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## Property Disposition Service Agreement

Version date: 2012-May

Owner Name: Jackson County, Missouri Sheriff's	NJPA Agreement: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Mailing Address: 3310 NE Rennau Drive Lee's Summit, MO 64064	NJPA Member #: 30910
City, State, Zip	Signature Date: July 8, 2013
Telephone: 816-524-4302 Ext 72208	Automatic Renewal: Yes <input type="checkbox"/> No <input type="checkbox"/>
Fax: 816-525-1840	Expiration Date: (if not automatic renewal)
Primary Contact Name: Deputy David Dinwiddie Primary Contact Phone: 816-524-4302 Ext 72208	Primary Contact Email: ddinwiddie@jacksongov.org

This agreement ("Agreement") documents the terms and conditions under which PropertyRoom.com, Inc., a Delaware corporation ("Contractor"), will provide storage, auction and disposition services ("Services") on behalf of owner named above ("Owner").

At request of Owner, Contractor agrees to establish separate accounts under the terms of this Agreement for any other departments or agencies related to Owner for purposes of complying with Owner's financial accounting requirements. Contractor also recognizes the common practice in many jurisdictions to permit related agencies the opportunity to use the services in this Agreement (to "Piggyback") according to the terms and pricing contained herein.

Contractor further stipulates that any municipal, county, or state governmental agency located in the same state as Owner may also Piggyback this Agreement. Owner acknowledges Contractor has advised Owner about Contractor's nationally awarded contract vendor status from the National Joint Powers Alliance ("NJPA") for Services described in this Agreement, and Owner can obtain complete details of the related RFP process at [www.NJPAcoop.org](http://www.NJPAcoop.org).

This Agreement comprises the entire agreement between Contractor and Owner relating to the storage, auction and disposition of property and supersedes any prior understandings, agreements, or representations by or between the parties, be they written or oral.

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1. **Items Requiring Services.** Owner will designate items of property ("Property") it desires to provide to Contractor for Services. For the sake of clarity, in this Agreement, Property means smaller items, such as jewelry, electronics, bicycles and surplus spare parts, as well as larger items, such as cars, trucks, planes or industrial compressors. Contractor retains the right to accept or reject certain Property in its sole discretion.
2. **Title to Property.** Owner shall retain legal title to Property until it is purchased by auction or otherwise disposed of in accordance with the Agreement, at which time Owner will be deemed to have transferred title to the purchaser or other acquirer of the Property (the "Buyer"). Owner appoints Contractor as its representative and instrumentality to hold and offer for sale on Owner's behalf the Property, in accordance with this Agreement. Owner appoints Contractor as its attorney-in-fact to sign any and all documents necessary to assign to Buyers all of Owner's right, title and interest in and to Property sold or disposed. Owner's Property shall, at all times before sale or disposition, be subject to the direction and control of Owner. Cash receipts, accounts receivable, contract rights, notes, general intangibles, and other rights to payment of every kind, arising out of the sales and dispositions of Property (collectively the "Proceeds") belong to Owner, subject to payment of amounts owed by Owner to Contractor and to third parties pursuant to this Agreement, which amounts shall be disbursed by Contractor on behalf of Owner as provided herein.
3. **Services Offered.** Contractor offers four Services for storage, auction and disposition of Property. Owner may use all or any combination of Services depending on Owner's needs as well as the type and nature of Property. Descriptions below summarize the four Services. Attached data sheets, incorporated by reference, provide more details for each Service.

As and when applicable, for all four Services, Contractor agrees to use commercially reasonable efforts to store and auction Property as well as to dispose of Property not purchased at auction, subject to the ultimate control of Owner. Contractor shall sell and dispose of Property "as is" without any liability to Owner. Contractor is solely responsible for identifying and resolving sales and use tax issues arising from Property sales, including charging, collecting and remitting such taxes.

