

SERIAL 11019 RFP MRO SUPPLIES AND RELATED SERVICES
Contract - Applied Industrial Technologies

DATE OF LAST REVISION: February 18, 2016 CONTRACT END DATE: July 31, 2016 2017

CONTRACT PERIOD THROUGH JULY 31, 2014 2015 2016 2017

TO: All Departments
FROM: Office of Procurement Services
SUBJECT: Contract for **MRO SUPPLIES AND RELATED SERVICES**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **July 06, 2011 (Eff. 08/01/11)**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

Wes Baysinger, Chief Procurement Officer
Office of Procurement Services

SA/jl
Attach

Copy to: **Office of Procurement Services**
Don Jeffery, Facilities Management
Sami Birchard, MCDOT

(Please remove Serial 05091-RFP from your contract notebooks)



CONTRACT PURSUANT TO RFP

SERIAL 11019-RFP

This Contract is entered into this sixth (6th) day of July, 2011 by and between Maricopa County ("County"), a political subdivision of the State of Arizona, and Applied Industrial Technologies, an Ohio corporation ("Contractor") for the purchase of Industrial Maintenance, Repair and Operating (MRO) commodities and related services.

1.0 CONTRACT TERM:

- 1.1 This Contract is for a term of three (3) years, beginning on the first (1ST) day of August, 2011 and ending the thirty-first (31st) day of July, ~~2014 2015 2016~~ **2017**.
- 1.2 The County may, at its option and with the agreement of the Contractor, renew the term of this Contract for additional terms up to a maximum of three (3) years, (or at the County's sole discretion, extend the contract on a month-to-month bases for a maximum of six (6) months after expiration). The County shall notify the Contractor in writing of its intent to extend the Contract term at least thirty (30) calendar days prior to the expiration of the original contract term, or any additional term thereafter.

2.0 PRICE ADJUSTMENTS:

Catalog prices or pricing discounts based off the Contractor's current published catalog pricing are permitted to be adjusted once per calendar year after the initial award, in conjunction with the Contractor's annual catalog publication date.

Any requests for other reasonable pricing adjustments shall be submitted sixty (60) days prior to the catalog publication date. If County agrees to the adjusted discounts, County shall issue written approval of the changes.

3.0 PAYMENTS:

- 3.1 As consideration for performance of the duties described herein, County shall pay Contractor the sums stated in Exhibit "A."
- 3.2 For non-procurement card transactions, payment shall be made upon the County's receipt of a properly completed invoice.

3.3 INVOICES (NON-PROCUREMENT CARD TRANSACTIONS):

3.3.1 The Contractor shall submit two (2) legible copies of their detailed invoice before payment(s) can be made. At a minimum, the invoice must provide the following information:

- Company name, address and contact
- County bill-to name and contact information
- Contract serial number
- County purchase order number
- Invoice number and date

- Payment terms
- Date of service or delivery
- Quantity
- Description of service provided
- Pricing per unit of service
- Freight (if applicable)
- Extended price
- Total Amount Due

3.4 Problems regarding billing or invoicing shall be directed to the County as listed on the Purchase Order.

3.4.1 Payment shall be made to the Contractor by Accounts Payable through the Maricopa County Vendor Express Payment Program. This is an Electronic Funds Transfer (EFT) process. After Contract Award the Contractor shall complete the Vendor Registration Form located on the County Department of Finance Vendor Registration Web Site (www.maricopa.gov/finance/vendors).

3.4.2 EFT payments to the routing and account numbers designated by the Contractor will include the details on the specific invoices that the payment covers. The Contractor is required to discuss remittance delivery capabilities with their designated financial institution for access to those details.

4.0 AVAILABILITY OF FUNDS:

4.1 The provisions of this Contract relating to payment for services shall become effective when funds assigned for the purpose of compensating the Contractor as herein provided are actually available to County for disbursement. The County shall be the sole judge and authority in determining the availability of funds under this Contract. County shall keep the Contractor fully informed as to the availability of funds.

4.2 If any action is taken by any state agency, Federal department or any other agency or instrumentality to suspend, decrease, or terminate its fiscal obligations under, or in connection with, this Contract, County may amend, suspend, decrease, or terminate its obligations under, or in connection with, this Contract. In the event of termination, County shall be liable for payment only for services rendered prior to the effective date of the termination, provided that such services are performed in accordance with the provisions of this Contract. County shall give written notice of the effective date of any suspension, amendment, or termination under this Section, at least ten (10) days in advance.

5.0 DUTIES:

5.1 The Contractor shall perform all duties stated in Exhibit "B", or as otherwise directed in writing by the Procurement Officer.

6.0 TERMS and CONDITIONS:

6.1 INDEMNIFICATION:

6.1.1 To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless County, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including, but not limited to, attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the negligent acts, errors, omissions, mistakes or malfeasance relating to the performance of this Contract. Contractor's duty to defend, indemnify and hold harmless County, its agents, representatives, officers, directors, officials, and employees shall arise in connection with any claim, damage, loss or expense that is caused by any negligent acts, errors, omissions or mistakes in the performance of this Contract by the Contractor, as well as any person

or entity for whose acts, errors, omissions, mistakes or malfeasance Contractor may be legally liable.

6.1.2 The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

6.1.3 The scope of this indemnification does not extend to the sole negligence of County.

6.2 INSURANCE REQUIREMENTS:

6.2.1 **Contractor, at Contractor's own expense, shall purchase and maintain the herein stipulated minimum insurance from a company or companies duly licensed by the State of Arizona and possessing a current A.M. Best, Inc. rating of B++. In lieu of State of Arizona licensing, the stipulated insurance may be purchased from a company or companies, which are authorized to do business in the State of Arizona, provided that said insurance companies meet the approval of County. The form of any insurance policies and forms must be acceptable to County.**

6.2.2 All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of County, constitute a material breach of this Contract.

6.2.3 Contractor's insurance shall be primary insurance as respects County, and any insurance or self-insurance maintained by County shall not contribute to it.

6.2.4 Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect the County's right to coverage afforded under the insurance policies.

6.2.5 The insurance policies may provide coverage that contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to County under such policies. Contractor shall be solely responsible for the deductible and/or self-insured retention and County, at its option, may require Contractor to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

6.2.6 County reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance certificates. County shall not be obligated to review policies and/or endorsements or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or be deemed a waiver of County's right to insist on strict fulfillment of Contractor's obligations under this Contract.

6.2.7 The insurance policies required by this Contract, except Workers' Compensation shall name County, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

6.2.8 The policies required hereunder, except Workers' Compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against County, its agents, representatives, officers, directors, officials and employees for any claims arising out of Contractor's work or service.

6.2.9 Commercial General Liability.

Commercial General Liability insurance and, if necessary, Commercial Umbrella insurance with a limit of not less than \$2,000,000 for each occurrence, \$2,000,000 Products/Completed Operations Aggregate, and \$4,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property

damage, personal injury, products and completed operations and blanket contractual coverage, and shall not contain any provision which would serve to limit third party action over claims. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

6.2.10 Automobile Liability.

Commercial/Business Automobile Liability insurance and, if necessary, Commercial Umbrella insurance with a combined single limit for bodily injury and property damage of not less than \$2,000,000 each occurrence with respect to any of the Contractor's owned, hired, and non-owned vehicles assigned to or used in performance of the Contractor's work or services under this Contract.

6.2.11 Workers' Compensation.

6.2.11.1 Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services under this Contract; and Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease for each employee, and \$1,000,000 disease policy limit.

6.2.11.2 Contractor waives all rights against County and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the Workers' Compensation and Employer's Liability or commercial umbrella liability insurance obtained by Contractor pursuant to this Contract.

6.2.12 Certificates of Insurance

6.2.12.1 Prior to commencing work or services under this Contract, Contractor shall furnish the County with **valid and complete** certificates of insurance, or formal endorsements as required by the Contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall identify this contract number and title.

6.2.12.2 Prior to commencing work or services under this Contract, Contractor shall have insurance in effect as required by the Contract in the form provided by the Comlty, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall be made available to the County upon ten (10) business days. BY SIGNING THE AGREEMENT PAGE THE CONTRACTOR AGREES TO THIS REQUIREMENT AND FAIUIJRE TO MEET THIS REQUIREMENT WILL RESULT IN CANCELLATION OF CONTRACT.

