

PERSONAL SERVICES CONTRACT

County of Nevada, California

This Personal Services Contract is made between the COUNTY OF NEVADA (herein "County"), and

Riebes Auto Parts LLC

(herein "Contractor"), wherein County desires to retain a person or entity to provide the following services, materials and products generally described as follows:

(§1) **Integrated vehicle and equipment parts facility operation**

SUMMARY OF MATERIAL TERMS

(§2) **Maximum Contract Price:** \$650,832
(§3) **Contract Beginning Date:** 04/01/18 **Contract Termination Date:** 06/30/19
(§4) **Liquidated Damages:** \$0

INSURANCE POLICIES

Designate all required policies:		Req'd	Not
Req'd			
(§6)	Commercial General Liability (\$1,000,000)	<u> x </u>	<u> </u>
(§7)	Automobile Liability (\$ 300,000) Personal Auto	<u> </u>	<u> x </u>
	(\$1,000,000) Business Rated	<u> </u>	<u> x </u>
	(\$1,000,000) Commercial Policy	<u> x </u>	<u> </u>
(§8)	Worker's Compensation	<u> x </u>	<u> </u>
(§9)	Errors and Omissions (\$1,000,000)	<u> </u>	<u> x </u>

LICENSES AND PREVAILING WAGES

(§14) Designate all required licenses:
N/A

NOTICE & IDENTIFICATION

(§26) Contractor: Reibes Auto Parts LLC 5404 Pacific Street Rocklin, CA 95677	County of Nevada: Department of Public Works 12548 Loma Rica Drive Grass Valley, CA 95945
Contact Person: Jason Stillway (530)745-0180 e-mail: Jason_s@riebes.com	Contact Person: Scotty Borrer (530)273-6117 x104 e-mail: scotty.borrer@co.nevada.ca.us

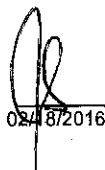
Contractor is a: (check all that apply)

Corporation:	<u> </u> Calif.,	<u> </u> Other,	<u> x </u> LLC,	<u> </u> Non-profit
Partnership:	<u> </u> Calif.,	<u> </u> Other,	<u> </u> LLP,	<u> </u> Limited
Person:	<u> </u> Indiv.,	<u> </u> DbA,	<u> </u> Ass'n	<u> </u> Other

EDD: Independent Contractor Worksheet Required: Yes x No
HIPAA: Schedule of Required Provisions (Exhibit D): Yes x No

ATTACHMENTS

Designate all required attachments:	Req'd	Not Req'd
Exhibit A: Schedule of Services (Provided by Contractor)	<u> x </u>	<u> </u>
Exhibit B: Schedule of Charges and Payments (Paid by County)	<u> x </u>	<u> </u>
Exhibit C: Schedule of Changes (Additions, Deletions & Amendments)	<u> x </u>	<u> </u>
Exhibit D: Sample Profit and Loss Statement	<u> x </u>	<u> </u>



Terms

Each term of this Contract below specifically incorporates the information set forth in the Summary at page one (1) above as to each respective section (§) therein, as the case may be.

Services

1. Scope of Services:

Contractor shall provide all of the services, materials and products (herein "Services") generally described in **Exhibit "A"**, according to a performance schedule, if applicable, as set forth in said exhibit (herein "Performance Schedule"). If requested, Contractor agrees to serve as an expert witness for County in any third party action or proceeding arising out of this Contract.

Payment

2. Charges and Payments:

The charges (herein "Charges") for furnishing the aforesaid Services under this Contract are set forth in **Exhibit "B"**, including, if applicable, hourly rates, unit pricing, and expense, mileage and cost limits. Said Charges shall be presented monthly by invoice, and shall be due within thirty (30) days of receipt unless payment is otherwise set forth in said **Exhibit "B"**, and shall remain in effect for the entire term of this Contract, and any extension hereof. In no event will the cost to County for Services to be provided under this Contract, including direct non-salary expenses, exceed the **Maximum Contract Price** set forth at §2, page one (1), above.

Time for Performance

3. Contract Term:

This Contract shall commence on the **Contract Beginning Date** set forth at §3, page one (1), above. All Services required to be provided by this Contract shall be completed and ready for acceptance no later than the **Contract Termination Date** set forth at §3, page one (1), above.