- a. **Portable Service.** The Portable Service applies to Property items small enough to be picked-up and loaded onto box trucks. Contractor will, on Owner's behalf as its representative, pick-up, test (if applicable and practicable), erase or destroy (in the case of electronic goods) hard disks and SIM cards, photograph, research, store, and list Property for sale by internet auction to the public on one or more domains selected by Contractor. Typical Property processed under the Portable Service include law enforcement property and evidence items approved for disposition, seized items, municipal surplus, and abandoned property as well as lost and found items.
- b. **Gold Service.** The Gold Service applies to Property items too large for pick-up in a box truck and for which Owner agrees to auction-in-place. At Owner's request, Contractor will list such Property for sale by internet auction to the public on one or more domains selected by Contractor. Contractor will use descriptions and digital photographs supplied by Owner. For the sake of clarity, with Gold Service, Contractor will not pick-up and store Property but rather Owner will maintain physical control until transfer of title to Buyers. Contractor will complete auctions and collect funds from Buyers and then provide Owner and Buyers mutual contact information to facilitate Property pick-up by Buyers. Typical Property processed under the Gold Service includes cars and trucks located too far from storage yards to make it economically feasible to tow; additional items include large compressors, generators, etc.
- c. **Titanium Service.** The Titanium Service applies to Property vehicles seized and or impounded by law enforcement agencies. At Owner's request, Contractor will receive tows of seized and impounded vehicles at local yard facilities ("Yards"), storing vehicles while awaiting Owner decision on whether to release a vehicle to a citizen or send to auction. For release-to-citizen vehicles ("Released Vehicles"), Contractor will process paperwork and collect storage fees from citizens. Alternatively, Contractor will, on Owner's behalf as its representative, clean, photograph, store and list the Property for sale by internet auction to the public. Contractor offers Titanium Services in conjunction with subcontractor, Copart, Inc., a publicly traded company ("Subcontractor") with approximately 150 Yards around the U.S.

- d. **Platinum Service.** The Platinum Service applies to the auctioning of municipal fleet vehicles and surplus equipment, i.e., Property. At Owner's request, Contractor will tow the Property to, or take delivery at Yards. Contractor will, on Owner's behalf as its representative, tow, verify drivability, clean, photograph, store and list Property for sale by internet auction to the public. Contractor offers Platinum Services in conjunction with Subcontractor. Typical Property sold under this service include municipal fleet vehicles such as automobiles and light trucks as well as specialty equipment such as fire trucks, ambulances, trash collection trucks, and other large public works equipment.

**4. Term and Termination.**

- a. The Agreement will become effective upon signature by the parties (the "Signature Date") and, as indicated in the top section of this Agreement, will continue for either:
  - (1) An initial term of 1-year from the Signature Date and thereafter will automatically renew for consecutive 1-year terms unless written notice of non-renewal is provided by either party to the other at least 60 days prior to the expiration of the then current term; or
  - (2) An initial term specified by the Owner of at least 1-year, after which a renewal agreement will be required by the Owner. If Owner selects this option, Contractor will send Owner a Notice of Renewal 60 days prior to Agreement expiration.
- b. The Agreement may be terminated by either party upon 30 days prior written notice to the other party.
- c. The rights of the parties to terminate the Agreement are not exclusive of any other rights and remedies available at law or in equity, and such rights will be cumulative. The exercise of any such right or remedy will not preclude the exercise of any other rights and remedies.
- d. Notwithstanding any termination by either party of the Agreement, Contractor will continue to remit Proceeds arising under the Agreement (net of amounts owed by Owner to Contractor and to third parties pursuant to the Agreement) in connection with any sales made before the effective date of the termination. At the time of termination, any unsold inventory shall continue to be auctioned by Contractor or disposed on behalf of Owner or returned to Owner, at Owner's election and cost.

**5. Allocation of Sales Proceeds.**

For all Services, "Winning Bid" means the highest amount committed and paid by any auction participant ("Buyer") for a Property item sold. For the sake of clarity, Winning Bid does not include shipping, buyer or other fees, nor does Winning Bid mean or include an amount that a Buyer commits to pay but later fails to pay.

**a. Portable Service**

- (1) **Sales Price.** Total Proceeds paid by Buyer shall be called "Sales Price." Sales Price shall include the Winning Bid plus fees (the "Fees"), such as shipping and handling, taxes, and insurance costs associated with the transaction and paid by Buyer.
- (2) **Transaction Costs.** Contractor shall utilize Fees, and not the Winning Bid, to pay or remit costs for shipping and handling, taxes, and insurance.
- (3) **Contractor Commission.** For each item of Property, Owner will pay to Contractor a fee (the "Contractor Commission") equal to 50% of the first \$1,000 of the Winning Bid and 25% of the Winning Bid portion, if any, that exceeds \$1,000. The amount of the Winning Bid remaining after deduction and payment of the Contractor Commission will be called "Owner's Gross Proceeds".
- (4) **Processing Costs.** Credit card processing costs ("Credit Card Cost") and affiliate processing fees (the "Affiliate Fees," which include commissions and processing costs paid to third parties if such a third party sent the winning bidder to the website), will be borne by Owner and Contractor in proportion to the ratio of Owner's Gross Proceeds to Contractor Commission. Owner's portion of Credit Card Cost and Affiliate Fees (collectively, the "Processing Costs") will be paid by Contractor to applicable third parties on Owner's behalf.
- (5) **Net Proceeds.** "Owner's Net Proceeds" shall mean the amount of the Winning Bid paid to Owner after deduction and payment of Contractor Commission and Processing Costs.