6.2.12.3 In the event any insurance policy (ies) required by this Contract is (are) written on a "claims made" basis, coverage shall extend for two (2) years past completion and acceptance of Contractor's work or services and as evidenced by annual Certificates of Insurance.

6.2.12.4 If a policy does expire during the life of the Contract, a renewal certificate must be sent to County fifteen (15) days prior to the expiration date.

6.2.13 Cancellation and Expiration Notice.

Applicable to all insurance policies required within the Insurance ~~required herein~~ Requirements of this Contract, Contractor's insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the Maricopa County. Contractor must provide to Maricopa County, within 2 business days of receipt, if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to Maricopa County Office of Procurement Services and shall be mailed or hand delivered to 320 West Lincoln Street, Phoenix, AZ 85003, or emailed to Procurement Officer noted in solicitation.

6.3 WARRANTY OF SERVICES:

6.3.1 The Contractor warrants that all services provided hereunder will conform to the requirements of the Contract, including all descriptions, specifications and attachments made a part of this Contract. County's acceptance of services or goods provided by the Contractor shall not relieve the Contractor from its obligations under this warranty.

6.3.2 Applied further warrants that services rendered will be performed in accordance with applicable industry standards prevailing at the time of performance. If any of the services do not comply with the foregoing warranty and Customer notifies Applied within the warranty period, Applied's sole responsibility shall be to re-perform the nonconforming service or refund the price allocable to the nonconforming service, at Applied's option.

6.3.3 In addition to its other remedies, County may, at the Contractor's expense, require prompt correction of any services failing to meet the Contractor's warranty herein. Services corrected by the Contractor shall be subject to all the provisions of this Contract in the manner and to the same extent as services originally furnished hereunder.

6.4 INSPECTION OF SERVICES:

6.4.1 The Contractor shall provide and maintain an inspection system acceptable to County covering the services under this Contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to County during contract performance and for as long afterwards as the Contract requires.

6.4.2 County has the right to inspect and test all services called for by the Contract, to the extent practicable at all times and places during the term of the Contract. County shall perform inspections and tests in a manner that will not unduly delay the work.

6.4.3 If any of the services do not conform with Contract requirements, County may require the Contractor to perform the services again in conformity with Contract requirements, at an increase in Contract amount. When the defects in services cannot be corrected by re-performance, County may:

6.4.3.1 Require the Contractor to take necessary action to ensure that future performance conforms to Contract requirements; and

6.4.3.2 Reduce the Contract price to reflect the reduced value of the services performed.

6.4.4 If the Contractor fails to promptly perform the services again or to take the necessary action to ensure future performance in conformity with Contract requirements, County may:

6.4.4.1 By Contract or otherwise, perform the services and charge to the Contractor any cost incurred by County that is directly related to the performance of such service; or

6.4.4.2 Terminate the Contract for default.

6.5 PROCUREMENT CARD ORDERING CAPABILITY:

The County may determine to use a MasterCard Procurement Card, to place and make payment for orders under the Contract.

Seller acknowledges and agrees the County may use, at its discretion, a P-Card for individual orders from the County. Use of a P-Card shall be limited to facilitate individual transactions and not for the payment of monthly billing statements.

6.6 INTERNET ORDERING CAPABILITY:

The County intends, at its option, to use the Internet to communicate and to place orders under this Contract.

6.7 NOTICES:

All notices given pursuant to the terms of this Contract shall be addressed to:

For County:

Maricopa County
Office of Procurement Services
Attn: Chief Procurement Officer
320 West Lincoln Street
Phoenix, Arizona 85003-2494

For Contractor:

Applied Industrial Technologies
Market Segment Manager – Government
301 North Fancher
Spokane, WA 99212

Mailing address:

Applied Industrial Technologies
One Applied Plaza MS 98
Cleveland, OH 44115

6.8 REQUIREMENTS CONTRACT:

6.8.1 Contractor signifies its understanding and agreement by signing this document that this Contract is a requirements contract. This Contract does not guarantee any purchases will be made (minimum or maximum). Orders will only be placed when County identifies a need and issues a purchase order or a written notice to proceed.

6.8.2 County reserves the right to cancel purchase orders or notice to proceed within a reasonable period of time after issuance. Should a purchase order or notice to proceed be canceled, the County agrees to reimburse the Contractor for actual and documented costs incurred by the Contractor. The County will not reimburse the Contractor for any avoidable costs incurred after receipt of cancellation, or for lost profits, or shipment of product or performance of services prior to issuance of a purchase order or notice to proceed.

6.8.3 Purchase orders will be cancelled in writing.

6.9 **TERMINATION FOR CONVENIENCE:**

The County reserves the right to terminate the Contract, in whole or in part at any time, when in the best interests of the County without penalty or recourse. Upon receipt of the written notice, the Contractor shall immediately stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the County. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the County upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination.

6.10 **TERMINATION FOR DEFAULT:**

6.10.1 In addition to the rights reserved in the Contract, the County may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.

6.10.2 Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the County on demand.

6.10.3 The County may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the County for any excess costs incurred by the County in procuring materials or services in substitution for those due from the Contractor.

6.10.4 The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

6.11 **TERMINATION BY THE COUNTY:**

If the Contractor should be adjudged bankrupt or should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of its insolvency, the County may terminate the Contract. If the Contractor should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to provide enough properly skilled workers or proper materials, or persistently disregard laws and ordinances, or not proceed with work or otherwise be guilty of a substantial violation of any provision of this Contract, then the County may terminate the Contract. Prior to termination of the Contract, the County shall give the Contractor fifteen- (15) calendar day's written notice. Upon receipt of such termination notice, the Contractor shall be allowed fifteen (15) calendar days to cure such deficiencies.

6.12 **STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:**

Notice is given that pursuant to A.R.S. §38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to A.R.S §38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the Contract.

6.13 OFFSET FOR DAMAGES;

In addition to all other remedies at law or equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this contract.

6.14 ADDITIONS/DELETIONS OF SERVICE:

6.14.1 The County reserves the right to add and/or delete ~~products and/or services provided under this materials to a~~ **Contract**. If a **service** requirement is deleted, payment to the Contractor will be reduced proportionately to the amount of service reduced in accordance with the ~~proposal bid~~ **price**. If additional ~~services and/or products materials~~ are required from ~~this a~~ **Contract**, prices for such additions will be negotiated between the Contractor and the County.

6.14.2 **The County reserves the right of final approval on proposed staff for all Task Orders. Also, upon request by the County, the Contractor will be required to remove any employees working on County projects and substitute personnel based on the discretion of the County within two business days, unless previously approved by the County.**

6.15 RELATIONSHIPS:

In the performance of the services described herein, the Contractor shall act solely as an independent contractor, and nothing herein or implied herein shall at any time be construed as to create the relationship of employer and employee, partnership, principal and agent, or joint venture between the District and the Contractor.

6.16 SUBCONTRACTING:

The Contractor may not assign ~~this a~~ **Contract** or subcontract to another party for performance of the terms and conditions hereof without the written consent of the County. ~~which shall not be unreasonably withheld.~~ All correspondence authorizing subcontracting must reference the ~~Proposal Bid~~ **Serial Number** and identify the job project.

The Subcontractor's rate for the job shall not exceed that of the Prime Contractor's rate, as bid in the pricing section, unless the Prime Contractor is willing to absorb any higher rates. The Subcontractor's invoice shall be invoiced directly to the Prime Contractor, who in turn shall pass- through the costs to the County, without mark-up. A copy of the Subcontractor's invoice must accompany the Prime Contractor's invoice.

6.17 AMENDMENTS:

All amendments to this Contract shall be in writing and approved/signed by both parties. Maricopa County **Office of Procurement Services** shall be responsible for approving all amendments for Maricopa County.

6.18 RETENTION OF RECORDS:

6.18.1 The Contractor agrees to retain all financial books, records, and other documents relevant to this Contract for six (6) years after final payment or until after the resolution of any audit questions which could be more than six (6) years, whichever is longer. The County, Federal or State auditors and any other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of, any and all said materials.

6.18.2 If the Contractor's books, records and other documents relevant to this Contract are not sufficient to support and document that requested services were provided, the Contractor

shall reimburse Maricopa County for the services not so adequately supported and documented.

