

GS \$Mart Alpha Plan with Salvage Rider Version 1.5

WHEREAS, the State of California acting by and through the Department of General Services of the State of California (the "State") desires to establish a salvage date and salvage price for the personal property (the "Equipment") acquired pursuant to the attached Purchase Order/Contract _____ dated _____ and the related Alpha Plan, Version ____, dated _____, ____ (the "Contract") in order to facilitate the planned disposition of the Equipment that is further described in the attached Schedule A;

WHEREAS, through a competitive bidding process in accordance with the laws of the State of California, this Salvage Contract has been awarded to _____ (the "Salvage Company") upon the terms and conditions hereinafter set forth;

WHEREAS, the Salvage Company is not the supplier of the Equipment;

NOW, THEREFOR, THE STATE AND THE SALVAGE COMPANY DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Sale of Salvage Rights to Equipment. The State does hereby agree to sell and the Salvage Company does hereby agree to purchase the salvage rights to the Equipment upon the terms and conditions set forth herein for the sum of _____ dollars (\$ _____) (the "Salvage Price"), receipt of which is hereby acknowledged by the State. The State directs the Salvage Company to pay the Salvage Price to the Lender for application by the Lender as a down payment on the purchase price of the Equipment thus reducing the amount financed under the Contract. On _____, _____ (the "Salvage Date") which is a date not less than thirty-six (36) months after the date hereof, the Salvage Company shall receive title and have the sole and exclusive right to the Equipment, as set forth in Section 2. If all or any portion of the Equipment is lost, damaged or destroyed prior to the Salvage Date, the State, after payment to Lender pursuant to Section XII of the Contract, shall pay to the Salvage Company an amount equal to the Casualty Value Percentage included on the Payment Schedule multiplied by the original equipment cost listed on the original Purchase Order.

SECTION 2. Salvage Rights of the Salvage Company.

(a) On the Salvage Date, provided that the Lender has received full payment of all sums due it under the Contract, the State may choose to exercise one of the three (3) options: (i) Return the Equipment to the Salvage Company in accordance with terms and conditions set out in this paragraph; (ii) extend for a specific period at mutually agreeable terms; or (iii) purchase the Equipment from the Salvage Company at a mutually agreeable price. The State will provide the Salvage Company with not less than sixty (60) days and not more than twelve (12) months prior written notice as to which option the State will exercise. If no written notice is received, the payments will continue at the same rate on a month-to-month basis until either party gives sixty (60) days prior written notice of termination. The effective date of such sixty (60) day notice of termination shall be the last day of the month in which notice was given. In so terminating this month-to-month extension, the State may elect to exercise any of the three (3) options set out above. The State shall remit any and all payments due after the Salvage Date to the Salvage Company, provided that the Lender has received full payment of all sums due it under the Contract. The State will pay any applicable taxes related to the Equipment after the Salvage Date including but not limited to sales tax, use tax and property tax.

(b) In the event that the State elects to return the Equipment, the State chooses to (MUST SELECT ONE BOX):

&127; Return the Equipment itself, at its own expense, which includes having the Equipment de-installed, packed and shipped, with proper in-transit insurance, by surface carrier to a location, or several locations at the Salvage Company's request at the time the Salvage Contract is entered into, within the continental United States as directed by the Salvage Company (the "Salvage Site"). If these locations should change throughout any part of the term, the Salvage Company will notify the State in writing as to the request for change of return location. The new location can not be more than 1,000 miles away from the original location and must be within the continental United States. The location change will occur via an amendment to this agreement, signed by both the State and the Salvage Company. All costs of removing the Equipment shall be paid by the State and the Salvage Company shall have no obligation for any such costs. The State shall bear all risk of loss with respect to the Equipment until it is delivered to the Salvage Site. Upon receipt by the Salvage Company, the Equipment must be in good condition and working order, normal wear and tear excepted. If the Equipment does not arrive at the Salvage Site within twenty (20) State of California business days of the Salvage Date or such other date mutually agreed to after the Salvage Date, the State will be charged for the late delivery of the Equipment. Such late charge will be charged as a daily proration of 100% of the Installment Payment, to be calculated from the Salvage Date through the delivery of the Equipment to the Salvage Site. Should the delinquency extend for more than thirty (30) days after the Salvage Date or the date mutually agreed to after the Salvage Date, additional late charges will no longer be prorated, but will be assessed as a minimum of one additional month's installment payment. These monthly payments will be due and payable to the Salvage Company and will continue until the Equipment is received by the Salvage Company. Once the Equipment is delivered to the Salvage Site, title and ownership of the Equipment shall pass from the State to the Salvage Company, assuming that the Lender has been fully paid and that the Equipment is returned in good condition and working order. Upon acceptance by the Salvage Company, the State shall have no further responsibility or liability with respect to the Equipment. The State shall execute any documents reasonably requested by the Salvage Company to evidence such change in ownership of the Equipment.

&127; Direct the Salvage Company to be responsible for deinstallation, packing and shipping all Equipment. The State acknowledges and agrees that these costs will be reflected in the quoted Salvage Price and that it cannot request the Salvage Company to incur such costs after the Salvage contract has been executed. Title and ownership of the Equipment shall pass from the State to the Salvage Company, assuming that the Lender has been fully paid and that the Equipment is returned in good condition and working order, upon acceptance by the Salvage Company beginning at the deinstallation period. At that point, the State shall have no further responsibility or liability with respect to the Equipment. The State shall execute any documents reasonably requested by the Salvage Company to evidence such change in ownership of the Equipment.

SECTION 3. Tax Compliance by the State. The State shall apply the Salvage Price in a manner consistent with the Tax Covenants set forth in the Contract. The Salvage Company shall have no responsibility for the application of the Salvage Price by the State. The State agrees to comply with the Tax Covenants in connection with the Equipment, and the salvage arrangements therefor as set forth in this Salvage Contract. In connection with the foregoing, the State does hereby confirm that the Salvage Price is less than nine point nine percent (9.9%) of the financed purchase price of the Equipment and that the State and the Salvage Company reasonably expect that the economic value of the Equipment shall be depleted.

SECTION 4. Miscellaneous. This Salvage Contract shall be construed in accordance with the laws of the State of California, and may only be amended or assigned in writing by both parties hereto. This Salvage Contract does not amend or alter the Contract in any way. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Contract.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Salvage Contract on the date set forth below.

Date: _____

STATE OF CALIFORNIA

[SALVAGE COMPANY]

Signed _____

Signed

Name _____

Name _____

Title _____

Title _____