- (6) **Fuel Surcharge.** For Portable Services, Contractor does not charge pick-up fees, hourly labor rates or mileage charges. However, if and when fuel prices rise above a level as shown in the schedule below, a fuel surcharge ("Fuel Surcharge") will be paid to Contractor out of Owner's Net Proceeds for each manifest of Portable items. Contractor tracks benchmark average retail diesel prices as published online by the Energy Information Administration of the U.S. Department of Energy and resets the Fuel Surcharge quarterly based on average weekly pricing from the prior quarter. Fuel Surcharges, if any, are deducted from monthly Owner's Net Proceeds.

**Fuel Surcharge Schedule**

Retail Diesel (per gal)	Fuel Surcharge*
< \$ 2.50	\$ 0.00
\$ 2.50 to \$ 2.99	\$ 12.40
\$ 3.00 to \$ 3.49	\$ 24.80
\$ 3.50 to \$ 3.99	\$ 37.20
\$ 4.00 to \$ 4.49	\$ 49.60**

\* Divides across locations and/or sub-accounts picked-up same day

\*\* Table continues at same rate of \$12.40 increments per \$0.50 per gal change in Retail Diesel.

- (7) **Disposal.** To the extent that Property is not sold by auction, Contractor will dispose of Property in a commercially reasonable manner, including, but not limited to, sending to recycling, landfill, or scrap processor. Owner understands and agrees:
  - (a) For Property not sold by Auction, disposition activities create additional Contractor processing costs (the "Disposal Costs") and potentially a disposition Sales Price (the "Disposition Proceeds").
  - (b) Disposal Costs include, but are not limited to, labor cost of reloading Property onto a truck, labor and vehicle costs associated with transporting Property for disposition, and third-party fees, such as landfill, recycling, and hazardous material disposal fees.
  - (c) Disposition Proceeds include, but are not limited to, a Sales Price obtained for scrap metal.
  - (d) Contractor will bear the burden of Disposal Costs.
  - (e) Contractor will retain Disposition Proceeds, if any, as an offset to Disposal Costs, except if Disposition Proceeds for an item of Owner Property exceed \$250, in which case Owner shall be entitled to retain a portion of Disposition Proceeds calculated in accordance with Section 5a above, provided that Disposition Proceeds will be deemed be equivalent to "Winning Bid" and the Disposal Costs will be deducted as a processing cost under Section 5a(4) above.
- b. **Gold Service**
  - (1) **Sales Price, Transaction Costs, Processing Costs & Net Proceeds.** Same as in 5a(1), 5a(2), 5a(4) and 5a(5).
  - (2) **Contractor Commission.** For each item of Property sold at auction, Owner will pay to Contractor a fee equal to 5% of the Winning Bid. In addition, Contractor will separately charge Buyer a 15% buyer's premium paid directly to Contractor by Buyer (the "Buyer's Premium").
- c. **Titanium Service.** Owner will pay Contractor a "Contractor Commission", "Tow Fees", and "Storage Fees" as described below
  - (1) **Contractor Commission.** For each item of Property sold at auction, Owner will pay to Contractor a fee equal to 12.5% of the Winning Bid.
  - (2) **Tow Fees.** For vehicles that can be hauled on a standard vehicle transporter, such as automobiles and light trucks, tow services are provided for free within thirty nautical miles of any Yard. A \$10 tow fee applies for every additional 10 nautical miles, or portion thereof, over

the first 30 free nautical miles: For over-sized vehicle tows (e.g., cranes, buses, backhoes, etc.) Contractor will seek competitive bids from several haulers and Owner may choose which company to use. In addition, fees for acquiring titles on behalf of Owner, if any, will be borne entirely by Owner.

