

## Online Auction Memo of Understanding

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This Online Auction Memo of Understanding (MOU) is between GovDeals, Inc. (“GovDeals”), a Delaware corporation having its principal place of business at The Capitol Commerce Center – 100 Capitol Commerce Boulevard – Suite 110 - Montgomery, Alabama, 36117 and Davis Joint Unified School District (“Client”), having its principal place of business at 1919 5th Street – Davis, California 95616.

- 1.0 Description of Services:** GovDeals provides a means for Client to post assets for sale and for potential buyers to bid on these assets via an online auction system. Although GovDeals provides system access for Client to list assets, GovDeals is not a party to the actual sale and has no control over the listed information or the ability of the buyer and Client to complete the transaction.
- 2.0 GovDeals’ Responsibilities:** In addition to maintaining and operating an online auction system, GovDeals will provide Client with the following services for the period agreed to in **5.0** below:
  - 2.1** Access to a GovDeals online “Client Asset Server” (CAS), which will allow Client to load assets to the online auction system, maintain information about assets and view and run reports. The CAS will provide Client with the following capabilities:
    - Accept descriptive information concerning an asset including unlimited photos
    - Allow different auction phases based upon dates and times
    - Allow Client to set minimum starting prices, bid increments and reserves
  - 2.2** Training and support services to assist Client in implementing the GovDeals online auction system, which will include:
    - Familiarization with the nature and operation of CAS
    - Guidance in the posting of assets and provide ongoing support
    - Procedures for taking and posting pictures of assets
    - Based on mutual agreement between GovDeals and Client, training and support services will be provided on-site or via telephone or Internet
  - 2.3** Help Desk support available via telephone or email during normal business hours, except announced holidays.
  - 2.4** Provide marketing of assets posted to the online auction site and promote use of the site to potential buyers.
    - Work with Client to identify items that may benefit from marketing attention.
    - Provide documented proof of all marketing efforts made on behalf of Client.
    - Assist in determining values and starting prices for unique and high dollar assets.
- 3.0 Fees:** Please elect a Flexible Pricing Option (FPO) from **Exhibit A** and enter selection below signature block on MOU page two (2).
- 4.0 Payment:**
  - 4.1** If Client elects to collect auction proceeds, GovDeals will invoice Client for fees on the first business day of the month following the month assets are sold. Client agrees to remit payment to GovDeals within thirty (30) calendar days from receipt of invoice,

unless an applicable prompt payment act or similar legislation specifies a different time period.

- 4.2 Client shall promptly, but no more than fifteen (15) business days after the auction end date, notify GovDeals of any transaction that was not completed. The fees for said transaction shall be credited to Client during the next invoice period.
- 4.3 If Client elects GovDeals to collect auction proceeds electronically via PayPal, credit card or wire transfer please review and complete **Exhibit B**.
- 5.0 **Term of MOU**: This MOU shall commence on the date it is signed by the second party and will continue for a period of twelve months unless otherwise terminated upon sixty days written notice by either party. This MOU shall automatically extend for additional one-year periods, unless either party notifies the other in writing of its intent not to renew at least sixty days prior to the anniversary date.
- 6.0 **Terms and Conditions**: Please find **Exhibit C** attached as an example of suggested Client Terms and Conditions. At any time during the term of this MOU, Client may modify the Terms and Conditions. Any substitutions or modification must be submitted to GovDeals in writing before posting assets to the GovDeals auction site.
- 7.0 **Governance**: This MOU will be governed, interpreted, construed and enforced in accordance with the laws of the State of California.
- 8.0 **Non-Exclusive Engagement**: This MOU is not exclusive. Client may utilize other approaches, including traditional auctioneer services or sealed bids. However, it is understood and agreed that Client will not utilize other disposal approaches for an asset at the same time the asset is listed on the GovDeals online auction site or sell by some other means to a prior bidder any item currently or previously listed on the GovDeals site for the purpose of avoiding payment of the GovDeals fee. Client agrees to not manipulate or interfere with the bidding process on the GovDeals site.