4. Liquidated Damages:

County and Contractor agree that damages to County due to delays in timely providing Services in accordance with the aforesaid Performance Schedule and Contract Termination Date are impractical and difficult to ascertain. Therefore, if §4 at page one (1) hereof shall indicate a daily amount as **Liquidated Damages**, County shall have the right to assess said daily sum, not as a penalty, but as and for damages to County due to delays in providing Services not in accordance with the said Performance Schedule, or later than the Contract Termination Date (herein "Delay"). Liquidated Damages shall be offset against amounts owing to Contractor, including retention sums.

To the extent that any Delay is a result of matters or circumstances wholly beyond the control of Contractor, County may excuse said Liquidated Damages; provided however, that County may condition such excuse upon Contractor having given prompt notice to County of such delay immediately by telephone and thereafter by written explanation within a reasonable time. The time for Contractor's performance shall be extended by the period of delay, or such other period as County may elect.

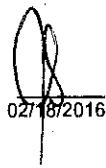
5. Time of the Essence:

Time is of the essence with respect to Contractor's performance under this Contract. Delay in meeting the time commitments contemplated herein will result in the assessment of liquidated damages, if indicated at §4 at page one (1), hereof. If Liquidated Damages are not so indicated, damages shall be as otherwise provided by law.

Insurance

6. Commercial General Liability Insurance: (County Resolution No. 90674)

If §6 at page one (1) hereof shall indicate a **Commercial General Liability** insurance policy is required, Contractor shall promptly provide proof of such insurance evidenced by a certificate of insurance with properly executed endorsements attached, which insurance shall include the following:



- (i) Broad form coverage for liability for death or bodily injury to a person or persons, and for property damage, combined single limit coverage, in the minimum amount indicated at said §6;
- (ii) An endorsement naming County as an additional insured under said policy, with respect to claims or suits arising from the Services provided or the relationships created under this Contract;
- (iii) A provision that said insurance shall be primary and other insurance maintained by the County of Nevada shall be excess only and not contributing with Contractor's insurance;
- (iv) A provision that said insurance shall provide for thirty (30) days written notice to County of any termination or change in coverage protection, or reduction in coverage limits (except ten (10) days notice for non-payment of premium).

7. Automobile Liability Insurance: (County Resolution No. 90676)

If §7 at page one (1) hereof shall require either a Business Rated or a Commercial Automobile Liability insurance policy, for each vehicle used including non-owned and hired automobiles, Contractor shall promptly provide proof of such insurance evidenced by a certificate of insurance with properly executed endorsements attached, which insurance shall include the following provisions:

- (i) Liability protection for death or bodily injury to a person or persons, property damage, and uninsured and underinsured coverage, combined single limit coverage, in the minimum amount indicated at said §7;
- (ii) An endorsement naming County as an additional insured under said policy, with respect to claims or suits arising from the Services provided or the relationships created under this Contract;
- (iii) A provision that said insurance shall be primary and other insurance maintained by the County of Nevada shall be excess only and not contributing with Contractor's insurance;
- (iv) A provision that said insurance shall provide for thirty (30) days written notice to County of any termination or change in coverage protection, or reduction in coverage limits (except ten (10) days notice for non-payment of premium).

If §7 at page one (1) hereof shall require a Personal Auto policy, for each vehicle used including non-owned and hired automobiles, Contractor shall promptly provide proof of such insurance for a minimum of three hundred thousand dollars, (\$300,000), in combined single limits, and naming the County as additionally insured.

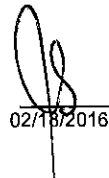
8. Worker's Compensation: (County Resolution No. 90674)

If §8 at page one (1) hereof shall indicate a **Worker's Compensation** insurance policy is required, Contractor shall maintain said policy as required by law, and shall promptly provide proof of such insurance evidenced by a certificate of insurance, or other documentation acceptable to County.

Before commencing to utilize employees in providing Services under this Contract, Contractor warrants that it will comply with the provisions of the California Labor Code, requiring Contractor to be insured for worker's compensation liability or to undertake a program of self-insurance therefor.

9. Errors and Omissions:

If §9 at page one (1) hereof shall indicate **Errors and Omissions** insurance is required, Contractor shall maintain either a professional liability or errors & omissions policy in the minimum amount indicated, and shall promptly provide proof of such insurance evidenced by a certificate of insurance, or other documentation acceptable to County.



