacements and renewals, and the proceeds thereof, which is a first lien thereon. Purchaser hereby authorizes Seller to file all financing statements which Seller deems necessary or appropriate to establish, maintain and perfect such security interest. If Purchaser shall have performed all of its obligations and no default shall have occurred and be continuing under this Agreement, and this Agreement shall not have been earlier terminated with respect to the Property, then, at the end of the Term with respect to any item of Property, Seller's interest in such Property shall terminate. Unless otherwise required by law, title to the Property shall be in the name of Purchaser, subject to Seller's interest hereunder.

TAX EXEMPTION: The parties contemplate that interest payable under this Agreement will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The tax-exempt status of this Agreement provides the inducement for the Seller to offer financing at the interest rate set forth herein. Therefore, should this Agreement be deemed by any taxing authority not to be exempt from taxation, Purchaser agrees that the interest rate shall be adjusted, as of the date of loss of tax exemption, to an interest rate calculated to provide Seller or its assignee an after tax yield equivalent to the tax exempt rate and Seller shall notify Purchaser of the taxable rate. Provided, however, that the provision of the preceding sentence shall apply only upon a final determination that the interest payments are not excludable from gross income under Section 103(a) of the Code, and shall not apply if the determination is based upon the individual tax circumstances of the Seller, or a finding that the party seeking to exclude such payments from gross income is not the owner and holder of the obligation under the Code.

REPRESENTATIONS AND WARRANTIES OF PURCHASER: Purchaser hereby represents and warrants to Seller that: (a) Purchaser is a State, possession of the United States, the District of Columbia, or political subdivision thereof as defined in Section 103 of the Code and Treasury Regulations and Rulings related thereto, and if Purchaser is incorporated, it is duly organized and existing under the Constitution and laws of its jurisdiction of incorporation and will do or cause to be done all things necessary to preserve and keep such organization and existence in full force and effect; (b) Purchaser has been duly authorized by the Constitution and laws of the applicable jurisdiction and by a resolution of its governing body (which

resolution, if requested by Seller, is attached hereto), to execute and deliver this Agreement and to carry out its obligations hereunder; (c) all legal requirements have been met, and procedures have been followed, including public bidding, in order to ensure the enforceability of this Agreement; (d) the Property will be used by Purchaser only for essential governmental or proprietary functions of Purchaser consistent with the scope of Purchaser's authority and will not be used in a trade or business of any person or entity, by the federal government or for any personal, family or household use. Purchaser's need for the Property is not expected to diminish during the term of the Agreement; (e) Purchaser has funds available to pay Installment Payments until the end of its current appropriation period, and it intends to request funds to make Installment Payments in each appropriation period, from now until the end of the term of this Agreement; (f) the Purchaser shall comply at all times with all applicable requirements of the Code, including but not limited to the registration and reporting requirements of Section 149, to maintain the federal tax-exempt status of the Agreement, and Purchaser shall maintain a system with respect to this Agreement, which tracks the name, and ownership interest of each assignee who has both the responsibility for administration of, and ownership interest in this Agreement; (g) Purchaser's exact legal name is as set forth on the first page of this Agreement. Purchaser will not change its legal name in any respect without giving thirty (30) days prior written notice to Seller.

RISK OF LOSS COVENANTS: Purchaser shall not be required to indemnify or hold Seller harmless against liabilities arising from the Agreement. However, as between Seller and Purchaser, and to the extent permitted by law, Purchaser shall bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Property, including, but not limited to, the possession, ownership, use or operation thereof, except that Purchaser shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after Purchaser has surrendered possession of the Property in accordance with the terms of the Agreement to Seller or that arise directly from the gross negligence or willful misconduct of the Seller.

BINDING OBLIGATION: Seller and Purchaser understand and intend the obligation of Purchaser to pay Installment Payments under this Agreement and the Property Schedule shall constitute a binding contractual obligation of Purchaser for the full Term. Purchaser covenants to include all such Installment Payments in its annual budget and to make the necessary annual appropriation for all such Installment Payments. Neither this Agreement nor the Property Schedule shall be subject to termination by Purchaser in the event that Purchaser fails to appropriate any Installment Payments.

GROSS-UP: If an Event of Taxability occurs with respect to a Property Schedule, the interest component of Installment Payments on the Property Schedule shall thereafter be payable at the Taxable Rate, and Purchaser shall pay to Seller promptly following demand an amount sufficient to supplement prior Installment Payments on such Property Schedule so that Seller receives the interest component of such Installment Payments, retroactive to the date as of which the interest component is determined to be includible in the gross income of Seller for federal income tax purposes, calculated at the Taxable Rate, together with any penalties and interest actually imposed on Seller as a result of the Event of Taxability. For purposes of this Section, "Event of Taxability" means, with respect to a Property Schedule, (a) a final determination by the Internal Revenue Service or a court of competent jurisdiction that the interest component of Installment Payments on the Property Schedule is includible for federal income tax purposes in the gross income of Seller, or (b) receipt by Seller of a written opinion of a nationally recognized public finance lawyer or law firm to the effect that there exists substantial doubt whether the interest component of Installment Payments on the Property Schedule is excludible for federal income tax purposes from the gross income of Seller, in each case due to any action or failure to take action by Purchaser. "Taxable Rate" means the interest rate at which the interest component of Installment Payments on a Property Schedule was originally calculated, divided by 0.65.

ASSIGNMENT BY PURCHASER: Without Seller's prior written consent, Purchaser may not, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of the Property, this Agreement or any interest therein.

ASSIGNMENT BY SELLER: Seller may assign, sell or encumber all or any part of this Agreement, the Installment Payments and any other rights or interests of Seller hereunder. Such assignees may include trust agents for the benefit of holders of certificates of participation. Purchaser agrees that if Seller sells, assigns or transfers this Agreement, Seller's assignee will have the same rights and benefits that Seller has now and will not have to perform any of Seller's obligations. Purchaser agrees that Seller's assignee will not be subject to any claims, defenses, or offsets that Purchaser may have against Seller.

EVENTS OF DEFAULT: Purchaser shall be in default under this Agreement upon the occurrence of any of the following events or conditions ("Events of Default"), unless such Event of Default shall have been specifically waived by Seller in writing: (a) default by Purchaser in payment of any Installment Payment or any other indebtedness or obligation now or hereafter owed by Purchaser to Seller under this Agreement or in the performance of any obligation, covenant or liability contained in this Agreement and the continuance of such default for ten (10) consecutive days after written notice thereof by Seller to Purchaser, or (b) any warranty, representation or statement made or furnished to Seller by or on behalf of Purchaser proves to have been false in any material respect when made or furnished, or (c) actual or attempted sale, lease or encumbrance of any of the Property, or the making of any levy, seizure or attachment thereof or thereon, or (d) dissolution, termination of existence, discontinuance of the Purchaser, insolvency, business failure, failure to pay debts as they mature, or appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by the Purchaser, or the commencement of any proceedings under any bankruptcy, reorganization or arrangement laws by or against the Purchaser.

REMEDIES OF SELLER: Upon the occurrence of any Event of Default and at any time thereafter, Seller may, without any further notice, exercise one or more of the following remedies as Seller in its sole discretion shall elect: (a) terminate the Agreement and all of Purchaser's rights hereunder as to any or all items of Property; (b) proceed by appropriate court action to personally, or by its agents, take possession from Purchaser of any or all items of Property wherever found and for this purpose enter upon Purchaser's premises where any item of Property is located and remove such item of Property free from all claims of any nature whatsoever by Purchaser and Seller may thereafter dispose of the Property in accordance with Article 9 of the Uniform Commercial Code, continuing to hold Purchaser liable for any deficiency and all costs and expenses incurred by Seller in exercising its remedies hereunder, including, without limitation, all costs and expenses of taking possession, removing, storing and reconditioning the Property, and including, without limitation, all brokerage and attorneys' fees; (c) proceed by appropriate court action or actions to enforce performance by Purchaser of its obligations hereunder or to recover damages for the breach hereof or pursue any other remedy available to Seller at law or in equity or otherwise; (d) declare all unpaid Installment Payments and other sums payable hereunder during the current fiscal year of the Term to be immediately due and payable without any presentment, demand or protest and / or take any and all actions to which Seller shall be entitled under applicable law. No right or remedy herein conferred upon or reserved to Seller is exclusive of any right or remedy herein or at law or in equity or otherwise provided or permitted, but each shall be 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. Purchaser agrees to pay to Seller or reimburse Seller for, in addition to all other amounts due hereunder, all of Seller's costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Purchaser and Seller hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement.

