

1. This addendum ("Addendum") is attached to and made part of the Asset Disposition Services Agreement dated October 13, 2020 ("Agreement") between Contractor and Owner. In the event of a conflict between the provisions of the Agreement, this Addendum and any prior agreement or Agreement addendum, this Addendum will govern.

2. **Definitions.**

- a. **Winning Bid.** "Winning Bid" means the highest amount committed and paid by a Buyer of a sold Asset. Winning Bid does not include shipping & handling, buyer premiums, or other fees, if any, nor does Winning Bid include an amount a Buyer commits but fails to pay.
- b. **Sales Price.** "Sales Price" equals the Winning Bid plus shipping & handling, shipping insurance and sales tax paid by a Buyer.
- c. **Payment Processing Costs.** Payment processing costs equal 3% of Sales Price ("PP Costs").
- d. **Success Fee.** For sold Assets, Owner will pay Contractor a Services fee equal to a percent of profits or Winning Bids as specified below ("Success Fee").
- e. **Buyer Premiums.** Notwithstanding anything to the contrary herein, Contractor may collect a Winning Bid percent fee from a Buyer, typically referred to as a "Buyer's Premium".

3. **Services Offered.** Contractor provides a suite of Services referenced herein. Upon mutual agreement of Owner and Contractor, Contractor may provide all or any combination of Services. Contractor will use commercially reasonable efforts to deliver Services.

- a. **Portables Auction Service ("Portables").** Applying to Assets small enough for pick-up by Contractor via box truck or common carrier shipment, excluding firearms, Contractor will transport, test and/or authenticate (if applicable and practicable), erase or destroy memory media (in the case of electronics), image, store, list and sell Assets via public internet auction on one or more Contractor selected websites. Owner will pay Contractor a Success Fee as described below.
 - (1) **Non-bicycle Asset Success Fee.** For non-bicycle assets, Success Fee equals 50% for the first \$1,500 of a Winning Bid amount and 25% of Winning Bid amount, if any, over \$1,500.
 - (2) **Bicycle Asset Success Fee.** For bicycle assets, Success Fee equals 85% of the Winning Bid.
 - (3) **Net Proceeds.** For each Portables Asset, Owner Net Proceeds equals Winning Bid less Success Fee less PP Costs.
 - (4) **Fuel Surcharge.** If quarterly retail diesel prices, as published by the U.S. Energy Information Administration, rise above the level shown in the table below, a fuel surcharge ("Fuel Surcharge") will be deducted from Owner Net Proceeds for each Portable Manifest picked up at Owner's location.

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*

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

(5) **Shipping Fee.** If assets are transported via common carrier and not picked up by Contractor, the shipping fee will be deducted from Owner Net Proceeds.

- b. **Firearms Auction Service.** This service is restricted to Owner firearm assets ("Firearm Assets") legally available for public sale in the United States. Contractor is compliant with ATF, Title 18, U.S. Code Ch. 44 and NFA (26 U.S.C., Ch. 53), as well as applicable state and local laws. Contractor may work with one or more subcontractors ("Subcontractor") for storage and processing of Firearm Assets.

Contractor will deliver Firearm Assets disposition services beginning with the collection and transport of Firearm Assets to a Federal Firearms Licensee ("FFL") holder ("Recipient FFL" or "Partner FFL"). Subsequently, Contractor and Recipient FFL will store, catalog, image, list for public internet auction, process purchaser payment and ship Firearms Assets to another FFL holder ("Transferee FFL") that will administer final physical transfer to purchaser ("Buyer") in compliance with applicable federal, state, and local laws. Owner will pay Contractor a Success Fee as described below.

(1) **Success Fee.** For Firearm Assets, Success Fee equals 50% for the first \$1,500 of a Winning Bid amount and 25% of Winning Bid amount, if any, over \$1,500.

- (2) **Net Proceeds.** For each Firearm Asset, Owner Net Proceeds equals Winning Bid less Success Fee less PP Costs.

- c. **In Place Auction Service (“In Place”).** Applying to Assets that Owner and Contractor mutually agree to auction in place, Contractor will sell In Place Assets via public internet auction on one or more Contractor selected websites using descriptions and digital images supplied by Owner. Owner will maintain physical control of In Place Assets and transfer possession to Buyers after sale. Owner will pay Contractor a Success Fee as described below.
 - (1) **Success Fee.** For each In Place Asset, Success Fee equals 2.5% of Winning Bid.
 - (2) **Net Proceeds.** For each In Place Asset sold at auction, Winning Bid less Success Fee less PP Costs equals Owner Net Proceeds.

- d. **Haul Away Auction Service (“Haul Away”).** Applying to fleet vehicles and equipment, Contractor will tow Assets to, or take delivery at, Yards. Contractor will store, image, describe, list and sell Haul Away Assets via public internet auction on one or more Contractor selected websites. Contractor may work with one or more subcontractors (“Subcontractor”) for storage and processing of Assets at Yards. Owner will pay Contractor a Success Fee as well as other fees as specified below.
 - (1) **Success Fee.** For each Haul Away Asset, Success Fee equals 12.5% of Winning Bid.
 - (2) **Tow & Miscellaneous Fees.** Tow and Miscellaneous Service Fees are indicated in fee schedule below that specifies tow processes and related fees for Owner-specific needs (“Tow & Miscellaneous Fee Schedule”). The Tow & Miscellaneous Fee Schedule will distinguish between Assets that can be hauled away on a standard vehicle transporter (such as automobiles and light trucks) from over-sized Assets (e.g., cranes, buses, backhoes).