10. Miscellaneous Insurance Provisions: (County Resolution No. 90675)

All policies of insurance required by this Contract shall remain in full force and effect throughout the life of this Contract and shall be payable on a "per occurrence" basis unless County specifically consents to "claims made" coverage. If the County does consent to "claims made" coverage and if Contractor changes insurance carriers during the term of this Contract or any extensions hereof, then Contractor shall carry prior acts coverage.

Insurance afforded by the additional insured endorsement shall apply as primary insurance, and other insurance maintained by County, its officers, agents and/or employees, shall be excess only and not contributing with insurance required or provided under this agreement.

At all times, Contractor shall keep and maintain in full force and effect throughout the duration of this Contract, policies of insurance required by this Contract which policies shall be issued by companies with a Best's Rating of B+ or higher (B+, B++, A-, A, A+ or A++), or a Best's Financial Performance Rating (FPR) of 6 or higher (6, 7, 8 or 9) according to the current Best's Key Rating Guide, or shall be issued by companies approved by the County Risk Manager. In the event the Best's Rating or Best's FPR shall fall below the rating required by this paragraph, Contractor shall be required to forthwith secure alternate policies which comply with the rating required by this paragraph, or be in material breach of this Contract.

Failure to provide and maintain the insurance policies (including Best's ratings), endorsements, or certificates of insurance required by this Contract shall constitute a material breach of this agreement (herein "Material Breach"); and, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to suspend payments hereunder, or terminate this Contract, or both. (See §13, ¶2, below, as these provisions additionally apply to subcontractors.)

11. Indemnity:

Nothing herein shall be construed as a limitation of Contractor's liability, and Contractor shall indemnify, defend and hold harmless the County and its officers, officials, employees, agents and volunteers from any and all liabilities, claims, demands, damages, losses and expenses (including, without limitation, defense costs and attorney fees of litigation) which result from the negligent act, willful misconduct, or error or omission of Contractor, except such loss or damage which was caused by the sole negligence or willful misconduct of County or its officers, officials, employees, agents and volunteers.

Personal Services

12. Contractor as Independent:

In providing services herein, Contractor, and the agents and employees thereof, shall act in an independent capacity and as an independent contractor and not as agents or employees of County.

13. Assignment and Subcontracting:

Except as specifically provided herein, the rights, responsibilities, duties and Services to be performed under this Contract are personal to the Contractor and may not be transferred, subcontracted, or assigned without the prior written consent of County. Contractor shall not substitute nor replace any personnel for those specifically named herein or in its proposal without the prior written consent of County.

Contractor shall cause and require each transferee, subcontractor and assignee to comply with the insurance provisions set forth herein at §§6, 7, 8, 9 and 10, to the extent such insurance provisions are required of Contractor under this Contract. Failure of Contractor to so cause and require such compliance by each transferee, subcontractor and assignee shall constitute a Material Breach of this agreement, and, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to suspend payments hereunder, or terminate this Contract, or both.

14. Licensing and Permits:

Contractor warrants (i) Contractor is qualified and competent to provide all Services under this contract; (ii) Contractor and all employees of Contractor hold all necessary and appropriate

licenses therefor, including those licenses set forth at §14, page one (1) hereof; and, (iii) Contractor shall obtain, and remain in compliance with, all permits necessary and appropriate to provide said Services. Contractor shall cause said licenses and permits to be maintained throughout the life of this Contract. Failure to do so shall constitute a Material Breach of this agreement, and, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to suspend payments hereunder, or terminate this Contract, or both.

Public Contracts

15. Prevailing Wage and Apprentices:

To the extent made applicable by law, performance of this Contract shall be in conformity with the provisions of California Labor Code, Division 2, Part 7, Chapter 1, commencing with Section 1720 relating to prevailing wages which must be paid to workers employed on a public work as defined in Labor Code §§1720, et seq.; and shall be in conformity with Title 8 of the California Code of Regulations §§200 et seq., relating to apprenticeship. Where applicable:

(i) Contractor shall comply with the provisions thereof at the commencement of Services to be provided herein, and thereafter during the term of this Contract. A breach of the requirements of this section shall be deemed a material breach of this contract. Applicable prevailing wage determinations are available on the California Department of Industrial Relations website at <http://www.dir.ca.gov/OPRL/PWD>.

(ii) Contractor and all subcontractors must comply with the requirements of Labor Code Section 1771.1(a) pertaining to registration of contractors pursuant to Section 1725.5. Registration and all related requirements of those Sections must be maintained throughout the performance of the Contract.