NOTICES: All notices, and other communications provided for herein shall be deemed given when delivered or mailed by certified mail, postage prepaid, addressed to Seller or Purchaser at their respective addresses set forth herein or such other addresses as either of the parties hereto may designate in writing to the other from time to time for such purpose.

AMENDMENTS AND WAIVERS: This Agreement and the Property Schedule executed by Seller and Purchaser constitute the entire agreement between Seller and Purchaser with respect to the Property and this Agreement may not be amended except in writing signed by both parties.

CONSTRUCTION: This Agreement shall be governed by and construed in accordance with the laws of the Purchaser's State. Titles of sections of this Agreement are for convenience only and shall not define or limit the terms or provisions hereof. Time is of the essence under this Agreement. This Agreement shall inure to the benefit of and shall be binding upon Seller and Purchaser and their respective successors and assigns. This Agreement may be simultaneously executed in counterparts, each shall be an original with all being the same instrument.



APPLICATION NO.

2098790

EQUIPMENT FINANCE

Property Schedule to Tax-Exempt Installment/Purchase Agreement

This Property Schedule is entered into pursuant to the Tax-Exempt Installment/Purchase Agreement between Seller and Purchaser.

- 1. Interpretation: The terms and conditions of the Tax-Exempt Installment/Purchase Agreement (the "Agreement") are incorporated herein.
2. Commencement Date: The Commencement Date of this Property Schedule is the date that Seller pays Vendor for the Property.
3. Property Description: The Property subject to this Property Schedule is described in Exhibit A, attached hereto.
4. Term and Payments: The Term and Installment Payments are per the attached Exhibit B Amortization and Installment Payment Schedule.
5. Certificate of Acceptance: Attached as Exhibit C, hereto.
6. Expiration: Seller, at its sole determination, may choose not to accept this Property Schedule if the fully executed, original Agreement (including this Property Schedule and all ancillary documents) are not received by Seller at its place of business by 7/31/2016.
7. Property Cost: The total principal amount under this Property Schedule for the acquisition cost of the Property is \$139,361.70.
8. Purchaser's General and Incumbency Certificate: Purchaser has provided the Purchaser's General and Incumbency Certificate in the form attached as Exhibit D, hereto.
9. Purchaser's Counsel's Opinion: If required by Seller, Purchaser has provided the opinion of its legal counsel substantially in the form as attached as Exhibit E, hereto.
10. Private Activity Issue. Purchaser understands that among other things, in order to maintain the exclusion of the interest component of Installment Payments from gross income for federal income tax purposes, it must limit and restrict the rights private businesses (including, for this purpose, the federal government and its agencies and organizations described in the Code § 501(c)(3)) have to use the Property.

Purchaser will comply with the requirements of Section 141 of the Code and the regulations thereunder which provide restrictions on special legal rights that users other than Purchaser or a state or local government or an agency or instrumentality of a state or a local government (an "Eligible User") may have to use the Property.

Throughout the Measurement Period, all of the Property is expected to be owned by Purchaser. Throughout the Measurement Period, Purchaser will not permit the Non-Qualified Use of the Property to exceed 10%.

- 11. Bank Qualification: Purchaser designates this Agreement and Property Schedule as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Purchaser reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of the Purchaser) during the calendar year this Agreement and Property Schedule was funded, in an amount not exceeding \$10,000,000.

[Blue arrow pointing right] _____ Purchaser initial here, if Bank Qualification is applicable.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Property Schedule to be executed in their names by their duly authorized representatives.

U.S. Bank Equipment Finance
Seller
Signature Date
Print Name Title

City of Novi
Purchaser
X
Signature Date
Print Name Title
X
Attest By Signature
Print Name Title



EXHIBIT B

APPLICATION NO.
2098790

EQUIPMENT FINANCE

Amortization and Installment Payment Schedule

Term: 60 months

Payment Structure: Monthly

Interest Rate: 4.844%

If the Installment Payment Dates are not defined in this Amortization and Installment Payment Schedule, the first Installment Payment shall be due 30 days after the Commencement Date and each subsequent Installment Payment shall be due monthly thereafter.

| Payment No. | Lease Payment | Interest Portion | Principal Portion | Outstanding Balance | Termination Amount (After Making Said Payment) |
|-------------------|---------------|------------------|-------------------|---------------------|--|
| Beginning Balance | | | | 139,361.70 | |
| 1 | 2,620.00 | 562.60 | 2,057.40 | 137,304.30 | 141,423.43 |
| 2 | 2,620.00 | 554.29 | 2,065.71 | 135,238.59 | 139,295.75 |
| 3 | 2,620.00 | 545.95 | 2,074.05 | 133,164.54 | 137,159.48 |
| 4 | 2,620.00 | 537.58 | 2,082.42 | 131,082.12 | 135,014.58 |
| 5 | 2,620.00 | 529.17 | 2,090.83 | 128,991.29 | 132,861.03 |
| 6 | 2,620.00 | 520.73 | 2,099.27 | 126,892.02 | 130,698.78 |
| 7 | 2,620.00 | 512.26 | 2,107.74 | 124,784.28 | 128,527.81 |
| 8 | 2,620.00 | 503.75 | 2,116.25 | 122,668.03 | 126,348.07 |
| 9 | 2,620.00 | 495.20 | 2,124.80 | 120,543.23 | 124,159.53 |
| 10 | 2,620.00 | 486.63 | 2,133.37 | 118,409.86 | 121,962.16 |
| 11 | 2,620.00 | 478.01 | 2,141.99 | 116,267.87 | 119,755.91 |
| 12 | 2,620.00 | 469.37 | 2,150.63 | 114,117.24 | 117,540.76 |
| 13 | 2,620.00 | 460.69 | 2,159.31 | 111,957.93 | 115,316.67 |
| 14 | 2,620.00 | 451.97 | 2,168.03 | 109,789.90 | 113,083.60 |
| 15 | 2,620.00 | 443.22 | 2,176.78 | 107,613.12 | 110,841.51 |
| 16 | 2,620.00 | 434.43 | 2,185.57 | 105,427.55 | 108,590.38 |
| 17 | 2,620.00 | 425.61 | 2,194.39 | 103,233.16 | 106,330.15 |
| 18 | 2,620.00 | 416.75 | 2,203.25 | 101,029.91 | 104,060.81 |
| 19 | 2,620.00 | 407.85 | 2,212.15 | 98,817.76 | 101,782.29 |
| 20 | 2,620.00 | 398.92 | 2,221.08 | 96,596.68 | 99,494.58 |
| 21 | 2,620.00 | 389.96 | 2,230.04 | 94,366.64 | 97,197.64 |
| 22 | 2,620.00 | 380.95 | 2,239.05 | 92,127.59 | 94,891.42 |
| 23 | 2,620.00 | 371.91 | 2,248.09 | 89,879.50 | 92,575.89 |
| 24 | 2,620.00 | 362.84 | 2,257.16 | 87,622.34 | 90,251.01 |
| 25 | 2,620.00 | 353.73 | 2,266.27 | 85,356.07 | 87,916.75 |
| 26 | 2,620.00 | 344.58 | 2,275.42 | 83,080.65 | 85,573.07 |
| 27 | 2,620.00 | 335.39 | 2,284.61 | 80,796.04 | 83,219.92 |
| 28 | 2,620.00 | 326.17 | 2,293.83 | 78,502.21 | 80,857.28 |
| 29 | 2,620.00 | 316.91 | 2,303.09 | 76,199.12 | 78,485.09 |
| 30 | 2,620.00 | 307.61 | 2,312.39 | 73,886.73 | 76,103.33 |
| 31 | 2,620.00 | 298.28 | 2,321.72 | 71,565.01 | 73,711.96 |