Haul Away Auction Service – Tow and Miscellaneous Fee Schedule			
Fee Type	Fee Description	Rate Description	Rate Per Asset
<i>Light Tow</i>	Light duty vehicles up to 11,000 GVWR	Per vehicle towed	First 30 miles free. \$10 for every 10 miles over the 1st 30 free miles
<i>Medium Tow</i>	Medium duty vehicles 11,001 - 33,000 GVWR and oversized vehicles such as an F-350 w/ dual wheels, etc.)	Per vehicle towed	Billed at cost by subcontractor - see standard schedule
<i>Heavy Tow</i>	Heavy duty vehicles 33,001+ GVWR	Per vehicle towed	Billed at cost by subcontractor - see standard schedule
<i>Re-list / Re-run</i>	Fee for re-listing asset more than three (3) times due to any type of owner imposed bidding restriction	Per re-list of asset on 4 th or subsequent attempt	\$35 / re-list
<i>Storage - light & medium duty</i>	Storage for assets stored for any reason other than awaiting auction	Per day over 30 days after pickup date	\$5 / day
<i>Storage - heavy duty</i>	Storage for assets stored for any reason other than awaiting auction	Per day over 30 days after pickup date	\$8 / day
<i>De-identification</i>	De-identifying assets	Charged in 15 minute increments for the labor to de-identify	\$20 / quarter hour
<i>Decal Removal</i>	Removal of a decal	Charged in 15 minute increments for the labor to perform decal removal	\$20 / quarter hour; \$45 minimum charge per vehicle (\$45 maximum charge per vehicle for Light Duty Vehicles)

- (3) **Net Proceeds.** For each Haul Away Asset, Winning Bid less the sum of Success Fee, Tow & Miscellaneous Fees, and PP Costs equals Owner Net Proceeds.

- e. **Impound Storage & Auction Service (“Impound”).** Applying to citizen vehicles seized and or impounded by Owner, Contractor will receive tows of Impound Assets at tow yard facilities (“Yards”), storing Assets while Owner decides whether to release to a citizen or auction. For release-to-citizen vehicles (“Released Vehicles”), Contractor will process and collect fees from citizens. For auctioned vehicles, Contractor will store, image, describe and sell Impound Assets via public internet auction on one or more Contractor selected websites. Contractor may work with one or more sub-contractors

("Subcontractor") for storage and processing of Assets at Yards. Owner will pay Contractor a Success Fee as well as other fees as specified below.

- (1) **Success Fee.** For each Impound Asset sold at auction, Success Fee equals 12.5% of the Winning Bid.
- (2) **Tow & Miscellaneous Fees.** Tow and Miscellaneous Service Fees are indicated in fee schedule below that specifies tow processes and related fees for Owner-specific needs ("Tow & Miscellaneous Fee Schedule"). The Tow & Miscellaneous Fee Schedule will distinguish between Assets that can be hauled-away on a standard vehicle transporter (such as automobiles and light trucks) from over-sized Assets (e.g., cranes, buses, backhoes).
- (3) **Storage Fees.** Impound storage fees are indicated in the fee schedule below. Owner retains rights to charge citizens higher storage fees for Released Vehicles and Contractor will collect those storage fees along with other citizen fees set by Owner, such as tow charges, administrative charges, court processing fees, etc. ("Citizen Payments"). In the event that Assets are stored for an extended period of time without being released by Owner for auction, Owner agrees to reimburse Contractor for such storage fees in a manner to be mutually agreed upon.

Impound Storage & Auction Service – Tow and Miscellaneous Fee Schedule			
Fee Type	Fee Description	Rate Description	Rate Per Asset
<i>Light Tow</i>	Light duty vehicles up to 11,000 GVWR	Per vehicle towed	Billed at cost by subcontractor - see standard schedule
<i>Medium Tow</i>	Medium duty vehicles 11,001 - 33,000 GVWR and oversized vehicles such as an F-350 w/ dual wheels, etc.)	Per vehicle towed	Billed at cost by subcontractor - see standard schedule
<i>Heavy Tow</i>	Heavy duty vehicles 33,001+ GVWR	Per vehicle towed	Billed at cost by subcontractor - see standard schedule
<i>Re-list / Re-run</i>	Fee for re-listing asset more than three (3) times due to any type of owner imposed bidding restriction	Per re-list of asset on 4 th or subsequent attempt	\$35 / re-list
<i>Owner Storage Fees</i>	Daily storage for assets stored and awaiting auction	Per day	\$8 / day
<i>Citizen Storage Fees</i>	Daily storage for release vehicles	Per day	\$15 / day
<i>De-identification</i>	De-identifying assets	Charged in 15 minute increments for the labor to de-identify	\$20 / quarter hour
<i>Decal Removal</i>	Removal of a decal	Charged in 15 minute increments for the labor to perform decal removal	\$20 / quarter hour; \$45 minimum charge per vehicle (\$45 maximum charge per vehicle for Light Duty Vehicles)

- (4) **Net Proceeds.** For each Impound Asset, the sum of Winning Bid and Citizen Payments less the sum of Success Fee, Tow & Miscellaneous Fees, Owner/Citizen Storage Fees and PP Costs equals Owner Net Proceeds.

4. **Modifications.** Contractor may, from time to time, modify Standard Fees & Services. To effect a fee change, Contractor will provide Owner advance written notice which will include an update to this Addendum.

<u>OWNER</u>	
Signature	_____
Name	Peter D. Lear
Title	City Manager
Date	10-13-2020

<u>CONTRACTOR</u>	
Signature	_____
Name	_____
Title	_____
Date	_____