(iii) Contracts to which these prevailing wage requirements apply are subject to compliance monitoring and enforcement by the Department of Industrial Relations. Each contractor and subcontractor must furnish certified payroll records to the Labor Commissioner at least monthly.

(iv) The County is required to provide notice to the Department of Industrial Relations of any public work contract subject to prevailing wages within five (5) days of award.

16. Accessibility (County Resolution No. 00190):

It is the policy of the County of Nevada that all County services, programs, meetings, activities and facilities shall be accessible to all persons, and shall be in compliance with the provisions of the Americans With Disabilities Act and Title 24, California Code of Regulations. To the extent this Contract shall call for Contractor to provide County contracted services directly to the public, Contractor shall certify that said direct Services are and shall be accessible to all persons.

17. Nondiscriminatory Employment:

In providing Services hereunder, Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, national origin, political affiliation, ancestry, marital status or disability. This policy does not require the employment of unqualified persons.

18. Prior Nevada County Employment (County Resolution No. 03-353):

Effective July 22, 2003, it is the policy of the County of Nevada that former members of the Board of Supervisors, a former CEO, or a former Purchasing Agent, for a period of twelve (12) months following the last day of employment, shall not enter into any relationship wherein that former employee or former Board member receives direct remuneration from a legal entity that, during the last twelve (12) months of said employment or Board member's service, entered into a contract with, or received a grant from the County of Nevada. Provided however, that this prohibition shall not apply to any employee that did not personally approve a contract with or grant to said legal entity during the last twelve (12) months of said employment, and shall not apply when

the Board of Supervisors did not approve a contract with or grant to said legal entity during the last twelve (12) months of said Board member's service.

A violation of this policy shall subject Contractor to all of the remedies enumerated in said resolution and as otherwise provided in law, which remedies shall include but not be limited to injunctive relief, cancellation and voiding of this contract by County, a return of grant money, a cause of action for breach of contract, and entitlement to costs and reasonable attorney fees in any action based upon a breach of contract under this provision.

19. Cost Disclosure:

In accordance with Government Code Section 7550, should a written report be prepared under or required by the provisions of this Contract, Contractor agrees to state in a separate section of said report the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of said report

Default and Termination

20. Termination:

A Material Breach of this Contract pursuant to the terms hereof or otherwise, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to immediately suspend payments hereunder, or terminate this contract, or both, **without notice**.

If Contractor fails to timely provide in any manner the services materials and products required under this Contract, or otherwise fails to promptly comply with the terms of this Contract, or violates any ordinance, regulation or other law which applies to its performance herein, County may terminate this Contract by giving **five (5) days written notice** to Contractor.

Either party may terminate this Contract for any reason, or without cause, by giving **thirty (30) calendar days written notice** to the other, which notice shall be sent by registered mail in conformity with the notice provisions, below. In the event of termination not the fault of the Contractor, the Contractor shall be paid for services performed to the date of termination in accordance with the terms of this Contract. Contractor shall be excused for failure to perform services herein if such performance is prevented by acts of God, strikes, labor disputes or other forces over which the Contractor has no control.

County, upon giving **sixty (60) calendar days written notice** to Contractor, shall have the right to terminate its obligations under this Contract at the end of any fiscal year if the County or the State of California, as the case may be, does not appropriate funds sufficient to discharge County's obligations coming due under this contract.

Miscellaneous

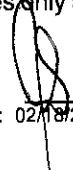
21. Books of Record and Audit Provision:

Contractor shall maintain complete records relating to this Contract for a period of five (5) years from the completion of Services hereunder. Said records shall include but not be limited to bids and all supporting documents, original entry books, canceled checks, receipts, invoices, payroll records including subsistence, travel and field expenses, together with a general ledger itemizing all debits and credits

Contractor shall permit County to audit said records as well as such related records of any business entity controlled by Contractor. Said audit may be conducted on Contractor's premises or at a location designated by County, upon fifteen (15) days notice. Contractor shall promptly refund any moneys erroneously charged and shall be liable for the costs of audit if the audit establishes an over-charged of five percent (5%) or more of the Maximum Contract Price.

22. Intellectual Property:

All original photographs, diagrams, plans, documents, information, reports, computer code and all recordable media together with all copyright interests thereto (herein "Intellectual Property"), which concern or relate to this Contract and which have been prepared by, for or submitted to Contractor, shall be the property of County, and upon fifteen (15) days demand therefor, shall be promptly delivered to County without exception. Provided however, for personal purposes only and



not for commercial, economic or any other purpose, Contractor may retain a copy of Contractor's work product hereunder.