| | | | | | |
|-------|------------|-----------|------------|-----------|-----------|
| 32 | 2,620.00 | 288.90 | 2,331.10 | 69,233.91 | 71,310.93 |
| 33 | 2,620.00 | 279.49 | 2,340.51 | 66,893.40 | 68,900.20 |
| 34 | 2,620.00 | 270.05 | 2,349.95 | 64,543.45 | 66,479.75 |
| 35 | 2,620.00 | 260.56 | 2,359.44 | 62,184.01 | 64,049.53 |
| 36 | 2,620.00 | 251.03 | 2,368.97 | 59,815.04 | 61,609.49 |
| 37 | 2,620.00 | 241.47 | 2,378.53 | 57,436.51 | 59,159.61 |
| 38 | 2,620.00 | 231.87 | 2,388.13 | 55,048.38 | 56,699.83 |
| 39 | 2,620.00 | 222.23 | 2,397.77 | 52,650.61 | 54,230.13 |
| 40 | 2,620.00 | 212.55 | 2,407.45 | 50,243.16 | 51,750.45 |
| 41 | 2,620.00 | 202.83 | 2,417.17 | 47,825.99 | 49,260.77 |
| 42 | 2,620.00 | 193.07 | 2,426.93 | 45,399.06 | 46,761.03 |
| 43 | 2,620.00 | 183.27 | 2,436.73 | 42,962.33 | 44,251.20 |
| 44 | 2,620.00 | 173.44 | 2,446.56 | 40,515.77 | 41,731.24 |
| 45 | 2,620.00 | 163.56 | 2,456.44 | 38,059.33 | 39,201.11 |
| 46 | 2,620.00 | 153.64 | 2,466.36 | 35,592.97 | 36,660.76 |
| 47 | 2,620.00 | 143.69 | 2,476.31 | 33,116.66 | 34,110.16 |
| 48 | 2,620.00 | 133.69 | 2,486.31 | 30,630.35 | 31,549.26 |
| 49 | 2,620.00 | 123.65 | 2,496.35 | 28,134.00 | 28,978.02 |
| 50 | 2,620.00 | 113.58 | 2,506.42 | 25,627.58 | 26,396.41 |
| 51 | 2,620.00 | 103.46 | 2,516.54 | 23,111.04 | 23,804.37 |
| 52 | 2,620.00 | 93.30 | 2,526.70 | 20,584.34 | 21,201.87 |
| 53 | 2,620.00 | 83.10 | 2,536.90 | 18,047.44 | 18,588.86 |
| 54 | 2,620.00 | 72.86 | 2,547.14 | 15,500.30 | 15,965.31 |
| 55 | 2,620.00 | 62.57 | 2,557.43 | 12,942.87 | 13,331.16 |
| 56 | 2,620.00 | 52.25 | 2,567.75 | 10,375.12 | 10,686.37 |
| 57 | 2,620.00 | 41.88 | 2,578.12 | 7,797.00 | 8,030.91 |
| 58 | 2,620.00 | 31.48 | 2,588.52 | 5,208.48 | 5,364.73 |
| 59 | 2,620.00 | 21.03 | 2,598.97 | 2,609.51 | 2,687.80 |
| 60 | 2,620.00 | 10.49 | 2,609.51 | 0.00 | 0.00 |
| <hr/> | | | | | |
| | 157,200.00 | 17,838.30 | 139,361.70 | | |

This Amortization and Installment Payment Schedule is hereby verified as correct by the undersigned, who acknowledges receipt of a copy.

PURCHASER ACCEPTANCE

City of Novi

X

NAME OF PURCHASER

SIGNATURE

TITLE

DATED



Exhibit D

APPLICATION NO.
2098790

EQUIPMENT FINANCE

Purchaser's General and Incumbency Certificate

GENERAL CERTIFICATE

Re: Tax-Exempt Installment/Purchase Agreement and Property Schedule dated as of _____, between City of Novi, as Purchaser ("Purchaser") and U.S. Bank Equipment Finance, a division of U.S. Bank National Association, as Seller.

The undersigned, being the duly elected, qualified and acting official of Purchaser holding the title stated in the signature line below, does hereby certify as of the date of this Certificate and the date of the Agreement (as defined below), as follows:

1. If required by applicable law, Purchaser did, at a meeting of the governing body of the Purchaser, by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Property Schedule (the "Property Schedule") and the Tax-Exempt Installment/Purchase Agreement (the "Agreement") by the undersigned.
2. If the aforementioned meeting(s) was required by applicable law, the meeting(s) of the governing body of the Purchaser at which the Agreement and the Property Schedule were approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Agreement and the Property Schedule and authorizing the execution thereof has not been altered or rescinded. All meetings required by applicable law of the governing body of Purchaser relating to the authorization and delivery of the Agreement and the Property Schedule have been: (a) held within the geographic boundaries of the Purchaser; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body; and (d) conducted in accordance with the charter of the Purchaser, if any, and the laws of the State.
3. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as defined in the Agreement) exists at the date hereof with respect to this Property Schedule under the Agreement.
4. The acquisition of all of the Property under the Agreement and the Property Schedule has been duly authorized by the governing body of Purchaser.
5. Purchaser has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Installment Payments scheduled to come due during the current budget year under the Agreement and the Property Schedule and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.
6. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Purchaser in any court (a) seeking to restrain or enjoin in the delivery of the Agreement or the Property Schedule or of other agreements similar to the Agreement; (b) questioning the authority of Purchaser to execute the Agreement or the Property Schedule, or the validity of the Agreement or the Property Schedule, or the payment of principal or interest on, the Property Schedule; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Agreement and the Property Schedule; or (d) affecting the provisions made for the payment of or security for the Agreement and the Property Schedule.

IN WITNESS WHEREOF, the undersigned has signed this Certificate on the date stated below.

City of Novi

X

Purchaser

Signature of Person to Sign Agreement

Print Title of Person to Sign Agreement

Print Name of Person to Sign Agreement

Print Date that Above Person Signed this Certificate

INCUMBENCY CERTIFICATE

Re: Tax-Exempt Installment/Purchase Agreement and Property Schedule dated as of _____, between City of Novi, as Purchaser ("Purchaser") and U.S. Bank Equipment Finance, a division of U.S. Bank National Association as Seller ("Agreement").

The undersigned, being the duly elected, qualified and acting Secretary, Clerk or other duly authorized official or signatory of the Purchaser does hereby certify, as of the date of this Certificate and the date of the Agreement (as defined in the General Certificate above), as follows:

As of the date of the meeting(s) of the governing body of the Purchaser at which the above-referenced Agreement and the Property Schedule were approved and authorized to be executed, and as of the date hereof, the below-named representative of the Purchaser held and holds the office set forth below, and the signature set forth below is his/her true and correct signature.

| NAME OF PERSON SIGNING AGREEMENT | TITLE OF PERSON SIGNING AGREEMENT | SIGNATURE OF PERSON SIGNING AGREEMENT |
|-------------------------------------|---|--|
| | | |

IN WITNESS WHEREOF, the undersigned has signed this Certificate on the date stated below.

X

Signature of Secretary, Clerk or other duly authorized official or signatory of Purchaser (Cannot be same as Person Signing Agreement)

Print Title of Person who signed this Certificate

Print Name of Person Signing this Certificate

Print Date that Above Person Signed this Certificate



APPLICATION NO.

2098790

EQUIPMENT FINANCE

Insurance Authorization and Verification

Re: Tax-Exempt Installment/Purchase Agreement dated as of _____, between Purchaser and Seller.

Seller: U.S. Bank Equipment Finance
1310 Madrid Street, Ste. 101
Marshall, MN 56258

Purchaser: City of Novi
45175 Ten Mile Road
Novi, MI 48375

TO THE PURCHASER: In connection with the above-referenced Tax-Exempt Installment/Purchase Agreement and the Property Schedule thereunder each dated: _____ (the "Agreement"), Seller requires proof in the form of this document, executed by both Purchaser* and Purchaser's agent, that Purchaser's insurable interest in the financed property (the "Property") meets Seller's requirements as follows, with coverage including, but not limited to, fire, extended coverage, vandalism, and theft:

SELLER, AND ITS SUCCESSORS AND ASSIGNS, shall be covered as both ADDITIONAL INSURED and LENDER'S LOSS PAYEE with regard to all equipment financed or leased by policy holder through or from Seller. All such insurance shall contain a provision to the effect that such insurance shall not be canceled or modified without first giving written notice thereof to Seller and Purchaser at least thirty (30) days in advance of such cancellation or modification.