6.19 AUDIT DISALLOWANCES:

If at any time, County determines that a cost for which payment has been made is a disallowed cost, such as overpayment, County shall notify the Contractor in writing of the disallowance. County shall also state the means of correction, which may be but shall not be limited to adjustment of any future claim submitted by the Contractor by the amount of the disallowance, or to require repayment of the disallowed amount by the Contractor.

6.20 ALTERNATIVE DISPUTE RESOLUTION:

6.20.1 After the exhaustion of the administrative remedies provided in the Maricopa County Procurement Code, any contract dispute in this matter is subject to compulsory arbitration. Provided the parties participate in the arbitration in good faith, such arbitration is not binding and the parties are entitled to pursue the matter in state or federal court sitting in Maricopa County for a de novo determination on the law and facts. If the parties cannot agree on an arbitrator, each party will designate an arbitrator and those two arbitrators will agree on a third arbitrator. The three arbitrators will then serve as a panel to consider the arbitration. The parties will be equally responsible for the compensation for the arbitrator(s). The hearing, evidence, and procedure will be in accordance with Rule 74 of the Arizona Rules of Civil Procedure. Within ten (10) days of the completion of the hearing the arbitrator(s) shall:

6.20.1.1 Render a decision;

6.20.1.2 Notify the parties that the exhibits are available for retrieval; and

6.20.1.3 Notify the parties of the decision in writing (a letter to the parties or their counsel shall suffice).

6.20.2 Within ten (10) days of the notice of decision, either party may submit to the arbitrator(s) a proposed form of award or other final disposition, including any form of award for attorneys' fees and costs. Within five (5) days of receipt of the foregoing, the opposing party may file objections. Within ten (10) days of receipt of any objections, the arbitrator(s) shall pass upon the objections and prepare a signed award or other final disposition and mail copies to all parties or their counsel.

6.20.3 Any party which has appeared and participated in good faith in the arbitration proceedings may appeal from the award or other final disposition by filing an action in the state or federal court sitting in Maricopa County within twenty (20) days after date of the award or other final disposition. Unless such action is dismissed for failure to prosecute, such action will make the award or other final disposition of the arbitrator(s) a nullity.

6.21 SEVERABILITY:

The invalidity, in whole or in part, of any provision of this Contract shall not void or affect the validity of any other provision of this Contract.

6.22 RIGHTS IN DATA:

The County shall own have the use of all data and reports resulting from this Contract without additional cost or other restriction except as provided by law. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder.

6.23 INTEGRATION:

This Contract represents the entire and integrated agreement between the parties and supersedes all prior negotiations, proposals, communications, understandings, representations, or agreements, whether oral or written, express or implied.

6.24 VERIFICATION REGARDING COMPLIANCE WITH ARIZONA REVISED STATUTES §41-4401 AND FEDERAL IMMIGRATION LAWS AND REGULATIONS:

6.24.1 By entering into the Contract, the Contractor warrants compliance with the Immigration and Nationality Act (INA using e-verify) and all other federal immigration laws and regulations related to the immigration status of its employees and A.R.S. §23-214(A). The contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer upon request. These warranties shall remain in effect through the term of the Contract. The Contractor and its subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the Immigration Reform and Control Act of 1986, as amended from time to time, for all employees performing work under the Contract and verify employee compliance using the E-verify system and shall keep a record of the verification for the duration of the employee's employment or at least three years, whichever is longer. I-9 forms are available for download at USCIS.GOV.

6.24.2 The County retains the legal right to inspect contractor and subcontractor employee documents performing work under this Contract to verify compliance with paragraph 6.23.1 of this Section. Contractor and subcontractor shall be given reasonable notice of the County's intent to inspect and shall make the documents available at the time and date specified. Should the County suspect or find that the Contractor or any of its subcontractors are not in compliance, the County will consider this a material breach of the contract and may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the Contract for default, and suspension and/or debarment of the Contractor. All costs necessary to verify compliance are the responsibility of the Contractor.

~~6.25 VERIFICATION REGARDING COMPLIANCE WITH ARIZONA REVISED STATUTES §§35-391.06 AND 35-393.06 BUSINESS RELATIONS WITH SUDAN AND IRAN:~~

~~6.25.1 By entering into the Contract, the Contractor certifies it does not have scrutinized business operations in Sudan or Iran. The contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer upon request. These warranties shall remain in effect through the term of the Contract.~~

~~6.25.2 The County may request verification of compliance for any contractor or subcontractor performing work under the Contract. Should the County suspect or find that the Contractor or any of its subcontractors are not in compliance, the County may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the Contract for default, and suspension and/or debarment of the Contractor. All costs necessary to verify compliance are the responsibility of the Contractor.~~

6.26 CONTRACTOR LICENSE REQUIREMENT:

6.26.1 The Respondent shall procure all permits, insurance, licenses and pay the charges and fees necessary and incidental to the lawful conduct of his/her business, and as necessary complete any required certification requirements, required by any and all governmental or non-governmental entities as mandated to maintain compliance with and in good standing for all permits and/or licenses. The Respondent shall keep fully informed of existing and future trade or industry requirements, Federal, State and Local laws, ordinances, and regulations which in any manner affect the fulfillment of a Contract and shall comply with the same. Contractor shall immediately notify both **Office of Procurement Services** and the using agency of any and all changes concerning permits, insurance or licenses.

6.26.2 Respondents furnishing finished products, materials or articles of merchandise that will require installation or attachment as part of the Contract, shall possess any licenses required. A Respondent is not relieved of its obligation to possess the required licenses by subcontracting of the labor portion of the Contract. Respondents are advised to contact the Arizona Registrar of Contractors, Chief of Licensing, at (602) 542-1525 to ascertain licensing requirements for a particular contract. Respondents shall identify which license(s), if any, the Registrar of Contractors requires for performance of the Contract.

6.27 CERTIFICATION REGARDING DEBARMENT AND SUSPENSION

6.27.1 The undersigned (authorized official signing for the Contractor) certifies to the best of his or her knowledge and belief, that the Contractor, defined as the primary participant in accordance with 45 CFR Part 76, and its principals:

6.27.1.1 are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal Department or agency;

6.27.1.2 have not within 3-year period preceding this Contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

6.27.1.3 are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

6.27.1.4 have not within a 3-year period preceding this Contract had one or more public transaction (Federal, State or local) terminated for cause of default.

6.27.2 Should the Contractor not be able to provide this certification, an explanation as to why should be attached to the Contract.

6.27.3 The Contractor agrees to include, without modification, this clause in all lower tier covered transactions (i.e. transactions with subcontractors) and in all solicitations for lower tier covered transactions related to this Contract.

6.28 PRICES:

Contractor warrants that prices extended to County under this Contract are no higher than those paid by any other customer for these or similar services.

6.29 GOVERNING LAW:

This Contract shall be governed by the laws of the state of Arizona. Venue for any actions or lawsuits involving this Contract will be in Maricopa County Superior Court or in the United States District Court for the District of Arizona, sitting in Phoenix, Arizona

6.30 ORDER OF PRECEDENCE:

In the event of a conflict in the provisions of this Contract and Contractor's license agreement, if applicable, the terms of this Contract shall prevail.

6.31 STRATEGIC ALLIANCE for VOLUME EXPENDITURES (\$AVE)

The County is a member of the \$AVE cooperative purchasing group. \$AVE includes the State of Arizona, many Phoenix metropolitan area municipalities, and many K-12 unified school districts.

Under the \$AVE Cooperative Purchasing Agreement, and with the concurrence of the successful Respondent under this solicitation, a member of \$AVE may access a contract resulting from a solicitation issued by the County. If you **do not** want to grant such access to a member of \$AVE, **please so state** in your proposal. In the absence of a statement to the contrary, the County will assume that you do wish to grant access to any contract that may result from this Request for Proposal.

6.32 **INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENTS (ICPA's)**

County currently holds ICPA's with numerous governmental entities throughout the State of Arizona. These agreements allow those entities, with the approval of the Contractor, to purchase their requirements under the terms and conditions of the County Contract. Please indicate on Attachment A, your acceptance or rejection regarding such participation of other governmental entities. Your response will not be considered as an evaluation factor in awarding a contract.