23. Entire Agreement:

This Contract represents the entire agreement of the parties, and no representations have been made or relied upon except as set forth herein. This Contract may be amended or modified only by written, fully executed agreement of the parties.

24. Jurisdiction and Venue:

This Contract shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue shall be in Nevada County, California.

25. Compliance with Applicable Laws:

The Contractor shall comply with any and all federal, state and local laws, codes, ordinances, rules and regulations which relate to, concern or affect the Services to be provided by this Contract.

26. Notices:

This Contract shall be managed and administered on County's behalf by the department and the person set forth at §26, page one (1) of this Contract, and all invoices shall be submitted to and approved by this Department. In addition to personal service, all notices may be given to County and to Contractor by first class mail addressed as set forth at said §26 Said notices shall be deemed received the fifth (5th) day following the date of mailing or the earlier date of personal service, as the case may be.

27. Authority:

All individuals executing this Contract on behalf of Contractor represent and warrant that they are authorized to execute and deliver this Contract on behalf of Contractor.

IN WITNESS WHEREOF, the parties have executed this Contract effective on the Beginning Date, above.

CONTRACTOR

Name: Jason Stillway
Title: LOO

Dated: _____

COUNTY OF NEVADA:

Honorable Hank Weston
Chair, Board of Supervisors

Dated: _____

Attest: _____
Julie Patterson Hunter
Clerk of the Board

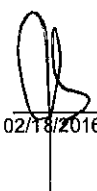


EXHIBIT "A"

SCHEDULE OF SERVICES

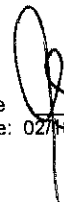
1. **DEFINITIONS.** For purposes of this Agreement, the following terms shall have the meanings set forth below:
 - a. **Primary Supplier** shall mean the parts supplier that provides a minimum of ninety percent (90%) of the Inventory needs of COUNTY.
 - b. **Current NAPA Jobber Acquisition Cost** shall mean NAPA's current gold price as set forth on NAPA's Confidential Jobber Cost and Suggested Resales price list.
2. **COUNTY'S CURRENT LOCATIONS.** CONTRACTOR will establish On Site Store(s) at the COUNTY'S following location: 12548 Loma Rica Drive, Grass Valley, CA 95945; Manager: Scotty Borrer
The location identified above may be revised but only by a written amendment executed and agreed to by both the COUNTY and CONTRACTOR.
3. **DUTIES AND RESPONSIBILITIES OF CONTRACTOR.** CONTRACTOR shall have the following duties and responsibilities during the term of this Agreement:
 - a. Within 30 days of execution of the contract, CONTRACTOR will verify COUNTY inventory and provide a list of such inventory complete with part description, number of parts, itemized cost per part and total cost of inventory. CONTRACTOR agrees to purchase the initial inventory from COUNTY upon mutual agreement of the total cost of inventory, estimated value of \$30,000.
 - b. CONTRACTOR will operate the On Site Store(s) and provide the Inventory to COUNTY's now existing locations. CONTRACTOR shall provide all personnel required to operate the On Site Store(s). CONTRACTOR will provide the personnel and management necessary to ensure that the operation is staffed and operational between the hours of 6:45am and 3:45pm, Monday through Friday, excluding COUNTY holidays and excluding a daily lunch break of one hour scheduled between 11:45am and 12:45pm.
 - c. CONTRACTOR will issue items to County personnel only in response to a proper work order and/or requisition.
 - d. CONTRACTOR shall have access to and control over sufficient inventory provided either by its on-site or off-site stock, its own warehouse, original equipment manufacturers and/or by negotiation with one or several local parts operations to furnish 85% of the COUNTY's parts requirements on demand and 95% of the COUNTY's parts requirements by start of business the work day following the COUNTY's request.
 - e. In those circumstances when COUNTY requires delivery, CONTRACTOR will provide parts to COUNTY's locations on a daily route basis. In addition, CONTRACTOR will accelerate delivery on those items COUNTY requires to be delivered on an expedited basis. CONTRACTOR will make all reasonable efforts to ensure prompt delivery to the COUNTY's location(s) requesting part(s).
 - f. CONTRACTOR shall provide all computers and reports necessary to monitor monthly expenses as they pertain to the daily operation of the On Site Store(s). CONTRACTOR shall provide computer ordering and cataloging to each On Site Store.