Purchaser must carry **GENERAL LIABILITY** (and/or, for vehicles, Automobile Liability) in the amount of no less than \$1,000,000.00 (one million dollars).

Purchaser must carry **PROPERTY Insurance** (or, for vehicles, Physical Damage Insurance) in an amount no less than the 'Insurable Value' \$139,361.70, with deductibles no more than \$10,000.00.

*Purchaser: Please execute this form and return with your document package. Seller will fax this form to your insurance agency for endorsement. In lieu of agent endorsement, Purchaser's agency may submit insurance certificates demonstrating compliance with all requirements. Should you have any questions, please contact U.S. Bank Equipment Finance at 800-328-5371.

By signing, Purchaser authorizes the Agent named below: 1) to complete and return this form as indicated; and 2) to endorse the policy and subsequent renewals to reflect the required coverage as outlined above.

| | | | |
|----------------|-----|---------------|-----------|
| NAME OF AGENCY | | NAME OF AGENT | |
| STREET ADDRESS | | CITY | STATE ZIP |
| PHONE | FAX | E-MAIL | |

PURCHASER ACCEPTANCE

City of Novi

X

NAME OF PURCHASER

SIGNATURE

TITLE

DATED

TO THE AGENT: In lieu of providing a certificate, please execute this form in the space below and promptly fax it to Seller at 800-433-6185. This fully endorsed form shall serve as proof that Purchaser's insurance meets the above requirements.

Agent hereby verifies that the above requirements have been met in regard to the Property listed below.

AGENT ACCEPTANCE**X**

NAME OF AGENCY

SIGNATURE

PRINT NAME

DATED

Insurable Value: \$139,361.70

ATTACHED: PROPERTY DESCRIPTION FOR THE AGREEMENT.



Exhibit C

APPLICATION NO.
2098790

EQUIPMENT FINANCE

Certificate of Acceptance

This **Certificate of Acceptance** is pursuant to Tax-Exempt Installment/Purchase Agreement dated as of _____ and the related Property Schedule, between Seller and Purchaser (the "Agreement").

1. Property Acceptance. Purchaser hereby certifies and represents to Seller that the Property referenced in the Agreement has been acquired, made, delivered, installed and accepted as of the date indicated below. Purchaser has conducted such inspection and/or testing of the Property as it deems necessary and appropriate and hereby acknowledges that it accepts the Property for all purposes. Purchaser will immediately begin making Installment Payments in accordance with the times and amounts specified herein. SELLER MAKES NO (AND SHALL NOT BE DEEMED TO HAVE MADE ANY) WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN, OPERATION OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE PROPERTY, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE STATE OF TITLE THERETO OR ANY COMPONENT THEREOF, THE ABSENCE OF LATENT OR OTHER DEFECTS (WHETHER OR NOT DISCOVERABLE), AND SELLER HEREBY DISCLAIMS THE SAME; IT BEING UNDERSTOOD THAT THE PROPERTY IS SOLD TO PURCHASER "AS IS" ON THE DATE OF THIS AGREEMENT OR THE DATE OF DELIVERY, WHICHEVER IS LATER, AND ALL SUCH RISKS, IF ANY, ARE TO BE BORNE BY PURCHASER.
2. Billing Address. If billing address differs from the address listed on the Tax-Exempt Installment/Purchase Agreement please list below:

| | | | |
|----------------|--|------|-------|
| BILLING NAME | | | |
| STREET ADDRESS | | CITY | STATE |
| | | | ZIP |

IN WITNESS WHEREOF, Purchaser has caused this Certificate of Acceptance to be executed by their duly authorized representative.

Acceptance Date

City of Novi

Purchaser

X

Signature

Print Name

Title

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

| Part I Reporting Authority | | If Amended Return, check here <input type="checkbox"/> |
|---|--|--|
| 1 Issuer's name CITY OF NOVI | 2 Issuer's employer identification number (EIN) | |
| 3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) ROBERT PETTY | 3b Telephone number of other person shown on 3a 248-347-0460 | |
| 4 Number and street (or P.O. box if mail is not delivered to street address) 45175 TEN MILE ROAD | Room/suite | 5 Report number (For IRS Use Only) 3 |
| 6 City, town, or post office, state, and ZIP code NOVI MI 48375 | 7 Date of issue | |
| 8 Name of issue | 9 CUSIP number | |
| 10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) | 10b Telephone number of officer or other employee shown on 10a | |

| Part II Type of Issue (enter the issue price). See the instructions and attach schedule. | | |
|--|----|--------------------------|
| 11 Education | 11 | |
| 12 Health and hospital | 12 | |
| 13 Transportation | 13 | |
| 14 Public safety | 14 | |
| 15 Environment (including sewage bonds) | 15 | |
| 16 Housing | 16 | |
| 17 Utilities | 17 | |
| 18 Other. Describe ▶ OFFICE EQUIPMENT | 18 | 139,361.70 |
| 19 If obligations are TANs or RANs, check only box 19a | | <input type="checkbox"/> |
| If obligations are BANs, check only box 19b | | <input type="checkbox"/> |
| 20 If obligations are in the form of a lease or installment sale, check box | | <input type="checkbox"/> |

| Part III Description of Obligations. Complete for the entire issue for which this form is being filed. | | | | |
|--|-----------------|---|-------------------------------|-----------|
| (a) Final maturity date | (b) Issue price | (c) Stated redemption price at maturity | (d) Weighted average maturity | (e) Yield |
| 21 | \$ | \$ | years | % |

| Part IV Uses of Proceeds of Bond Issue (including underwriters' discount) | | |
|---|----|--|
| 22 Proceeds used for accrued interest | 22 | |
| 23 Issue price of entire issue (enter amount from line 21, column (b)) | 23 | |
| 24 Proceeds used for bond issuance costs (including underwriters' discount) | 24 | |
| 25 Proceeds used for credit enhancement | 25 | |
| 26 Proceeds allocated to reasonably required reserve or replacement fund | 26 | |
| 27 Proceeds used to currently refund prior issues | 27 | |
| 28 Proceeds used to advance refund prior issues | 28 | |
| 29 Total (add lines 24 through 28) | 29 | |
| 30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | 30 | |

| Part V Description of Refunded Bonds. Complete this part only for refunding bonds. | |
|--|-------------|
| 31 Enter the remaining weighted average maturity of the bonds to be currently refunded | _____ years |
| 32 Enter the remaining weighted average maturity of the bonds to be advance refunded | _____ years |
| 33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) | _____ |
| 34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY) | _____ |

Part VI Miscellaneous

| | | | |
|--|------------|--|--------------------------|
| 35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) | 35 | | |
| 36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) | 36a | | |
| b Enter the final maturity date of the GIC ▶ _____ | | | |
| c Enter the name of the GIC provider ▶ _____ | | | |
| 37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units | 37 | | |
| 38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information: | | | |
| b Enter the date of the master pool obligation ▶ _____ | | | |
| c Enter the EIN of the issuer of the master pool obligation ▶ _____ | | | |
| d Enter the name of the issuer of the master pool obligation ▶ _____ | | | |
| 39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box | | | <input type="checkbox"/> |
| 40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box | | | <input type="checkbox"/> |
| 41a If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information: | | | |
| b Name of hedge provider ▶ _____ | | | |
| c Type of hedge ▶ _____ | | | |
| d Term of hedge ▶ _____ | | | |
| 42 If the issuer has superintegrated the hedge, check box | | | <input type="checkbox"/> |
| 43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box | | | <input type="checkbox"/> |
| 44 If the issuer has established written procedures to monitor the requirements of section 148, check box | | | <input type="checkbox"/> |
| 45a If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____ | | | |
| b Enter the date the official intent was adopted ▶ _____ | | | |

| | | | | | |
|-------------------------------|---|----------------------|------|---|--------------|
| Signature and Consent | Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above. | | | | |
| | | | | | |
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | Firm's name ▶ | | | | Firm's EIN ▶ |
| | Firm's address ▶ | | | | Phone no. |

Instructions for Form 8038-G (Rev. September 2012)



Department of the Treasury
Internal Revenue Service

(Use with the September 2011 revision of Form 8038-G.)