6.33 **INFLUENCE**

As prescribed in MC1-1202 of the Maricopa County Procurement Code, any effort to influence an employee or agent to breach the Maricopa County Ethical Code of Conduct or any ethical conduct, may be grounds for Disbarment or Suspension under MC1-902. An attempt to influence includes, but is not limited to:

- 6.33.1 **A Person offering or providing a gratuity, gift, tip, present, donation, money, entertainment or educational passes or tickets, or any type valuable contribution or subsidy,**
- 6.33.2 **That is offered or given with the intent to influence a decision, obtain a contract, garner favorable treatment, or gain favorable consideration of any kind.**

If a Person attempts to influence any employee or agent of Maricopa County, the Chief Procurement Officer, or his designee, reserves the right to seek any remedy provided by the Maricopa County Procurement Code, any remedy in equity or in the law, or any remedy provided by this contract.

6.34 **PUBLIC RECORDS:**

All Offers submitted and opened are public records and must be retained by the Records Manager at the Office of Procurement Services. Offers shall be open to public inspection after Contract award and execution, except for such Offers deemed to be confidential by the Office of Procurement Services. If an Offeror believes that information in its Offer should remain confidential, it shall indicate as confidential, the specific information and submit a statement with its offer detailing the reasons that the information should not be disclosed. Such reasons shall include the specific harm or prejudice which may arise. The Records Manager of the Office of Procurement Services shall determine whether the identified information is confidential pursuant to the Maricopa County Procurement Code.

6.35 **INCORPORATION OF DOCUMENTS:**

The following are to be attached to and made part of this Contract:

- 6.35.1 Exhibit A, Pricing;
- 6.35.2 Exhibit B, Scope of Work;
- 6.35.3 Exhibit C, FEMA and ARRA Terms and Condition

IN WITNESS WHEREOF, this Contract is executed on the date set forth above.

CONTRACTOR

Tom Arnold
 AUTHORIZED SIGNATURE
Tom Arnold VP Strategic Accounts
 PRINTED NAME AND TITLE
1 Applied Plaza, Cleveland, OH 44115
 ADDRESS
7/11/11
 DATE

MARICOPA COUNTY

[Signature]
 CHAIRMAN, BOARD OF SUPERVISORS
 DATE JUL 19 2011

ATTESTED:

[Signature]
 CLERK OF THE BOARD
 DATE JUL 19 2011

APPROVED AS TO FORM:

[Signature]
 LEGAL COUNSEL
 DATE July 15 2011

**EXHIBIT A
PRICING**

SERIAL	11019-RFP
NIGP CODE:	45041
RESPONDENT'S NAME:	Applied Industrial Technologies
COUNTY VENDOR NUMBER :	2011000858 0
ADDRESS:	1 Applied Plaza
	Cleveland, Ohio 44115
P.O. ADDRESS:	PO Box 6925, Cleveland, Ohio 44115-2193
TELEPHONE NUMBER:	216-426-4440 or 509-954-6154
FACSIMILE NUMBER:	216-373-5567
WEB SITE:	www.applied.com
CONTACT (REPRESENTATIVE):	Bill Rozier Donna White Mr. Ron Kulinski
REPRESENTATIVE'S E-MAIL ADDRESS:	brozier@applied.com donnawhite rkulinski@applied.com 586/243-2367

WILL ALLOW OTHER GOVERNMENTAL ENTITIES TO PURCHASE FROM THIS CONTRACT	YES	NO
WILL ACCEPT PROCUREMENT CARD FOR PAYMENT:	<input checked="" type="checkbox"/> [X]	<input type="checkbox"/> []

PAYMENT TERMS: NET 30 DAYS

PRODUCT PRICING

~~Applied is offering our most competitive pricing structure available to public agencies. Our offer will allow access to one of the most robust product offerings representing over 2000 world class manufactures and over 2.5 million specific line items. We will be offering Maricopa County and US Communities an Applied Cost plus pricing structure for the bulk of the items currently purchased by potential contract users. Applied Cost is the procurement cost to the local service center or distribution center.~~

The offering contains a list of Tier 1 suppliers. The products that are offered by these manufactures through Applied will be priced based on current Applied Cost plus the gross profit percentage (GP%) listed for the major categories. Applied Cost may fluctuate with market conditions; however, the markup will remain the same. With the exception of training, described below, we are also offering our services based on this structure. The formula for calculating the sell price is $\text{Applied Cost} / (1 - \text{GP}\% / 100) = \text{Sell Price}$. We have included examples in the table below for your review.

Applied Cost	Sell Price	GP %	Applied Cost(1 - GP%/100 = Sell Price)
\$10.00	11.63	14	$\$10 / (1 - 14/100) = \11.63
\$10.00	11.76	15	$\$10 / (1 - 15/100) = \11.76
\$10.00	11.90	16	$\$10 / (1 - 16/100) = \11.90

~~Applied is offering a cost plus pricing structure for over 1.6 million Tier 1 products currently loaded on Applied.com. All made to order products from the Tier 1 suppliers will also be priced according to the cost plus structure. The remainder of Applied's offering for the market baskets Maricopa is requesting will be priced based on our current Applied Price (Applied's List) minus a 10% discount. The remaining standard products loaded on Applied.com will receive a 10% discount off of Applied Price (Applied's List price). Additional price on request items are also available on Applied.com.~~

The pricing structure shall be Applied Cost plus for the bulk of the items offered the County. Applied Cost is the procurement cost to the local service center or distribution center. This competitive pricing structure will be offered on over 2.5 million specific line items from Tier 1 suppliers.

Products from identified Tier 1 suppliers, except non-core and made-to-order products, will be priced at then-current Applied Cost plus the gross profit percentage (GP%) as described in SUPPLIER PRICING (Table 1 – below) and calculated utilizing the PROFIT MULTIPLIER TABLE (Table 2 – below). Applied

Cost may fluctuate with market conditions; however, the markup will remain the same. With the exception of training, described below, Contractor shall also offer its services based on this structure.

The Tier 1 pricing structure is shown on the following pages.

TIER 1 SUPPLIER PRICING

Ball and Spherical Bearings		Gross Profit: 14%
<ul style="list-style-type: none"> • Alinabal • Fafnir • Baldor-Dodge • Barden • Emerson Power Transmission • FAG Bearings 	<ul style="list-style-type: none"> • Heim Bearings • INA • Kaydon • Kilian • Koyo • NSK 	<ul style="list-style-type: none"> • Torrington • Rexnord-LB • SKF • The Timken Corporation

Tapered Roller Bearings		Gross Profit: 16%
<ul style="list-style-type: none"> • American Roller Bearing • FAG Bearings • Torrington 	<ul style="list-style-type: none"> • Koyo • NSK • Roller Bearing Co RBC 	<ul style="list-style-type: none"> • SKF • The Timken Corporation

Mounted and Other Bearings		Gross Profit: 18%
<ul style="list-style-type: none"> • Altra Industrial Motion • American Roller Bearing • Aurora Bearing • Baldor-Dodge • Barden • Torrington • Fafnir • Bunting Bearings • Cooper Bearing • Emerson Power Transmission 	<ul style="list-style-type: none"> • FAG Bearings • Garlock Klozure • GGB Bearing Technology • Goldspec • Heim Bearings • Hub City • INA • Koyo • NSK • Osborn International 	<ul style="list-style-type: none"> • Precision Pulley & Idler • Rexnord-LB • Roller Bearing Co RBC • Salem Specialty Ball • SKF • Standard Locknut • Symmco • The Timken Corporation • Thomson Saginaw Ball • Precision Pulley & Idler

Linear Technologies		Gross Profit: 22%
<ul style="list-style-type: none"> • Bishop Wisecarver • Danaher Motion • Duff-Norton • INA 	<ul style="list-style-type: none"> • Nook Industries • NSK • SKF • THK America 	<ul style="list-style-type: none"> • Thomson Saginaw Ball • Warner Electric Division