- g. CONTRACTOR shall provide a profit and loss statement of the parts operations to the COUNTY on approximately the 25th of each month for each On Site Store.
- h. CONTRACTOR shall provide back-up emergency service during non-working hour contingencies. This overtime expense (calculated at time and one-half) will be charged on a cost basis to COUNTY, and must be pre-approved by COUNTY. The parties shall mutually agree upon the pre-approval process for such emergency situations. CONTRACTOR will provide a list of personnel, including telephone numbers, who will respond to emergency service requests.
- i. CONTRACTOR personnel shall be subject to COUNTY approval and shall be required to pass an alcohol and drug test and background check, including a LiveScan (fingerprint) screening.
- j. CONTRACTOR will supply digital copies of Safety Data Sheets (SDS) and/or Material Safety Data Sheets (MSDS) for all products and supplies provided under this contract. SDS and MSDS information shall be provided on a periodic basis or when new products are provided.

4. **DUTIES AND RESPONSIBILITIES OF COUNTY.** COUNTY shall have the following duties and responsibilities during the term of this Agreement:

- (a) COUNTY shall provide, at its sole expense, usable space for CONTRACTOR's On Site Store(s) and the Inventory. COUNTY shall provide access to restroom facilities for CONTRACTOR employees. Further, COUNTY shall furnish, at its sole expense, all utilities for the On Site Store(s) including: water, sanitation, sewer, light, telephone, heat, gas, electricity, power, fuel, janitorial and all other utilities and services rendered or delivered to the On Site Store(s) whatsoever. COUNTY shall provide CONTRACTOR a safe work environment that is free from hostility, violence, or discrimination.
- (b) COUNTY shall use CONTRACTOR as its Primary Supplier of the Inventory under this Agreement. COUNTY reserves the right to purchase any item outside this Agreement where it is determined to be more economical or timely so long as the purchase of aforesaid part or parts does not result in CONTRACTOR no longer being COUNTY's Primary Supplier in which case CONTRACTOR may terminate this Agreement.
- (c) Each On Site Store location shall be appropriately secured or otherwise maintained separate and apart from the business of COUNTY. There shall be no intermingling of COUNTY's parts or other inventory with CONTRACTOR's parts or inventory. Access to the secured On Site Store(s) shall be restricted to CONTRACTOR employees and authorized CONTRACTOR representatives only. COUNTY'S employees, contractors or agents shall not be permitted to enter the secured On-Site Store area unless accompanied by a CONTRACTOR employee or other authorized CONTRACTOR representative or during an emergency for egress.
- (d) COUNTY shall, at all times during the term of this Agreement, at COUNTY'S sole expense, maintain in good condition and repair (so as to prevent any damage or injury to CONTRACTOR's employees, the Inventory or other personal property located in the On Site Store(s)) the roof, exterior walls, foundation, and structural portions of the On Site Store(s) and all portions of the electrical and plumbing systems lying outside of the On Site Store(s) but serving the On Site Store(s).
- (e) COUNTY shall provide information regarding fleet changes to CONTRACTOR as soon as possible. Fleet changes include but are not limited to the removal of types of vehicles from the fleet and the addition of new vehicles to the fleet.



5. **PERSONNEL.** CONTRACTOR and COUNTY shall attempt in good faith to mutually agree upon the identity of the persons that will be selected to staff the On Site Store(s). In the event that COUNTY for any reason wishes to remove or replace any of the CONTRACTOR personnel in the On Site Store(s), the parties will attempt to resolve COUNTY's request by mutual agreement.

6. **WARRANTY/LIABILITY DISCLAIMER.** All Products supplied pursuant to this Agreement are subject to the terms of written warranties provided by the manufacturer of each Product, and CONTRACTOR shall use reasonable commercial efforts to assist the COUNTY in processing all warranty claims that the COUNTY may have against a manufacturer. The manufacturer's warranty will be the sole and exclusive remedy of the COUNTY in connection with any claims concerning the Products supplied to COUNTY pursuant to this Agreement. ALL OTHER WARRANTIES, BOTH EXPRESS AND IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXCLUDED. Copies of the manufacturers' warranties are available to COUNTY upon request.

For suppliers (or categories of suppliers) of Non-CONTRACTOR Products that COUNTY instructs CONTRACTOR to utilize or consider for future purchases, CONTRACTOR is under no obligation to (and CONTRACTOR disclaims all liability in connection with) investigate product quality, management, ownership, reputation, certifications, qualifications, price competitiveness, or any other related characteristics of the products, individuals or entities at issue.