- (3) **Buyer Fees.** Subcontractor will charge fees to Buyers for additional services, such as lot access, vehicle loading assistance, shipping and transportation, and other services.
  - (4) **Storage Fees.** For Owner vehicles sold at auction, daily storage fees ("Owner Storage Fees") equal \$5.00 per vehicle per day. For Release Vehicles, daily storage fees ("Citizen Storage Fees") equal \$10.00 per vehicle per day. Owner has the right to charge citizens higher storage fees for Release Vehicles and Contractor will collect such fees along with other citizen fees set by Owner, such as tow charges, administrative charges, court processing fees, etc. ("Citizen Payments").
  - (5) **Net Proceeds.** "Owner's Net Proceeds" shall mean the amount of the Winning Bid plus Citizen Payments (if any) paid to Owner after deduction and payment of Contractor Commission, Tow Fees (if any), Owner Storage Fees, Citizen Storage Fees, and any other fees for ancillary services requested by Owner, such as title fees, decal removal, etc.
- d. **Platinum Service.** Owner will pay Contractor a "Contractor Commission" and "Tow Fees" as described below. Note: There are no storage fees for Platinum accounts.
- (1) **Contractor Commission.** Same as 5c(1).
  - (2) **Tow Fees.** Same as 5c(2).
  - (3) **Buyer Fees.** Same as 5c(3).
  - (4) **Net Proceeds.** Same as 5c(5)
6. **Payment Terms.** Once a month, Contractor will remit to Owner the Owner's Net Proceeds arising from completed sales and Services rendered during the prior month. Sales are deemed completed when all items comprising a line item on the original manifest or other list of Property are sold. With each payment of Owner's Net Proceeds, Contractor will make available to Owner, online, a report setting forth the following information for the immediately preceding month:
- a. Completed sales during the prior month, including the total amount of related Proceeds collected, Citizen Remittances (if any), Contractor Commissions, the Owner and Contractor share of Processing Costs, Tow Fees (if any), Owner and Citizen Storage fees (if any), any applicable Title Fees and/or Fuel Surcharges, and Owner's Net Proceeds;
  - b. Other dispositions of Property during the month; and
  - c. The Property, if any, inventoried by Contractor at end of month.
7. **Contractor Obligations.** With respect to Contractor's delivery of Services:
- a. Contractor will exercise due care in the handling and storage of Property;
  - b. Contractor shall keep Property free of liens, security interests, and encumbrances, and shall pay when due all fees and charges with respect to the Property;
  - c. Contractor shall sign and deliver to Owner any UCC-1 financing statements or other documents reasonably requested by Owner;
  - d. Contractor shall obtain and maintain insurance in an amount (determined by Contractor) not less than the replacement value of Property in its possession. The insurance will cover the Property against fire, theft, and extended coverage risks ordinarily included in similar policies. Contractor shall give Owner a certificate or a copy of each of the above upon Owner's request.
  - e. Contractor agrees, in order to help Owner comply with local public notification statutes, if any, as well as to help Owner achieve higher Winning Bids, to allow Owner to place one or more clickable links (the "Links") from one or more Owner websites to [www.PropertyRoom.com](http://www.PropertyRoom.com) or other websites Contractor uses for sale of Owner items. Contractor agrees to supply technical requirements for Links to Owner.
8. **Owner Obligations.** While this Agreement is not exclusive and has no minimum requirements, Owner will use reasonable efforts to provide Contractor such Property as becomes available for sale. Owner will complete paperwork reasonably necessary to convey custodial possession of Property

items to Contractor, including a written manifest or list that describes the items of Property in sufficient detail for identification.

Owner agrees it will not knowingly provide Property that is illegal or hazardous or infringes the intellectual property rights of any third party ("Prohibited Property"), including but not limited to explosives, firearms, counterfeit or unauthorized copyrighted material ("knock-offs"), poisons or pharmaceuticals. In the event Contractor determines in good faith that any Property consists of Prohibited Property, Contractor shall have the right to immediately suspend or cancel (even if completed) any auction or disposal of such Property and may refuse to sell, offer to sell or otherwise dispose of such Property. To the extent requested by Contractor, Owner will provide reasonable assistance in determining whether such Property in fact consists of Prohibited Property.


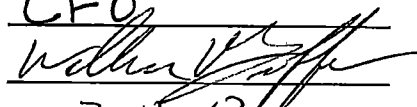
In the event any Buyer asserts a claim that any Property consists of Prohibited Property and Contractor determines in good faith that such claim is reasonably likely to be determined to be correct, Contractor may, in its discretion, accept the return of such Property and refund the Sales Price for such Property to Buyer, in which event Contractor may then destroy such Property or return such Property to Owner and such refunded Sales Price shall be deducted from future remittances of Owner's Net Proceeds made by Contractor.