Gearing/Material Handling		Gross Profit: 17%
<ul style="list-style-type: none"> • Altra Industrial Motion • Ameridrives • Arch Environmental • Baldor - Dodge Motors & Drives • Danaher Motion • Duff-Norton • Emerson Power Transmission • Falk Corporation • Flexible Steel Lacing • FMC Technologies • Foote Jones • Goodyear - Veyance Tech 	<ul style="list-style-type: none"> • Habasit America • Hub City • Intelligrated Systems • Interroll • Leeson Electric • Martin Sprocket & Gear • MHS Caster & Equipment • Nexen • Nidec US Electric Motor • Nord Gear Company • Omni Metal Craft • Peerless-Winsmith • Precision Pulley & Idler 	<ul style="list-style-type: none"> • Ralphs-Pugh • Renold Jeffrey Chain • Rexnord • Sew Eurodrive • Sterling Electric • Sumitomo • T.B. Woods • Thomson Saginaw Ball • US Tsubaki • Warner Electric Division • Weg Electric

Timing Belts, Chain, Sprockets, Sheaves and Bushings		Gross Profit: 15%
<ul style="list-style-type: none"> • Allied Locke Industries • Altra Industrial Motion • Baldor-Dodge • Brewer Machine & Gear • Emerson Power Transmission • Fenner Drives • Goodyear - Veyance Tech 	<ul style="list-style-type: none"> • Habasit America • Hitachi Maxco • Interroll • Lovejoy • Mac Chain Company • Martin Sprocket & Gear • Precision Pulley & Idler 	<ul style="list-style-type: none"> • Renold Jeffrey Chain • Rexnord • T.B. Woods • US Tsubaki • Warner Electric Division

Couplings and U Joints		Gross Profit: 20%
<ul style="list-style-type: none"> • Altra Industrial Motion • ATR Sales 	<ul style="list-style-type: none"> • Climax Metal Products • Curtis Universal Joint 	<ul style="list-style-type: none"> • Falk Corporation • Garlock Klozure

• Baldor-Dodge	• Emerson Power Transmission	• Hub City
• Lovejoy	• Martin Sprocket & Gear	• T.B. Woods
• Magnaloy Coupling	• Rexnord	
	• SKF	

V-Belts	Gross Profit: 5%
• Goodyear - Veyance Tech	

Electrical Power Transmission	Gross Profit: 20%	
• Altra Industrial Motion	• Nexen	• T.B. Woods
• Baldor - Dodge Motors & Drives	• Nidec US Electric Motor	• Telco Sensors
• Electro Static Technology	• Rexnord - Stearns	• Warner Electric Division
• Emerson Power Transmission	• Sumitomo	• Weg Electric

Motors*	Gross Profit: 16%	
• Baldor - Dodge Motors & Drives	• Leeson Electric	• Sterling Electric
• Emerson Power Transmission	• Nidec US Electric Motor	• Weg Electric

Hydraulic	Gross Profit: 20%	
• Alemite Corporation	• Dynaquip Controls	• Lincoln Industrial
• Anchor Fluid Power	• Eaton Aeroquip	• Magnaloy Coupling
• ARO Corporation	• Eaton Hydraulics	• One Eye Industries
• Ashcroft -- Weksler	• Eaton Hydraulics-Everflex	• Pall Machinery
• Behringer	• Enerpac	• Parker Hannifin
• Brand Hydraulics	• Flow Ezy Filters	• Precision Brand Products
• Brennan Industries	• Goodyear - Veyance Tech	• Rexroth
• Continental Hydraulics	• Graco	• Snap-Tite
• Cross	• Greer - Parker	• T.B. Woods
• Dixon Valve & Coupling	• Hycon Filtration	• Thermal Transfer
• Donaldson Filtration	• Kuriyama	• Trico
• Duff-Norton	• KYB America	• Weiss Instruments

Industrial and Hydraulic Hose	Gross Profit: 18%	
• Dixon Valve & Coupling	• Eaton Hydraulics-Everflex	• Kuriyama
• Eaton Aeroquip	• Goodyear - Veyance Tech	• Lincoln Industrial
• Eaton Hydraulics	• Hi-Tech Duravent	• Reelcraft

Pneumatic	Gross Profit: 23%	
• Alemite Corporation	• Eaton Hydraulics	• Pall Machinery
• ARO Corporation	• Firestone Industrial Prod	• Parker Hannifin
• Ashcroft -- Weksler	• Goodyear - Veyance Tech	• Parker Hannifin - Legris
• Champion - Gardner Denver	• Graco	• Rexroth
• Dixon Valve & Coupling	• Greer - Parker	• SKF
• Donaldson Filtration	• La-Man Corporation	• Weiss Instruments
• Dynaquip Controls	• Lincoln Industrial	

Sealing Technology and Rubber Products	Gross Profit: 22%	
• American Packing & Gasket	• Garlock Klosure	• Parker Hannifin
• Beltservice Corp.	• Goldspec	• Reelcraft
• Chicago Rawhide CR	• Goodyear - Veyance Tech	• Rexnord
• Dixon Valve & Coupling	• Habasit America	• The Timken Corporation
• Eaton Aeroquip	• Omni Metal Craft	• U.S. Seal
• Fenner Drives	• Torrington	
• Flexible Steel Lacing	• Oring	

Supplemental Products	Gross Profit: 22%	
• Alemite Corporation	• Fiske Bros. Refining	• Precision Brand Products
• ARO Corporation	• GITS	• Randall Bearings
• Baldor-Dodge	• Goodyear - Veyance Tech	• Renold Jeffrey Chain
• Champion - Gardner Denver	• Graco	• Rexnord
• Dixon Valve & Coupling	• Habasit America	• SKF
• Dow Corning Corporation	• Devcon	• The Timken Corporation
• Fafnir	• Lincoln Industrial	• Total Lubricants
• Torrington	• Loctite	• Trico
• Emerson Power Transmission	• Lovejoy	• U.S. Seal
• FAG Bearings	• Lubriplate Lubricants	• US Tsubaki

- Falk Corporation
- Fenner Drives
- NSK
- Posi-Lock Puller
- Zircon Industries

TABLE 2

Profit Multiplier Table

GP%	Cost+ Multiplier	GP%	Cost+ Multiplier	GP%	Cost+ Multiplier
1.00	1.010	27.50	1.379	64.00	2.778
1.50	1.015	28.00	1.389	64.50	2.817
2.00	1.020	28.50	1.399	65.00	2.857
2.50	1.026	29.00	1.408	65.50	2.899
3.00	1.031	29.50	1.418	66.00	2.941
3.50	1.036	30.00	1.429	66.50	2.985
4.00	1.042	30.50	1.439	67.00	3.030
4.50	1.047	31.00	1.449	67.50	3.077
5.00	1.053	32.00	1.471	68.00	3.125
5.50	1.058	33.00	1.493	68.50	3.175
6.00	1.064	34.00	1.515	69.00	3.226
6.50	1.070	35.00	1.538	69.50	3.279
7.00	1.075	36.00	1.563	70.00	3.333
7.50	1.081	37.00	1.587	70.50	3.390
8.00	1.087	38.00	1.613	71.00	3.448
8.50	1.093	39.00	1.639	71.50	3.509
9.00	1.099	40.00	1.667	72.00	3.571
9.50	1.105	41.00	1.695	72.50	3.636
10.00	1.111	42.00	1.724	73.00	3.704
10.50	1.117	43.00	1.754	73.50	3.774
11.00	1.124	44.00	1.786	74.00	3.846
11.50	1.130	45.00	1.818	74.50	3.922
12.00	1.136	46.00	1.852	75.00	4.000
12.50	1.143	47.00	1.887	75.50	4.082
13.00	1.149	48.00	1.923	76.00	4.167
13.50	1.156	49.00	1.961	76.50	4.255
14.00	1.163	50.00	2.000	77.00	4.348
14.50	1.170	51.00	2.041	77.50	4.444
15.00	1.176	51.50	2.062	78.00	4.545
15.50	1.183	52.00	2.083	78.50	4.651
16.00	1.190	52.50	2.105	79.00	4.762
16.50	1.198	53.00	2.128	79.50	4.878
17.00	1.205	53.50	2.151	80.00	5.000
17.50	1.212	54.00	2.174	80.50	5.128
18.00	1.220	54.50	2.198	81.00	5.263
18.50	1.227	55.00	2.222	82.00	5.556
19.00	1.235	55.50	2.247	83.00	5.882
19.50	1.242	56.00	2.273	84.00	6.250
20.00	1.250	56.50	2.299	85.00	6.667
20.50	1.258	57.00	2.326	86.00	7.143
21.00	1.266	57.50	2.353	87.00	7.692
21.50	1.274	58.00	2.381	88.00	8.333

22.00	1.282	58.50	2.410	89.00	9.091
22.50	1.290	59.00	2.439	90.00	10.000
23.00	1.299	59.50	2.469	91.00	11.111
23.50	1.307	60.00	2.500	92.00	12.500
24.00	1.316	60.50	2.532	93.00	14.286
24.50	1.325	61.00	2.564	94.00	16.667
25.00	1.333	61.50	2.597	95.00	20.000
25.50	1.342	62.00	2.632	96.00	25.000
26.00	1.351	62.50	2.667	97.00	33.333
26.50	1.361	63.00	2.703	98.00	50.000
27.00	1.370	63.50	2.740	99.00	100.000

Non-core pricing

Non-core and made-to-order products shall be priced at Applied’s cost plus a multiplier per the NON-CORE PRICING TABLE (Table 3 - below). The remainder of the Maricopa market basket, including non-core items not included in Table 3, shall be priced at Applied’s cost plus a 1.66 multiplier.