Information Return for Tax-Exempt Governmental Obligations

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Form 8038-G is used by issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

Who Must File

| IF the issue price (line 21, column (b)) is... | THEN, for tax-exempt governmental obligations issued after December 31, 1986, issuers must file... |
|--|---|
| \$100,000 or more | A separate Form 8038-G for each issue |
| Less than \$100,000 | Form 8038-GC, Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales |



CAUTION For all build America bonds and recovery zone economic development bonds use Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds. For tax credit bonds and specified tax credit bonds use Form 8038-TC, Information Return for Tax Credit Bonds and Specified Tax Credit Bonds.

When To File

File Form 8038-G on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the bond is issued. Form 8038-G may not be filed before the issue date and must be completed based on the facts as of the issue date.

Late filing. An issuer may be granted an extension of time to file Form 8038-G under Section 3 of Rev. Proc. 2002-48, 2002-37 I.R.B. 531, if it is determined that the failure to file timely is not due to willful neglect. Type or print at the top of the form "Request for Relief under section 3 of Rev. Proc. 2002-48" and attach a letter explaining why Form 8038-G was not submitted to the IRS on time. Also indicate whether the bond issue in question is under examination by the IRS. Do not

submit copies of the trust indenture or other bond documents. See *Where To File* next.

Where To File

File Form 8038-G, and any attachments, with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

Private delivery services. You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate.

For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

For build America bonds (Direct Pay), build America bonds (Tax Credit), and recovery zone economic development bonds, complete Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds.

For qualified forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, qualified school construction bonds, clean renewable energy bonds, and all other qualified tax credit bonds (except build America bonds), file Form 8038-TC,

Information Return for Tax Credit Bonds and Specified Tax Credit Bonds.

Rounding to Whole Dollars

You may show amounts on this return as whole dollars. To do so, drop amounts less than 50 cents and increase amounts from 50 cents through 99 cents to the next higher dollar.

Questions on Filing Form 8038-G

For specific questions on how to file Form 8038-G send an email to the IRS at TaxExemptBondQuestions@irs.gov and put "Form 8038-G Question" in the subject line. In the email include a description of your question, a return email address, the name of a contact person, and a telephone number.

Definitions

Tax-exempt obligation. This is any obligation, including a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.

Tax-exempt governmental obligation. A tax-exempt obligation that is not a private activity bond (see next) is a tax-exempt governmental obligation. This includes a bond issued by a qualified volunteer fire department under section 150(e).

Private activity bond. This includes an obligation issued as part of an issue in which:

- More than 10% of the proceeds are to be used for any private activity business use, and
- More than 10% of the payment of principal or interest of the issue is **either (a)** secured by an interest in property to be used for a private business use (or payments for such property) **or (b)** to be derived from payments for property (or borrowed money) used for a private business use.

It also includes a bond, the proceeds of which **(a)** are to be used directly or indirectly to make or finance loans (other than loans described in section 141(c)(2)) to persons other than governmental units and **(b)** exceeds the lesser of 5% of the proceeds or \$5 million.

Issue price. The issue price of obligations is generally determined under Regulations section 1.148-1(b). Thus,

when issued for cash, the issue price is the first price at which a substantial amount of the obligations are sold to the public. To determine the issue price of an obligation issued for property, see sections 1273 and 1274 and the related regulations.

Issue. Generally, obligations are treated as part of the same issue if they are issued by the same issuer, on the same date, and in a single transaction, or a series of related transactions. However, obligations issued during the same calendar year (a) under a loan agreement under which amounts are to be advanced periodically (a "draw-down loan") or (b) with a term not exceeding 270 days, may be treated as part of the same issue if the obligations are equally and ratably secured under a single indenture or loan agreement and are issued under a common financing arrangement (for example, under the same official statement periodically updated to reflect changing factual circumstances). Also, for obligations issued under a draw-down loan that meet the requirements of the preceding sentence, obligations issued during different calendar years may be treated as part of the same issue if all of the amounts to be advanced under the draw-down loan are reasonably expected to be advanced within 3 years of the date of issue of the first obligation. Likewise, obligations (other than private activity bonds) issued under a single agreement that is in the form of a lease or installment sale may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first obligation.

Arbitrage rebate. Generally, interest on a state or local bond is not tax-exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

Construction issue. This is an issue of tax-exempt bonds that meets both of the following conditions:

1. At least 75% of the available construction proceeds are to be used for construction expenditures with respect to property to be owned by a governmental unit or a section 501(c)(3) organization, and
2. All the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds, or private activity bonds issued to finance property to be owned by a governmental unit or a section 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make

an irrevocable election to pay a penalty. The penalty is equal to 1¹/₂% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C) and the Instructions for Form 8038-T.

Pooled financing issue. This is an issue of tax-exempt bonds, the proceeds of which are to be used to finance purpose investments representing conduit loans to two or more conduit borrowers, unless those conduit loans are to be used to finance a single capital project.

Specific Instructions

Part I—Reporting Authority

Amended return. An issuer may file an amended return to change or add to the information reported on a previously filed return for the same date of issue. If you are filing to correct errors or change a previously filed return, check the *Amended Return* box in the heading of the form.

The amended return must provide all the information reported on the original return, in addition to the new or corrected information. Attach an explanation of the reason for the amended return and write across the top, "Amended Return Explanation." Failure to attach an explanation may result in a delay in processing the form.

Line 1. The issuer's name is the name of the entity issuing the obligations, not the name of the entity receiving the benefit of the financing. For a lease or installment sale, the issuer is the lessee or the purchaser.

Line 2. An issuer that does not have an employer identification number (EIN) should apply for one on Form SS-4, Application for Employer Identification Number. You can get this form on the IRS website at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676). You may receive an EIN by telephone by following the instructions for Form SS-4.

Line 3a. If the issuer wishes to authorize a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) to communicate with the IRS and whom the IRS may contact about this return (including in writing or by telephone), enter the name of such person here. The person listed in line 3a must be an individual. Do not enter the name and title of an officer or other employee of the issuer here (use line 10a for that purpose).

Note. By authorizing a person other than an authorized officer or other employee of the issuer to communicate with the IRS and whom the IRS may contact about this return, the issuer authorizes the IRS to

communicate directly with the individual entered on line 3a and consents to disclose the issuer's return information to that individual, as necessary, to process this return.

Lines 4 and 6. If you listed an individual on line 3a to communicate with the IRS and whom the IRS may contact about this return, enter the number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code of that person. Otherwise, enter the issuer's number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code.

Note. The address entered on lines 4 and 6 is the address the IRS will use for all written communications regarding the processing of this return, including any notices.

Line 5. This line is for IRS use only. Do not make any entries in this box.

Line 7. The date of issue is generally the date on which the issuer physically exchanges the bonds that are part of the issue for the underwriter's (or other purchaser's) funds. For a lease or installment sale, enter the date interest starts to accrue in an MM/DD/YYYY format.

Line 8. If there is no name of the issue, please provide other identification of the issue.

Line 9. Enter the CUSIP (Committee on Uniform Securities Identification Procedures) number of the bond with the latest maturity. If the issue does not have a CUSIP number, write "None."

Line 10a. Enter the name and title of the officer or other employee of the issuer whom the IRS may call for more information. If the issuer wishes to designate a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) whom the IRS may call for more information about the return, enter the name, title, and telephone number of such person on lines 3a and 3b.



Complete lines 10a and 10b even if you complete lines 3a and 3b.

Part II—Type of Issue



Elections referred to in Part II are made on the original bond documents, not on this form.

Identify the type of obligations issued by entering the corresponding issue price (see *Issue price* under *Definitions* earlier). Attach a schedule listing names and EINs of organizations that are to use proceeds of these obligations, if different from those

of the issuer, include a brief summary of the use and indicate whether or not such user is a governmental or nongovernmental entity.

Line 18. Enter a description of the issue in the space provided.