**This online auction memo of understanding is agreed to by:**

**GovDeals, Inc**

**Client: Davis Joint Unified School District**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: Steve Kranzusch

Print Name: \_\_\_\_\_

Title: Vice President and General Manager

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Memo of Understanding Contact:**

Attention: Sales Support  
The Capitol Commerce Center  
100 Capitol Commerce Blvd., Ste110  
Montgomery, AL 36117  
Telephone Number: 866.377.1494  
Fax Number: 334.387.0519  
Email: [salesupport@govdeals.com](mailto:salesupport@govdeals.com)

**Flexible Pricing Options (FPO)**

Select one from options described in **GovDeals Memo of Understanding- Exhibit A:**

Client Collects Proceeds

☒ Option A1 (7.5% Seller- 0% Buyer)

☐ Option A2 (0% Seller- 7.5% Buyer)

Client elects FSS (GovDeals collects Proceeds)

☐ Option W1 (10% Seller- 0% Buyer)

☐ Option W2 (5% Seller- 5% Buyer)

☐ Option W3 (0% Seller- 10% Buyer)

### **Flexible Pricing Options (FPO)**

**The Client has the option to choose from the following alternative plans:**

**A - Client Collects Proceeds.**

**Option A1:** The Client pays a 7.5% fee. GovDeals will invoice the client each month for fees on items sold in the previous month. The client is allowed thirty (30) calendar days from date of invoice receipt to remit payment.

**Option A2:** The Client pays a 7.5% fee but is given the capability to easily pass the entire fee on to the winning bidder as an Administrative Fee. The client is only allowed to pass on to the winning bidder the amount charged to them based on the pricing schedule above. The amount invoiced to the winning bidder will include the gross sale amount of the item, the administrative fee, any special fees and sales taxes, if any. By passing this fee on to the winning bidder, the client's effective fee is zero percent (0%). GovDeals will invoice the client each month for fees on items sold in the previous month. The client is allowed thirty (30) calendar days from date of invoice receipt to remit payment.

**W - Client Elects GovDeals Financial Settlement Services (FSS) allowing GovDeals to Collect Proceeds. Only one option below can be used and once this option is chosen, it cannot be changed for twelve (12) months.**

**Option W1:** The Client pays a 10% fee and the winning bidder pays a 0% Buyers Premium.

**Option W2:** The Client pays a 5% fee and the winning bidder pays a 5% Buyers Premium.

**Option W3:** The Client pays 0% fee and the winning bidder pays a 10% Buyers Premium.

### **Tiered Fee Reduction Schedule**

GovDeals' **Tiered Fee Reduction Schedule** below explains how the base auction fee of 7.5% is reduced for assets that sell in excess of \$100,000 on [www.govdeals.com](http://www.govdeals.com).

1. When an asset sells for up to \$100,000 in a winning bid, the GovDeals fee is seven and one-half percent (7.5%\*) of the winning bid, but not less than \$5.00.
2. Where an asset sells for more than \$100,000, and up to \$500,000 the GovDeals fee is seven and one-half percent (7.5%) of the winning bid up to \$100,000, plus five and one-half percent (5.5%) of the winning bid for auction proceeds in excess of \$100,000 up to \$500,000.
3. Where an asset sells for greater than \$500,000, and up to \$1,000,000 the GovDeals fee is seven and one-half percent (7.5%) of the first \$100,000 of the winning bid, plus a fee of five and one-half percent (5.5%) of the next \$400,000 of the winning bid, plus a fee of three and one-half percent (3.5%) of the bid amount in excess of \$500,000 up to \$1,000,000.
4. Where an asset sells for greater than \$1,000,000 the GovDeals fee is seven and one-half percent (7.5%) of the first \$100,000 of the winning bid, plus a fee of five and one-half percent (5.5%) of the next \$400,000 of the winning bid, plus a fee of three and one-half percent (3.5%) of the next \$500,000 of the winning bid, plus a fee of two and one-half percent (2.5%) of the bid amount in excess of \$1,000,000.

\*Subject to a minimum per asset/lot fee of \$5.00. \*\*If the Client chooses to pay the full 7.5% fee, they will have access to the **Tiered Fee Reduction Schedule**

## **EXHIBIT B - Online Auction Memo of Understanding**

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### **Financial Settlement Services (FSS)**

It is understood the Client elects GovDeals to collect all proceeds due the Client from the winning bidder and remit the proceeds to the Client less the GovDeals fee. Optionally, the Client may elect to not have GovDeals withhold the fee by electing the appropriate section on the following page of this exhibit.