TABLE 3

Non-Core Pricing	
Product Group	Multiplier
Chemicals	1.30
Lubricants	1.33
General Industrial	1.50
Tools	1.30
Safety	1.36
Janitorial	1.50

Notes: *For Motors 16% - Applied is offering to drop our markup on motors from Tier 1 Suppliers to 13% if we are allowed to negotiate freight on single line items weighing over 70 lbs.

**For Services – Repair and Rubber 25% - Services over \$2,500 call for additional discounts

Examples

Applied Cost	Sell Price	GP %	Applied Cost(1-GP%/100 = Sell Price)
\$10	\$10.53	5	$\$10 / (1 - 5/100) = \10.53
\$10	\$11.49	13	$\$10 / (1 - 13/100) = \11.49
\$10	\$11.63	14	$\$10 / (1 - 14/100) = \11.63
\$10	\$11.76	15	$\$10 / (1 - 15/100) = \11.76
\$10	\$11.90	16	$\$10 / (1 - 16/100) = \11.90
\$10	\$12.05	17	$\$10 / (1 - 17/100) = \12.05
\$10	\$12.20	18	$\$10 / (1 - 18/100) = \12.20
\$10	\$12.35	19	$\$10 / (1 - 19/100) = \12.35
\$10	\$12.50	20	$\$10 / (1 - 20/100) = \12.50
\$10	\$12.66	21	$\$10 / (1 - 21/100) = \12.66
\$10	\$12.82	22	$\$10 / (1 - 22/100) = \12.82
\$10	\$12.99	23	$\$10 / (1 - 23/100) = \12.99
\$10	\$13.16	24	$\$10 / (1 - 24/100) = \13.16
\$10	\$13.33	25	$\$10 / (1 - 25/100) = \13.33

Our printed catalog is only a small sampling of our entire product offering. We want to provide contract users with the widest availability of products so we are referencing our online catalog available at www.applied.com for our catalog and Applied Price. Applied’s website is updated continuously and therefore the Applied price may fluctuate with market conditions; however, our discount will remain fixed at 10%.

MaintenancePRO Part Numbers and Pricing

NOTE: Pricing for on-site courses of 15 people (or less). For pricing 16-20, replace the number 15 in the part number.

Part Number*	Mfr. Code	Class	List Price	US Communities Price
MP10003OSX15-2	MPRO	Advanced Industrial Hydraulics 2-Day On Site Class 1-15 Seats	\$11,550.00	\$11,319.00
MP10005OSX15-2	MPRO	Advanced Industrial Pneumatics 2-Day On Site Class 1-15 Seats	11,550.00	11,319.00
MP10014-11OSX15-1	MPRO	Arc Flash Class 1-Day On Site 15 Seats (per class)	6,975.00	6,835.50
MP10020-11OSX15-1	MPRO	Basic Electricity for Mechanics 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
MP10002OSX15-1	MPRO	Basic Industrial Hydraulics 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
MP10004OSX15-1	MPRO	Basic Industrial Pneumatics 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
MP10007OSX15-2	MPRO	Bearing Maintenance and Fundamentals 2-Day On Site Class 1-15 Seats	11,550.00	11,319.00
MP10021-11OSX15-1	MPRO	Electrical Print Reading 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
MP10015-11OSX15-1	MPRO	Fall Protection Class 1-Day On Site 15 Seats (per class)	6,975.00	6,835.50
MP10001OSX15-3	MPRO	Fluid Power Fundamentals 3-Day On Site Class 1-15 Seats	14,325.00	14,038.50
MP10022-11OSX15-1	MPRO	HVAC Air Conditioning & Refrigeration Fundamentals 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
MP10009OSX15-1	MPRO	Hydraulic Troubleshooting 1-Day On Site Class 1-15 Seats	7,470.00	7,320.60
MP10019-11OSX15-1	MPRO	Lockout Tagout 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
MP10006OSX15-2	MPRO	Lubrication Technology 2-Day On Site Class 1-15 Seats	12,525.00	12,274.50
MP10010OSX15-2	MPRO	Motors & Drives 2-Day On Site Class 1-15 Seats	11,550.00	11,319.00
MP10008OSX15-3	MPRO	Power Transmission Technology 3-Day On Site Class 1-15 Seats	14,325.00	14,038.50
MP10018-11OSX15-1	MPRO	Pumps & Seals 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
MP10013-11OSX15-1	MPRO	Rigging Class 1-Day On Site 15 Seats (per class)	6,975.00	6,835.50
MP10023-11OSX15-1	MPRO	Root Cause Failure Analysis (RCFA) 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
MP10017-11OSX15-1	MPRO	Technical Troubleshooting 1-Day On Site Class 1-15 Seats	6,975.00	6,835.50
CUSTOM OSX15-1	MPRO	Custom On-site Class 1-Day On Site 15 Seats (per class)	7,470.00	7,320.60
CUSTOM OSX15-2	MPRO	Custom On-site Class 2-Day On Site 15 Seats (per class)	11,550.00	11,319.00
CUSTOM OSX15-3	MPRO	Custom On-site Class 3-Day On Site 15 Seats (per class)	14,325.00	14,038.50

Customers who have requested to use the resulting contract will have their account tied to a price guide. Once a customer logs-in to Applied.com, their negotiated contract pricing will be displayed for all products on the contract. There is no need for the customer to calculate their discounts or cost plus - they can simply access their account on Applied.com and receive the contract pricing. Customers may also call, fax or visit their local Applied service center to place an order. When placing an order in person, customers will automatically receive the contract price once they have indicated that they would like to utilize the contract.

A login has been established for Participating Agencies to utilize when ordering products. Contract pricing based on the formulas above can be accessed via this login for pricing and ordering purposes. To access the contract pricing on www.applied.com/, visit and enter:

Username:	USCOMMUNITIES
Password:	APPLIED2011

For our Tier 1 manufacturers, our pricing system also allows us to price items per the contract that do not currently exist on the website or in our product file. These items are usually new items or special orders. Regardless of the reason it's not on the website, if the supplier is one of the Tier 1 manufactures it will be priced according to the cost plus method. If it's not, the customer can call the local service center to obtain pricing and ask for discounts where applicable.

REBATE ON SALES

Applied's offer will be very competitive in the market place and represents a substantial discount from the traditional procurement methods. We also have the ability to offer larger using agencies the opportunity to receive a volume incentive rebate. We set up a tracking mechanism on the accounts that represent the agencies and accrue a rebate to be paid to the users if they hit certain target levels.

Rebates will accrue for sales within each bracket listed for sales per single agency. The sales must be made at the pricing level offered in the contract and all invoices must be paid within terms (Net 30 Days).

- \$500,000 – 749,999 = 1.0% rebate
- \$750,000 or greater = 1.5% rebate

~~Our~~ Maintenance Pro training will be offered at the discounts listed ~~below~~ **above**.

**EXHIBIT B
SCOPE OF WORK**

Maricopa County (herein “Lead Public Agency” on behalf of itself and all states, local governments, school districts, and higher education institutions in the United States of America, and other government agencies and nonprofit organizations (herein “Participating Public Agencies”) has entered into a Master Agreement for a complete line of “Maintenance, Repair and Operating(MRO) Supplies and Industrial Supplies in a Retail and Wholesale (internet) environment; and Related Products and Services (installation, repair and renovation) (herein “Products and Services”).