Line 19. If the obligations are short-term tax anticipation notes or warrants (TANs) or short-term revenue anticipation notes or warrants (RANs), check box 19a. If the obligations are short-term bond anticipation notes (BANs), issued with the expectation that they will be refunded with the proceeds of long-term bonds at some future date, check box 19b. Do not check both boxes.

Line 20. Check this box if property other than cash is exchanged for the obligation, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of obligation is sometimes referred to as a "municipal lease.") Also check this box if real property is directly acquired in exchange for an obligation to make periodic payments of interest and principal. **Do not** check this box if the proceeds of the obligation are received in the form of cash, even if the term "lease" is used in the title of the issue.

Part III—Description of Obligations

Line 21. For column (a), the final maturity date is the last date the issuer must redeem the entire issue.

For column (b), see *Issue price* under *Definitions* earlier.

For column (c), the stated redemption price at maturity of the entire issue is the sum of the stated redemption prices at maturity of each bond issued as part of the issue. For a lease or installment sale, write "N/A" in column (c).

For column (d), the weighted average maturity is the sum of the products of the issue price of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue (from line 21, column (b)). For a lease or installment sale, enter instead the total number of years the lease or installment sale will be outstanding.

For column (e), the yield, as defined in section 148(h), is the discount rate that, when used to compute the present value of all payments of principal and interest to be paid on the obligation, produces an amount equal to the purchase price, including accrued interest. See Regulations section 1.148-4 for specific rules to compute the yield on an issue. If the issue is a variable rate issue, write "VR" as the yield of the issue. For other

than variable rate issues, carry the yield out to four decimal places (for example, 5.3125%). If the issue is a lease or installment sale, enter the effective rate of interest being paid.

Part IV—Uses of Proceeds of Bond Issue

For a lease or installment sale, write "N/A" in the space to the right of the title for Part IV.

Line 22. Enter the amount of proceeds that will be used to pay interest from the date the bonds are dated to the date of issue.

Line 24. Enter the amount of the proceeds that will be used to pay bond issuance costs, including fees for trustees and bond counsel. If no bond proceeds will be used to pay bond issuance costs, enter zero. Do not leave this line blank.

Line 25. Enter the amount of the proceeds that will be used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148(h) (for example, bond insurance premiums and certain fees for letters of credit).

Line 26. Enter the amount of proceeds that will be allocated to such a fund.

Line 27. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds within 90 days of the date of issue.

Line 28. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds after 90 days of the date of issue, including proceeds that will be used to fund an escrow account for this purpose.

Part V—Description of Refunded Bonds

Complete this part only if the bonds are to be used to refund a prior issue of tax-exempt bonds. For a lease or installment sale, write "N/A" in the space to the right of the title for Part V.

Lines 31 and 32. The remaining weighted average maturity is determined without regard to the refunding. The weighted average maturity is determined in the same manner as on line 21, column (d).

Line 34. If more than a single issue of bonds will be refunded, enter the date of issue of each issue. Enter the date in an MM/DD/YYYY format.

Part VI—Miscellaneous

Line 35. An allocation of volume cap is required if the nonqualified amount for the issue is more than \$15 million but is not

more than the amount that would cause the issue to be private activity bonds.

Line 36. If any portion of the gross proceeds of the issue is or will be invested in a guaranteed investment contract (GIC), as defined in Regulations section 1.148-1(b), enter the amount of the gross proceeds so invested, as well as the final maturity date of the GIC and the name of the provider of such contract.

Line 37. If the issue is a pooled financing issue (as defined under *Pooled financing issue* in *Definitions*), enter the amount of the proceeds used to make loans to other governmental units, the interest on which is tax-exempt.

Line 38. If the issue is a loan of proceeds from a pooled financing issue (as defined under *Pooled financing issue* in *Definitions*), check the box and where asked for the date of issue, EIN, and name of the issuer of the master pool obligation, enter the date of issue, EIN, and name of the issuer of the pooled financing issue.

Line 40. Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038-T for each 6-month period after the date the bonds are issued. Do not make any payment of penalty in lieu of arbitrage rebate with this form. See Rev. Proc. 92-22, 1992-1 C.B. 736 for rules regarding the "election document."

Line 41a. Check this box if the issuer has identified a hedge on its books and records according to Regulations sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5) that permit an issuer of tax-exempt bonds to identify a hedge for it to be included in yield calculations for computing arbitrage.

Line 42. In determining if the issuer has super-integrated a hedge, apply the rules of Regulations section 1.148-4(h)(4). If the hedge is super-integrated, check the box.

Line 43. If the issuer takes a "deliberate action" after the issue date that causes the conditions of the private business tests or the private loan financing test to be met, then such issue is also an issue of private activity bonds. Regulations section 1.141-2(d)(3) defines a deliberate action as any action taken by the issuer that is within its control regardless of whether there is intent to violate such tests. Regulations section 1.141-12 explains the conditions to taking remedial action that prevent an action that causes an issue to meet the private business tests or private loan financing test from being treated as a deliberate action. Check the box if the issuer has established written procedures to ensure timely remedial action for all nonqualified bonds according to

Regulations section 1.141-12 or other remedial actions authorized by the Commissioner under Regulations section 1.141-12(h).

Line 44. Check the box if the issuer has established written procedures to monitor compliance with the arbitrage, yield restriction, and rebate requirements of section 148.

Line 45a. Check the box if some part of the proceeds was used to reimburse expenditures. Figure and then enter the amount of proceeds that are used to reimburse the issuer for amounts paid for a qualified purpose prior to the issuance of the bonds. See Regulations section 1.150-2.

Line 45b. An issuer must adopt an official intent to reimburse itself for preissuance expenditures within 60 days after payment of the original expenditure unless excepted by Regulations section 1.150-2(f). Enter the date the official intent was adopted. See Regulations section 1.150-2(e) for more information about official intent.

Signature and Consent

An authorized representative of the issuer must sign Form 8038-G and any applicable certification. Also print the name and title of the person signing Form 8038-G. The authorized representative of the issuer signing this form must have the authority to consent to the disclosure of the issuer's return information, as necessary to process this return, to the person(s) that have been designated in Form 8038-G.

Note. If the issuer in Part 1, lines 3a and 3b authorizes the IRS to communicate (including in writing and by telephone) with a person other than an officer or other employee of the issuer, by signing this form, the issuer's authorized representative consents to the disclosure of the issuer's return information, as necessary to process this return, to such person.

Paid Preparer

If an authorized officer of the issuer filled in this return, the paid preparer's space should remain blank. Anyone who prepares the return but does not charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the issuer, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature (a facsimile signature is acceptable),
- Enter the preparer information, and
- Give a copy of the return to the issuer.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

| | |
|---|----------------|
| Learning about the law or the form | 2 hr., 41 min. |
| Preparing, copying, assembling, and sending the form to the IRS | 3 hr., 3 min. |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send the form to this office. Instead, see *Where To File*.



Maintenance Plan

Customer Information

| | | |
|----------------|--------------|-------------|
| Company Name: | City of Novi | Meter Phone |
| Meter Contact: | | |
| E-Mail | | |
| Fax | | |

| | |
|--------------------|---------------|
| Date | 5/4/2016 |
| Customer # | |
| Representative | Scott Barabas |
| Meter Type: | |
| Billing Frequency: | Monthly |

| Make/Model | B&W Rate | Color Rate | Base | B&W Base Allowance | Color Base Allowance | Start Meter |
|---------------|------------|------------|------|--------------------|----------------------|-------------|
| IR ADV C3330I | \$ 0.00590 | \$ 0.05900 | \$ - | - | - | |
| IRC350if | \$ 0.00590 | \$ 0.05900 | \$ - | - | - | |
| IRC5235 | \$ 0.00590 | \$ 0.05900 | \$ - | - | - | |
| IRC5240 | \$ 0.00590 | \$ 0.05900 | \$ - | - | - | |
| IRC5250 | \$ 0.00590 | \$ 0.05900 | \$ - | - | - | |

Initial Here to Add Print ReLeaf at \$0.0003 per Page

1. This agreement allows for an unlimited number of unscheduled maintenance calls, provided the calls are not a result of operator negligence. Applied Imaging's responsibility with this agreement ceases if the equipment covered is repaired or adjusted by any person other than an authorized Applied Imaging technical representative, or the supplies used are not authorized or approved by Applied Imaging.
2. Service shall be provided without additional charge 8:00 a.m. to 5:00 p.m. Monday through Friday (except National holidays), unless other arrangements have been made.
3. The maintenance service plan includes all necessary parts with the following exceptions:
 - a. Cassettes, master units, exit trays, work trays or any item that is not related to the electromechanical operation of the equipment.
 - b. Parts damaged by fire, water, other acts of nature, misuse or negligence on the part of the customer or operators of the equipment.
 - c. Any system software or related connectivity support.
4. Maintenance with supplies agreements include toner, developer and photoreceptor (drum). These agreements do not include paper, staples or shipping.
5. It is the customer/user's responsibility to provide power that meets the specific requirements as well as proper service access space around the equipment. If either one or both of these conditions are not met, Applied Imaging reserves the right to suspend this protection plan until the power deficiency is corrected and/or adequate service space is provided.
6. Wide Format contracts include P&L only. Supplies and Print Heads are not included unless listed in Comments below.