GovDeals will charge the winning bidder a "Buyer's Premium", therefore, the Client is not allowed to charge the winning bidder an additional "Buyer's Premium".

GovDeals will collect all proceeds from the winning bidder, including the "Buyer's Premium" through PayPal, credit card or wire transfer. This is the only means of payment by the bidder.

The Client will not release an asset to the winning bidder until the Client has received verification from GovDeals that payment has been received from the winning bidder. Prior to an item being released to the winning bidder, the Client will ensure the winning bidder or his/her agent has signed a "Bill of Sale" containing the following notation: "Asset is sold as is, where is and without warranty. Once the asset is removed from the seller's premises there is no refund of monies previously paid". The Bill of Sale must be printed from the Client Asset Server (CAS). Any other "Bill of Sale" used by the Client must be submitted to GovDeals for approval.

No proceeds will be remitted to the Client for any asset sold without verification of payment from GovDeals and verification from the Client the item has been picked up by the winning bidder. Approved payment from the winning bidder through PayPal, credit card or wire transfer will be noted in CAS. It is the Client's responsibility to notify GovDeals when an item has been picked up, which is accomplished by the Client accessing CAS and selecting the "Picked Up" option from the "Paid, not picked up" report.

GovDeals will remit all proceeds collected, less the "Buyer's Premium" and the GovDeals fee to the Client on a weekly basis for all assets marked in CAS as 'Picked Up'. However, if you choose to be invoiced for the GovDeals' fee, GovDeals will remit all proceeds collected, less the "Buyer's Premium" only. All proceeds will be remitted electronically by Automatic Clearing House (ACH) unless elected on the following page of this exhibit to receive a paper check. Whether proceeds are remitted electronically via ACH or via paper check, a detailed backup will be submitted to the Client to support the amount remitted.

Under no circumstance will the Client collect any proceeds directly from the winning bidder and if requested to do so, the Client should refer the winning bidder directly to GovDeals for payment instructions.

GovDeals will absorb all costs of Charge Backs by PayPal or a credit card company where an item is released to the winning bidder after the Client receives proper payment notification from GovDeals, GovDeals receives proper pickup notification from the Client and the Client obtained and retained a signed "Bill of Sale" from the winning bidder.

GovDeals will refund proceeds collected to the winning bidder in those rare occasions where the winning bidder pays for an asset but never picks it up and subsequently convinces PayPal or the credit card company to withdraw the amount from GovDeals' bank account. It is the Client's responsibility to request a credit on the asset paid for but not picked up as soon as the allowable pick up time passes. By taking the credit, it insures GovDeals will not charge the Client a fee and will allow the Client to resell the asset. If the asset is mistakenly placed in 'picked up' status by the Client and GovDeals has remitted payment, the Client agrees to refund this amount back to GovDeals.

A GovDeals' Client Services Representative or a GovDeals Help Desk Representative will train the Client on how to effectively use the Financial Settlement Services feature and provide ongoing support as needed. There are no additional costs to the Client for training and support.

GovDeals is covered by a Crime Insurance Policy with a limit of \$5,000,000, which will protect the Client against any loss of funds.

## Financial Settlement Services (FSS) Election and Information

### **Please complete payment instructions below:**

If client elects FSS, this section must be completed when submitting the signed MOU back to GovDeals.

Accounting Contact: \_\_\_\_\_  
(Person to receive checks and invoices) Name and Title

E-Mail Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

**Option W:** Client elects for GovDeals to collect all proceeds from the buyer:

☐ Option W1 ☐ Option W2 ☐ Option W3

### **(Please choose only one option for payment)**

If payment will be made by ACH, please provide the following information:

Name of Bank	
County of Bank	
Name of Client: (Name on bank account)	
Bank Routing Number	
Bank Account Number	
Checking/Savings	

### **OR:**

If payment will be made by paper check, please provide the following information:

Make check payable to: \_\_\_\_\_  
Client's Legal Name

Mail check to: \_\_\_\_\_  
Street Address / P.O. Box Number

\_\_\_\_\_  
City, State and Zip Code

☐ Please check here *only* if Client elects to **NOT** allow GovDeals to deduct the GovDeals fees from proceeds due the client.