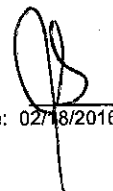


EXHIBIT "B"

SCHEDULE OF CHARGES AND PAYMENTS

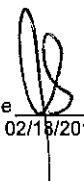
(Paid by County)

1. **PAYMENT TERMS.** CONTRACTOR shall invoice the COUNTY for all Inventory purchased pursuant to this Agreement on a monthly basis according to the pricing plan below. COUNTY agrees to pay the entire amount of all statements received from CONTRACTOR by the 25th day of the month following receipt of any such statement. No prompt pay discount is available under this Agreement.

2. **PRICING PLAN.** The overall objective of COUNTY's pricing plan is for CONTRACTOR to provide Products in accordance with the agreed upon Pricing Plan Summary set forth below and reimbursement by COUNTY of each On Site Store's operating expenses. By billing COUNTY for these two categories, CONTRACTOR's On Site Store(s) will achieve its target ten percent (10%) net profit for the Agreement (the "Net Profit Target"). These categories are defined as follows:
 - (a) **Product Price.** The pricing of the Products to be supplied to COUNTY by CONTRACTOR pursuant to this Agreement shall be divided into: 1) "**CONTRACTOR Product Price**," which is the pricing of CONTRACTOR branded or CONTRACTOR cataloged supplier manufactured products; and 2) "**Non-CONTRACTOR Product Price**," which is the pricing of products which have not been manufactured by CONTRACTOR suppliers or do not exist in CONTRACTOR's proprietary catalog system but which have been acquired for COUNTY by CONTRACTOR pursuant to this Agreement. The pricing of CONTRACTOR Product and Non-CONTRACTOR Product shall be billed in accordance with the Pricing Plan Summary defined below.

 - (b) **Operational Expenses.** Any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, vehicle gas and maintenance costs, salary and benefits payable to CONTRACTOR employees at the On Site Store(s), worker's compensation benefits and insurance, unemployment insurance, personal property insurance for the On Site Store(s) and Inventory, any deductible for losses covered under the personal property, automobile liability, or general liability insurance policies of CONTRACTOR, all equipment supplied by CONTRACTOR, Corporate Allocation Expenses (as defined below), inventory investment expense, obsolescence expense, pension funding costs, accounting fees, general office expenses, and shared service expenses.

An example of a profit and loss statement reflecting such costs and expenses is attached hereto as Exhibit D. COUNTY acknowledges and agrees that the costs and expenses reflected on the profit and loss statement set forth on Exhibit B are subject to change based on actual monthly costs, expenses or Corporate Allocation Expenses incurred relative to the operation of the On Site Store(s). To achieve economies of scale, CONTRACTOR utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit B ("Corporate Allocation Expenses") which are calculated as a percentage of total Product sales for each month. As such, there is not a supportive invoice for such expenses other than a monthly allocation rate statement. These Corporate Allocation Expenses allow CONTRACTOR to have fewer employees performing routine general administrative tasks such as paper work and filing at the On Site Store(s), allowing CONTRACTOR counter personnel to focus more attention on serving the On-Site Store operations, and maximizing on-site cost efficiency.



PRICING PLAN SUMMARY

CONTRACTOR Product Price	Billed to COUNTY at a 10% gross profit rate (The formula for CONTRACTOR Product Price for COUNTY is the Current NAPA Jobber Acquisition Cost divided by .90) This formula will achieve the gross profit rate set forth above. Example: Current NAPA Jobber Acquisition Cost is \$1.00. COUNTY's price would be $\$1.00/.90=\1.11
Non-CONTRACTOR Product Price	Billed to COUNTY at a 10% gross profit rate (The formula for Non-CONTRACTOR Product Price for COUNTY is the current product acquisition cost divided by .90) This formula will achieve the gross profit rate set forth above. Example: current product acquisition cost is \$1.00. COUNTY's price would be $\$1.00/.90=\1.11
Operational Expenses	Billed to COUNTY in accordance with Section 7(b) above.
Net Profit Target	10% net profit for the CONTRACTOR On Site Store(s) after Products and Operational Expenses are billed to COUNTY.