COMMENTS

Acceptance

Decline Maintenance

| | | | | | | |
|---|---------------------------|------------|-------|--|-----------|------|
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border-bottom: 1px solid black;">Authorized Signature/Date</td> <td style="width: 30%; border-bottom: 1px solid black;">Print Name</td> <td style="width: 40%; border-bottom: 1px solid black;">Title</td> </tr> </table> | Authorized Signature/Date | Print Name | Title | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; border-bottom: 1px solid black;">Signature</td> <td style="width: 20%; border-bottom: 1px solid black;">Date</td> </tr> </table> | Signature | Date |
| Authorized Signature/Date | Print Name | Title | | | | |
| Signature | Date | | | | | |

Initial Network Setup

This includes the initial network configuration of the devices listed above. I agree to allow Applied Imaging to perform the services detailed on the back of this agreement. I understand that if I do not provide the necessary information listed on the back that configuration may be delayed. I understand that if I have needs outside of this scope that they may be subject to additional charges. Initial Network Setup warranty is 90 days from date of configuration unless otherwise noted.

| | |
|---|--|
| Network Contact <u>Michelle Pollock</u> | Phone <u>248.347.0527</u> |
| | Network Email <u>mpollock@cityofnovi.org</u> |

Accept & Acknowledge Initial Warranty
 Decline

On-Going Network Support

Applied Imaging's Connectivity Support Agreement will supplement the HARDWARE MAINTENANCE AGREEMENT above. The agreement will help with ongoing issues related to Print, Scan & Network Fax. This agreement entitles your employees to access the network support department at AI for errors related to the function and setup of print, scan to pc, scan to ftp, scan to email, and network fax capabilities. See reverse for detail.

Option 1: Unlimited Support

Number of Printers @ \$2.00/Month _____

Number of MFDs @ \$5.00/Month 16 @ \$5

Option 2: Block of Time

Number of Hours (Min of 5 @ \$550.00) _____

Number of Hours (Min of 10 @ \$1,000.00) _____

Initial to Accept:

Option 3: No On-Going Network Support

Initial to Decline:

Terms and Conditions

THIS ORDER SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. This order shall not be binding on AI until approved by AI home office.
2. All shipments shall be F.O.B. our warehouse.
3. AI reserves the right to make delivery in installments. All such installments shall be separately invoiced and paid for when due, without regard to subsequent deliveries. Delay in delivery of any installment shall not relieve buyer of its obligation to accept remaining installment.
4. AI reserves the right at any time to revoke any credit extended to buyer because of buyer's failure to pay for any goods when due or for any other reason deemed good and sufficient by AI.
5. AI shall not be liable for failure to deliver or delays in delivery occasioned by causes beyond AI control. This includes without limitation, strikes, lockouts, fires, embargoes, war or other outbreaks of hostilities, inability to obtain materials or shipping space, machinery breakdowns, delays of carrier or supplies, governmental acts and regulations, other causes beyond AI control and receipt of orders from all sources in excess of AI then scheduled production capability.
6. AI warrants that the goods covered by this order when delivered to the buyer will be merchantable quality and free from defects in workmanship and material for a period of 90 days on new equipment and 30 days on used equipment from the date of delivery by AI under ordinary use and conditions. In no event shall AI be liable for resulting or consequential damages occasioned by any breach of warranty. THERE ARE NO OTHER WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED ARE EXCLUDED.
7. All claims for goods or delay in delivery shall be deemed waived unless made in writing and delivered to AI within three days after receipt of goods by buyer.
8. Title to all goods and equipment shall remain with AI until such time as the purchase price thereof shall have been paid in full.
9. AI shall have a security interest in all goods and equipment delivered to buyer until the purchase price for same shall have been paid in full. At the request of AI, buyer shall execute and deliver a security agreement and/or financing statements in the form or forms submitted to buyer by AI.
10. This contract shall be governed by and construed according to the laws of the State of Michigan.
11. This contract constitutes the entire agreement between the parties and may not be modified or terminated except in writing signed by an officer of AI.
12. **General Scope of Maintenance Coverage** - This agreement covers both the labor and material for adjustments, repair and replacements of parts as required by normal use of the equipment, subject to the exception in and in accordance with these terms and conditions. This agreement does not cover charges for installation of equipment or de-installation of equipment if it is moved. Damage to the equipment or its parts arising out of or caused by misuse, abuse, negligence, attachment of unauthorized components, accessories or parts, use of standard supplies or other causes beyond the control of AI are not covered by this agreement and may subject customer to a surcharge or to cancellation of the agreement. In addition, AI may terminate this agreement if the equipment is modified, damaged, altered, or serviced by personnel other than those employed by AI, or if parts, accessories, or components not meeting machine specifications are fitted to the equipment. AI may charge a fee upon customer request to pick up and dispose of equipment. This contract does not include connectivity issues, i.e. computer software related issues. Connectivity issues will either be billed at current pricing for network services or covered under the Connectivity Support Agreement.
13. **Service Calls** - Service calls under this agreement will be made during normal business hours at the installation address shown on the reverse side of this agreement. Travel and labor time for service calls after normal business hours, on weekends and holidays, will be charged at the published overtime rates in effect at the time the service call is made. AI will not handle, disconnect, or repair unauthorized attachments to components; customer is responsible for disconnecting and reconnecting unauthorized attachments or components. Customer hereby indemnifies and holds AI and its employees harmless for claims for damages to any unauthorized parts, components or accessories resulting from service performed on AI equipment.
14. **Term** - This agreement shall become effective upon receipt by AI of the signed maintenance agreement and approval of the credit application. The AI contract shall continue for one full calendar year and/or the copy allowance as specified on the face of this agreement. The agreement is for a one year period. The agreement may be cancelled with 60 days written notice prior to the contract expiration date. If contract is cancelled prior to expiration date, a prorated penalty fee will be assessed, otherwise this agreement is automatically renewed for a like period at the then current contract rates. In the event Applied Imaging is unable to repair the equipment due to the discontinuation of a part or parts by the manufacturer, Applied Imaging will then credit the unused portion of the maintenance charges to the customer's account and cancel the contract. Any such credit must be used toward future purchases with Applied Imaging.
15. **Charges** - The initial charge for maintenance under this agreement shall be the amount set forth on the reverse side of this agreement, 11" x 17" constitutes 2 clicks. Pricing for maintenance under this agreement is subject to change on a yearly basis due to cost increase of parts and labor. Customer agrees to pay the total of all charges for maintenance during the initial term and any renewal term within 15 days of the date of the AI invoice for each charge. In the case of the limited maintenance agreement, the initial annual charge is payable upon the signing of this agreement by customer. Customer understands that alterations, attachments, specification changes, or use of standard supplies that cause excessive service calls may require an increase in maintenance charges and agrees to pay such charges promptly when due.
16. **Breach of Default** - If the customer does not pay all the charges for maintenance or parts as provided under this agreement promptly when due (1) AI may (a) refuse to service the equipment or (b) cancel maintenance agreement (2) the customer agrees to pay AI (a) its costs and expenses of collection including the maximum attorney's fees permitted by law, said fee not to exceed 25% of the amount due under this agreement and (b) all charges for service provided before payment of the contract on a "Per Call" basis based upon published rates in effect at the time of service. There will be a processing fee of \$35.00 for NSF check.
17. **Use of Manufacturer Recommended Supplies** - The equipment is designed to give excellent performance with AI supplies including AI paper, toner, and fuser oil. If the customer uses other than AI supplies and if such supplies are defective or unacceptable for use in the machines and cause abnormality, frequent service calls or service problems, then AI may, at its option, assess a surcharge or terminate this agreement. In this event, the customer will be offered service on a "Per Call" basis based upon published rates. It is not a condition of this agreement, however, that the customer may use only AI authorized supplies.
18. **No Warranty** - AI disclaims all warranties, express or implied, including any implied warranties or merchantability fitness for use, or fitness for a particular purpose. Customer agrees that AI is not responsible for direct incidental or consequential damages including, not limited to damages arising out of the use of performance of the equipment or the loss of the equipment.
19. **Miscellaneous** - This agreement shall be governed by and construed according to the laws of the State of Michigan applicable to agreements wholly negotiated, executed and performed in the State of Michigan. It constitutes the entire agreement between the parties and may not be modified except in writing signed by duly authorized officers of AI and the customer.