Applied Industrial Technologies (Applied®) is one of North America's largest independent distributors representing more than 2.5 million parts critical to the operations of MRO and OEM customers in virtually every industry. Applied distributes bearings, motors, fluid power, gearing, power transmission, pumps, hose, hydraulic products, material handling products, MRO supplies, systems, industrial rubber products and related services. We also provide engineering, design and systems integration for industrial and fluid power applications, as well as customized mechanical, fabricated rubber and fluid power shop services.



For more than 88 years, we have served industry as an integral step in the supply chain. The Applied network encompasses more than 330 service center locations, 930 sales associates, seven strategically located distribution centers, and more than 100 specialty repair and rebuild shops. Applied operates one of the country’s most robust supply chain networks, processing on average 2,880,000 annual orders and more than 8,000 daily distribution center shipments.

APPLIED SERVICE CENTERS AND LOCAL INVENTORY

The Applied network of facilities across North America will be responsible for ensuring that the products and support you need are always close by. A complete listing of the United States locations can be found Attachment E. The more than 330 service centers are Applied’s interface with the US Communities customers. They will be responsible for locally stocking high use products, processing orders, billing, and shipping products on time.

These service centers will act as retail and distribution outlets. Customers can walk into any of our service center locations to place counter orders and pick up will call orders. Service center associates will also respond to

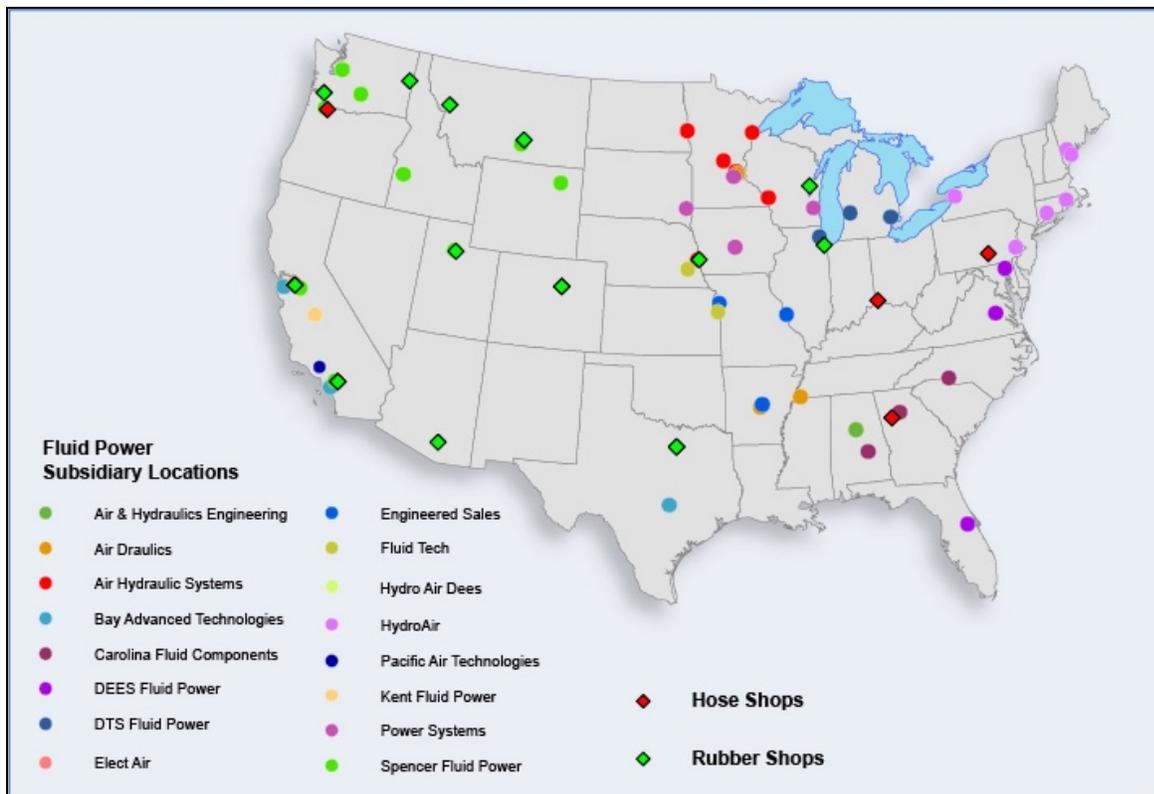
questions, provide product suggestions and solutions, and provide support and service. With locations throughout the United States, products, expertise and support are never far away.

Currently, we are servicing our customers in Alaska and Hawaii by using freight forwarders and small parcel package carriers. While we currently do not have physical locations in Alaska and Hawaii, Applied has the capability to set up service centers in those locations tailored to the demands of the US Communities customers. We do have sales territories and Applied Sellers in these areas. These locations will also receive support from our distribution center network.

Each of our service centers maintain inventory based on their local customers' needs. Our service center associates will work closely with the US Communities contract users to establish appropriate inventory levels based on contract usage, most frequently purchased products, and critical needs. Our goal is to keep our customers' operations running with minimal downtime.

In addition to our more than 330 Applied service center locations and seven distribution centers, Applied has an additional 100 plus subsidiary locations that will be utilized by our Applied service centers in support of the US Communities contract. These support centers include our fluid power shops, hose shops, rubber shops, and repair and rebuild service locations. These support center locations will perform many of the repair and design build services Applied will offer on our US Communities contract. These locations will also maintain inventory, and can perform delivery and shipping of products in support of our service centers.

Applied has key supplier relationships in place to support our customers' needs. If a need should arise for a product we currently do not stock, we will first work with our current supplier partners to procure the product requested or develop a new supplier relationship to meet the need.