Both CONTRACTOR Product and Non-CONTRACTOR Product shall be set by CONTRACTOR to yield a gross profit of ten percent (10%). Operational Expenses will be charged to COUNTY in accordance with Section 7(b) above, with all such charges for Operational Expenses to be included in COUNTY's monthly billing statement. COUNTY will be billed at the end of each month for Operational Expenses on an "in arrears" basis.

COUNTY and CONTRACTOR mutually agree that COUNTY'S maximum payment obligation pursuant to this profit guarantee shall be set at \$650,832 (\$557,856 for 12 months); and COUNTY has encumbered such amount to cover this potential liability. The parties agree to mutually work together to adjust the amount if such amount must be increased during the term of the contract.

In addition, CONTRACTOR may use any sub-contractor for the procurement of "outside" purchases or services (i.e., those parts or services not traditionally stocked or performed by CONTRACTOR), and COUNTY will be billed an additional charge for any such purchases so as to yield CONTRACTOR a ten percent (10%) gross profit on such purchases. COUNTY must provide pre-approval in writing of such outside purchases. COUNTY is solely responsible for improper or inappropriate instructions by COUNTY's employees to CONTRACTOR regarding CONTRACTOR's purchases of nontraditional parts or services, unless COUNTY provided prior written notice to CONTRACTOR of parts or services that may not be procured by CONTRACTOR in relation to this Agreement.

DIRECT EXPENSE ESTIMATE

Annualized	
Parts Cost	\$479,794
Expenses	\$ 78,072
Net Annualized Expenses	\$557,856

- INITIAL INVENTORY.** Within 30 days of execution of the contract, CONTRACTOR will verify COUNTY inventory and provide a list of such inventory complete with part description, number of parts, itemized cost per part and total cost of inventory. CONTRACTOR agrees to purchase the initial inventory from COUNTY upon mutual agreement of the total cost of inventory, estimated value of \$30,000.

EXHIBIT "C"

SCHEDULE OF CHANGES

(Amendments and Additions to Contract)

1. Add the following sentence to Paragraph 3:

Upon approval by both parties, the contract term may be extended by amendment, up to two additional one-year periods.

2. Add the following to Paragraph 20 under "Terms":

EFFECT OF TERMINATION. Immediately upon termination of this Agreement by either party for any reason:

(a) All duties, responsibilities and other obligations of each party hereunder shall terminate, except for the payment of any amounts due and owing to CONTRACTOR at the time of termination.

(b) Each party shall immediately return to the other party all equipment, software, books, records, tools and any other personal property owned by the other party that are in such party's possession. COUNTY shall allow CONTRACTOR full and unrestricted access to enter into the On Site Store(s) and immediately remove all equipment and other items of personal property owned by CONTRACTOR without being deemed guilty of trespass or any other violation of the law. All inventory records, sales history, sales analysis and all other information generated by CONTRACTOR under this Agreement will be returned to COUNTY.

(c) Upon termination, expiration, or non-renewal of this Agreement, CONTRACTOR shall have the option to require COUNTY to purchase all non-NAPA branded Inventory owned by CONTRACTOR and located in the On-Site Store(s) at CONTRACTOR's current acquisition cost, and COUNTY shall have the option to purchase all NAPA branded Inventory, owned by CONTRACTOR and located in the On Site Store(s) at CONTRACTOR's current acquisition cost. Any inventory owned by COUNTY, but under the management of CONTRACTOR, shall be returned at NO charge.

Approved by County Counsel

EXHIBIT "D"

SAMPLE PROFIT AND LOSS STATEMENT

Parts Purchases	39,982	100.00%
Cost of Goods	35,984	90.00%
Markup on Parts	3,998	10.00%
PAYROLL:		
Manager/Counter Salaries	3,700	9.25%
Delivery Driver Salaries	0	0.00%
Pension	180	0.45%
Insurance	406	1.02%
Workers Comp Insurance	118	0.30%
FICA/SECA/FUI/SUI	280	0.70%
Miscellaneous Expenses		
Delivery Truck Insurance	0	0.00%
Delivery Maintenance/Gas	0	0.00%
Truck Payment	0	0.00%
Shelving/Cage Depreciation	0	0.00%
Store Expenses	100	0.25%
Personal Property Taxes	25	0.06%
General Liability Insurance	25	0.06%
Inventory Computer	1,050	2.63%
Freight & Postage	300	0.75%
Training	26	0.07%
Gross Profit Less Expenses	-2,608	-6.52%
Miscellaneous Discounts	100	0.25%
MGMT FEE	6,506	16.27%