Initial Network Setup

1. Applied Imaging will confirm desired configuration from client. The following information will be needed from network administrator:
 - A live network drop must be available. Wireless connectivity is available for an additional fee.
 - Network Admin must provide local admin access when onsite.
 - SMTP server name and/or IP address for Scan to Email
 - For Scan to Folder, Network Admin must provide credentials with write privileges to the folder.
2. AI will install one print driver & LAN Fax Driver on up to (3) servers and/or up to (10) workstations.
3. Includes set up of up to (10) address book destinations.
4. Includes set up of Fax Forwarding to folder or email.
5. Includes Print/Copy restriction on up to (10) users/dept. codes.
6. Includes testing and training for the network admin.

On-Going Network Support

1. Client agrees to allow Applied Imaging with remote access (TeamViewer QuickSupport)
2. Limited to the support of the device. If the issue extends to the overall function of servers, workstations, switches, hub, routers or the like, then basic recommendations will be made by the staff at AI, but the repairs regarding these functions are excluded from this contract.
3. We understand that Applied Imaging is not responsible for the data contained on our company's (Client) servers, workstations, and network peripherals and hereby discharge them of any responsibility for any damages that may occur as a result of loss of data or loss of use.
4. By entering into this agreement we hereby agree to allow AI employees to service our computer equipment.
5. We will initiate remote connections to allow diagnostic and repair services to be rendered in order to perform network maintenance including print driver installation, scan setup, network fax setup, and related services.

Option 3: Standard published network support rates apply and will be billable on a per call, time and materials basis.

Michigan Sales and Use Tax Certificate of Exemption

INSTRUCTIONS: DO NOT send to the Department of Treasury. Certificate must be retained in the seller's records. This certificate is invalid unless all four sections are completed by the purchaser.

SECTION 1: TYPE OF PURCHASE

A. One-Time Purchase
Order or Invoice Number: _____

C. Blanket Certificate
Expiration Date (maximum of four years): 05/03/20

B. Blanket Certificate. Recurring Business Relationship

The purchaser hereby claims exemption on the purchase of tangible personal property and selected services made from the vendor listed below. This certifies that this claim is based upon the purchaser's proposed use of the items or services, OR the status of the purchaser.

Vendor's Name and Address
Applied Imaging, 5282 East Paris Ave SE, Grand Rapids, MI 49512

SECTION 2: ITEMS COVERED BY THIS CERTIFICATE

Check one of the following:

1. All items purchased.
2. Limited to the following items: _____

SECTION 3: BASIS FOR EXEMPTION CLAIM

Check one of the following:

1. For Lease. Enter Use Tax Registration Number: _____
2. For Resale at Retail. Enter Sales Tax License Number: _____

The following exemptions DO NOT require the purchaser to provide a number:

3. Agricultural Production. Enter percentage: _____%
4. Church, Government Entity, Nonprofit School, or Nonprofit Hospital (Circle type of organization).
5. Contractor (must provide *Michigan Sales and Use Tax Contractor Eligibility Statement (Form 3520)*).
6. For Resale at Wholesale.
7. Industrial Processing. Enter percentage: _____%
8. Nonprofit Internal Revenue Code Section 501(c)(3) or 501(c)(4) Exempt Organization (must provide IRS authorized letter with this form).
9. Nonprofit Organization with an authorized letter issued by the Michigan Department of Treasury prior to June 1994 (must provide copy of letter with this form).
10. Rolling Stock purchased by an Interstate Motor Carrier.
11. Qualified Data Center
12. Other (explain): _____

SECTION 4: CERTIFICATION

I declare, under penalty of perjury, that the information on this certificate is true, that I have consulted the statutes, administrative rules and other sources of law applicable to my exemption, and that I have exercised reasonable care in assuring that my claim of exemption is valid under Michigan law. In the event this claim is disallowed, I accept full responsibility for the payment of tax, penalty and any accrued interest, including, if necessary, reimbursement to the vendor for tax and accrued interest.

| | | |
|--|--|--|
| Business Name City of Novi | | Type of Business (see codes on page 2) 05 Government |
| Business Address 45175 Ten Mile Road | | City, State, ZIP Code Novi, MI 48375 |
| Business Telephone Number (include area code) (248) 347-0460 | | Name (Print or Type) |
| Signature and Title | | Date Signed |

Instructions for completing *Michigan Sales and Use Tax Certificate of Exemption (Form 3372)*

Purchasers may use this form to claim exemption from Michigan sales and use tax on qualified transactions. It is the Purchaser's responsibility to ensure the eligibility of the exemption being claimed. All claims are subject to audit. Non-qualified transactions are subject to tax, statutory penalty and interest.

Sellers are required to maintain records, paper or electronic, of completed exemption certificates for a period of four years. Michigan does not issue "tax exempt numbers" and a seller may not rely on a number for substitution of an exemption certificate. Other documentation that sellers in the State of Michigan may accept are the Uniform Sales and Use Tax Certificate approved by the Multistate Tax Commission, the Streamlined Sales and Use Tax Agreement Certificate of Exemption, the same information in another format from the purchaser, or resale or exemption certificates or other written evidence of exemption authorized by another state or country.

SECTION 1:

Place a check in the box that describes how you will use this certificate.

- A) Choose "One-Time Purchase" and include the invoice number this certificate covers.
- B) Choose "Blanket Certificate" if there is a "recurring business relationship." This exists when a period of not more than 12 months elapses between sales transactions between the seller and purchaser.
- C) Choose "Blanket Certificate" and enter the expiration date (maximum four years) when there is a period of more than 12 months between sales transactions.

Print the vendor's name and address in the area provided.

SECTION 2:

Place a check in the box for "All items purchased" or choose "Limited to" and list the items that are covered by the exemption claim.

SECTION 3:

Place a check in the box that applies and provide the additional information requested for that exemption. The exemptions listed are the most common. If the exemption you are claiming is not listed use "Other" and enter the qualifying exemption.

SECTION 4:

Use the number that describes your business or explain any other business type not provided.

| | | | |
|----|-------------------|----|-----------------------------------|
| 01 | Accommodations | 10 | Utilities |
| 02 | Agricultural | 11 | Wholesale |
| 03 | Construction | 12 | Advertising, newspaper |
| 04 | Manufacturing | 13 | Non-Profit Hospital |
| 05 | Government | 14 | Non-Profit Educational |
| 06 | Rental or leasing | 15 | Non-Profit 501(c)(3) or 501(c)(4) |
| 07 | Retail | 16 | Qualified Data Center |
| 08 | Church | 17 | Other |
| 09 | Transportation | | |

Print the name of the business, address, city, state and ZIP code. Sign and provide your title (i.e. owner, president, treasurer, etc.). Provide your printed name and date the certificate.

DO NOT SEND THIS EXEMPTION CERTIFICATE TO THE DEPARTMENT OF TREASURY.