## **Davis Joint Unified School District**

**Davis, California**

### **Online Sales - Terms and Conditions**

**All bidders and other participants of this service agree they have read and fully understand these terms and agree to be bound thereby.**

**Guaranty Waiver.** All assets are offered for sale “AS IS, WHERE IS.” **Davis Joint Unified School District (Seller)** makes no warranty, guaranty or representation of any kind, expressed or implied, as to the merchantability or fitness for any purpose of the property offered for sale. The Buyer is not entitled to any payment for loss of profit or any other money damages – special, direct, indirect or consequential.

**Description Warranty. Seller** warrants to the Buyer the property offered for sale will conform to its description. Any claim for misdescription must be made prior to removal of the property. If **Seller** confirms the property does not conform to the description, **Seller** will keep the property and refund any money paid. The liability of the **Seller** shall not exceed the actual purchase price of the property. **Please note upon removal of the property, all sales are final.**

**Personal and Property Risk.** Persons attending during exhibition, sale, or removal of goods assume all risks of damage of or loss to person and property and specifically release the **Seller** and **GovDeals** from liability therefore.

**Consideration of Bid. Seller** reserves the right to reject any and all bids and to withdraw from sale any of the assets listed at any time until the Seller has received payment in full for the assets and Buyer has removed the assets from the Seller's premises in their entirety.

**Buyer's Certificate.** If applicable, successful bidders will receive a Buyer's Certificate by email from **GovDeals** as their notice of award.

**Buyer's Premium & Additional Fees.** If a Buyer's Premium and/or Additional Fees are shown on the auction page Bid Box, then that amount (expressed as a percentage of the final selling price or a specified amount) will be added to the final selling price of all items in addition to any taxes imposed.

**Payment.** Payment in full is due not later than **5 business days** from the time and date of the close of the auction. Please refer to the payment instructions listed on the auction page for complete payment terms and methods. Please refer to the Bid Box for all fees and taxes that may be associated with the auction.

**State/Local Sales and/or Use Tax.** Buyers may be subject to payment of State and/or local sales and/or use tax. Buyers are responsible for contacting **Seller** or the appropriate tax office, completing any forms and paying any taxes that may be imposed. Buyers must provide any

applicable tax exempt documents to **Seller** within 24 hours of the auction closing and before payment is made.

**Removal.** All assets must be removed within **ten (10) business days** from the time and date of the close of the auction. Purchases will be released only upon receipt of payment as specified. Successful buyers are responsible for loading and removal of any and all property awarded to them from the place where the property is located as indicated on the website and in the Buyer's Certificate. The Buyer will make all arrangements and perform all work necessary, including packing, loading and transportation of the property. Under no circumstances will **Seller** assume responsibility for packing, loading or shipping. See instructions on each auction page for complete removal details. A daily storage fee of \$25.00 may be charged for any item not removed within the ten (10) business days allowed and stated on the Buyer's Certificate.

**Vehicle Titles.** **Seller** will issue a title or certificate upon removal of the vehicle. Titles may be subject to restrictions as indicated in the asset description on the website.

**Default.** Default shall include (1) failure to observe these terms and conditions; (2) failure to make good and timely payment; or (3) failure to remove all assets within the specified time. Default may result in termination of the contract and suspension from participation in all future sales until the default has been cured. If the Buyer fails in the performance of their obligations, **Seller** may exercise such rights and may pursue such remedies as are provided by law. **Seller** reserves the right to reclaim and resell all items not removed by the specified removal date.

**Acceptance of Terms and Conditions.** By submitting a bid, the bidder agrees they have read, fully understand and accept these Terms and Conditions, and agree to pay for and remove the property, by the dates and times specified. These Terms and Conditions are available for review in the bid box at the top of each page of each asset listed on **GovDeals**. Specific Instructions (Payment, Removal, and Special) appearing on the asset page will override certain sections of these Terms and Conditions.

**Sales to Employees.** Employees of the **Seller** may bid on the property listed for auction, so long as they do NOT bid while on duty.