9. **Restrictions on Bidding.** Contractor and its employees and agents may not directly or indirectly bid for or purchase auctioned Property on Contractor websites.
10. **Representations and Warranties of Owner.** Owner hereby represents warrants and covenants as follows (the "Conditions Precedent"):
  - a. Property delivered to Contractor is available for sale to the general public without any restrictions or conditions whatever and does not consist of Prohibited Property; and
  - b. Owner has taken necessary actions for Owner to auction the Property or to transfer title to the Property to Buyers.
11. **Books and Records.** Contractor will keep complete and accurate books of account, records, and other documents with respect to the Agreement ("Books and Records") for at least 3 years following Agreement expiration or termination. Upon reasonable notice, Books and Records will be available for inspection by Owner, at Owner's expense, at the location where Books and Records are regularly maintained, during normal business hours.
12. **Assignment.** The Agreement may not be assigned, in whole or in part, by either of the parties without the prior written consent of the other party (which consent may not be unreasonably withheld or delayed). Notwithstanding the foregoing, an assignment of the Agreement by either party to any subsidiary or affiliate or a third party acquisition of all or substantially all of the assets of such party will not require the consent of the other party, so long as such subsidiary, affiliate or acquiring entity assumes all of such party's obligations under the Agreement. No delegation by Contractor of any of its duties hereunder will be deemed an assignment of the Agreement, nor will any changes in control or any assignment by operation of law by either party. Subject to the restrictions contained in this section, the terms and conditions of the Agreement will bind and inure to the benefit of each of the respective successors and assigns of the parties hereto.
13. **Notices.** Any notice or other communication given under the Agreement will be in writing and delivered by hand, sent by facsimile (provided acknowledgment of receipt thereof is delivered to the sender), sent by certified, registered mail or sent by any nationally recognized overnight courier service to the addresses provided on the signature page of the Agreement. The parties may, from time to time and at any time, change their respective addresses and each will have the right to specify as its address any other address by at least 10 days written notice to the other party.
14. **Interpretation.** Whenever possible, each provision of the Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of the Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent

of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of the Agreement. The Agreement headings are inserted for convenience of reference only and shall not constitute a part hereof.

- 15. **Governing Law.** The internal law, and not the law of conflicts, of the state in which Owner is located will govern all questions concerning construction, validity and interpretation of the Agreement and the performance of the obligations imposed by the Agreement. The proper venue for any proceeding at law or in equity will be the state and county in which the Owner is located, and the parties waive any right to object to the venue.
- 16. **Further Assurances.** Contractor and Owner will each sign such other documents and take such actions as the other may reasonably request in order to effect the relationships, Services and activities contemplated by the Agreement and to account for and document those activities.
- 17. **Relationship of the Parties.** No representations or assertions will be made or actions taken by either party that could imply or establish any joint venture, partnership, employment or trust relationship between the parties with respect to the subject matter of the Agreement. Except as expressly provided in the Agreement, neither party will have any authority or power whatsoever to enter into any agreement, contract or commitment on behalf of the other, or to create any liability or obligation whatsoever on behalf of the other, to any person or entity. Whenever Contractor is given discretion in the Agreement, Contractor may exercise that discretion solely in any manner Contractor deems appropriate. Contractor shall not be liable to Owner for any Losses incurred by reason of any act or omission performed or omitted by Contractor in good faith on behalf of the Owner and in a manner reasonably believed to be within the scope of authority conferred on Contractor by the Agreement, except that Contractor shall be liable for any such Losses incurred by reason of Contractor's fraud, gross negligence or willful misconduct.
- 18. **Force Majeure.** Neither party will be liable for any failure of or delay in performance of the Agreement for the period that such failure or delay is due to acts of God, public enemy, war, strikes or labor disputes, or any other cause beyond the parties' reasonable control (each a "Force Majeure"), it being understood that lack of financial resources will not be deemed a cause beyond a party's control. Each party will notify the other party promptly of any Force Majeure occurrence and carry out the Agreement as promptly as practicable after such Force Majeure is terminated. The existence of any Force Majeure will not extend the term of the Agreement.

This Agreement, including all of the terms and conditions set forth above as well as the data sheet attachments for the four Contractor service offerings and any addendum prepared by the Owner (indicate inclusion of Owner Addendum by checking here: ) comprises the entire Agreement between the Parties. This Agreement cannot be modified except in writing by the duly authorized representatives of both parties.

	OWNER	CONTRACTOR
Signor Name:	<u>Q. Troy Thomas</u>	<u>William V. Griffith</u>
Signor Title:	<u>Director of Finance and Purchasing</u>	<u>CEO</u>
Signature:		
Date:	<u>July 8, 2013</u>	<u>7-12-13</u>

APPROVED AS TO FORM

  
County Counselor