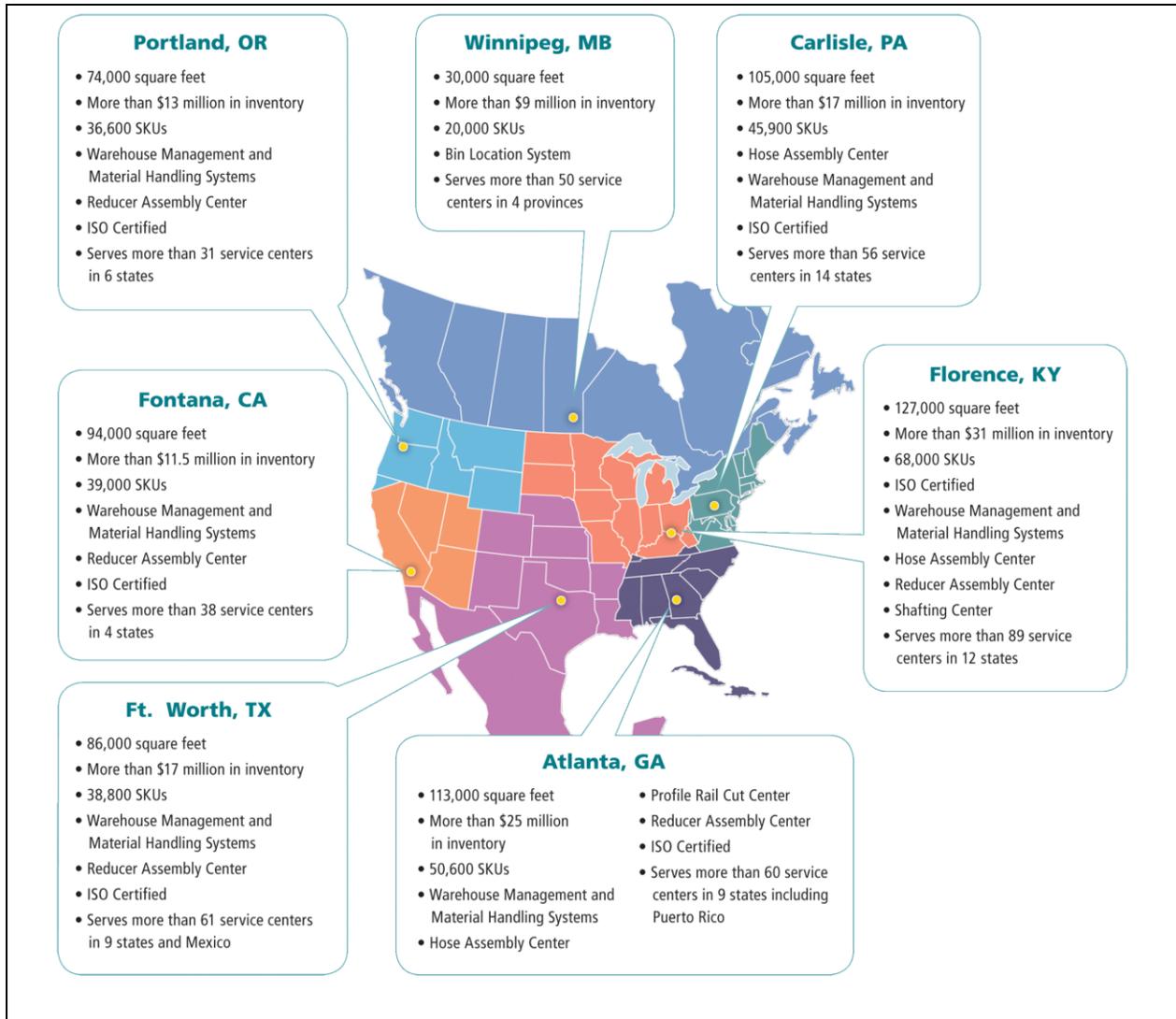
SUPPLY CHAIN

Our seven strategically located distribution centers warehouse millions of dollars of inventory to support our local service centers and customers. Expedited delivery services, such as UPS, dedicated truck lines and a fleet of delivery vehicles, get the right part to you on time.

Applied operates one of the industry’s most robust supply chain networks – processing on average 2,880,000 annual orders. Our sophisticated computer network links all Applied locations’ inventories electronically; further ensuring your order will be there when needed. With the power to support more than 330 service center locations and 3,700 daily distribution center shipments, our logistics system ensures that local deliveries are there when you need them.

Applied distribution centers warehouse many of our common items and they act as the nerve center of our logistics systems. Our service centers are set up to receive daily deliveries from our distribution centers and orders placed by 4:00 PM for stock items will be shipped on the same day.

With local inventory at our service centers, subsidiary locations, delivery from distribution centers and access to inventory at our supplier network, all of your industrial maintenance products and services are on hand or nearby.



Applied’s distribution centers and service center network provide a streamlined approach to moving products efficiently and quickly to our customers. We stock our distribution centers based on historical sales for each given line item. Applied also works closely with our suppliers to ensure the pipeline is full to meet expected customer demands. We also have the ability to override our system and stock items when expected demand will increase.

Ensuring our inventory is aligned with the needs of our customers provides the most efficient method of stocking and distributing our products.

SHIPPING

Applied makes use of an extensive designated LTL carrier program. Designated carrier selection is based not only on rates, but also on on-time performance, claims ratio and other performance measures. Carriers are monitored on a monthly basis to ensure performance standards are being upheld.

Applied's service centers also make use of a LTL carrier rating and routing software to ensure the optimal carrier is being chosen for a given shipment. The software uses origin, destination and weight information to provide a menu of designated carriers servicing a particular lane. The service centers can then base carrier choice not only by rate, but also by transit time as well.

For emergency shipments that cannot wait to be sent using traditional shipping methods, Applied maintains a network of expedited carriers. This network of carriers enables Applied to ship orders on a next flight out basis, by exclusive use ground transport or by any number of expedited methods to ensure the order arrives when it is needed.

The carriers Applied utilizes on a routine basis include:

- AAA Cooper
- ABC Same Day Air
- ABF Freight
- Action Expediting
- Best Overnite Express
- CAP Logistics
- Central Freight Lanes
- Con-Way Transportation
- Dayton Freight
- Estes Express
- FedEx Custom Critical
- FedEx Expedited Freight
- FedEx Freight
- Oak Harbor Freight Lines
- Panther Expedited
- R&L Carriers
- SAIA Motor Freight
- Tazmanian Freight Systems
- Transgroup Worldwide
- UPS
- UPS Express Critical
- UPS Freight
- USF Holland
- USF Reddaway
- Vitran Express
- Ward Trucking
- YRC

Attachment E outlines all of our service centers and distribution centers.

DELIVERY AND FREIGHT REQUIREMENTS

Applied agrees that all standard stocked items will be delivered FOB Destination, Freight Prepaid and Included for all orders totaling more than \$50.00. We would like to impose the \$50.00 minimum order to allow us to make the most competitive pricing available to the widest range of customers. Applied is offering this to protect the overall cost structure in servicing this agreement. We essentially would like to ensure that very small orders requiring shipping to remote locations would not increase the cost to all customers. Applied reserves the right to negotiate freight terms on non-standard or made-to-order items at the time of sale.

All freight charges will be quoted to the customer and approved prior to purchase order acceptance. Applied will make every effort to eliminate or minimize freight expenses in these situation.

If a Participating Agency purchases \$50.00 in a single day, to the same shipping address, the minimum order freight charge will be waived.

If an expedited order requires shipping outside of the normal channels, all charges will be communicated and agreed upon by both parties.

PRODUCTS

Applied has partnered with more than 2,000 world-class manufacturers that lead the industry with the most innovative, efficient and reliable industrial products. As one of North America's largest industrial distributors, Applied is a vital link between a full scope of suppliers' capabilities and a broad range of customers' needs. We create customer success through the products we provide.

Applied's offer contains the product mix for the Industrial Category in the Scope of Work. This category contains most of Applied's core product offering and we believe this is where we will have the greatest impact for the customer agencies.

Bearings, Power Transmission & Material Conveyance Bearings

- Bearings – Ball, Mounted, Plain, Roller, Cam Followers, Rod Ends, Die Bearings, Bushings, Bearing Isolators and Specialty Bearings
- Linear Bearings – Profile Rail, Recirculating Roller, Round Rail Shaft, Support Rails, End Blocks and Track Roller Systems
- Linear Actuators, Worm Gear Jacks and Ball Screws
- Guide Rails and Hardware
- Inner Race Shafting
- Oil Seals, Shaft Seal Kits and Wear Sleeves
- Spindles/Live & Dead Centers

Hydraulic and Pneumatic Components and Accessories

- Pneumatic and Hydraulic Cylinders, Gauges, Filtration, Pumps, Motors, Valves, Manifolds and Sub-Plates
- Hydraulic Seals, Wiper Seals, Pump Seals
- Mechanical Seals, Packing and Gaskets
- Air Preparation
- Hydrostatic Transmissions
- Hydraulic Power Units
- Accumulators
- Vacuum Products
- Hydraulic Lubrication Products
- Shock Absorbers and Accessories

Hose, Hose Fittings and Rubber Products

- Tubing, Fittings, Hose and Quick Disconnects
- Hydraulic Hose, Fittings, Quick Disconnects and adapters
- Hose Reels
- Fire Hose and Fittings
- Industrial Hose – Material Handling, Suction, Discharge, Fuel, etc.

Power Transmission

- Belt Drive Components, Sheaves, Bushings and V-Belts
- Chain Drive Components- Roller Chain, Sprockets
- Couplings & U-Joints
- Gear Reducers, Gear Motors, Open Gearing
- Tensioners, Tightners and Idlers
- AC and DC Motors, Variable Frequency Drives, Brakes, Clutch Brakes and Accessories
- Mechanical Adjustable Speed Drives
- Sensors and Splines

Material Conveyance

- Belt and Chain Conveyor Components and Accessories
- Elevator Buckets
- Floor Cranes, Hoists and Accessories
- Link Chain, Cable & Accessories
- Screw Conveyor Components
- Wear Strips

Applied has the ability to offer all of the services listed in the Scope of Work. The following are services Applied offers to our customers on a daily basis.

- Fluid Power Services

- Design Build of Hydraulic Systems
- Hose Fabrication
- Rubber Services
- Repair and Rebuild Services
- Linear Shafting Services
- Training and Apprenticeship Programs

PRODUCT ORDERING

US Communities and Maricopa County customers can place orders with Applied in a variety of ways. Customers can call or stop in to any one of our service center locations to place orders. Orders can also be placed via phone, fax or email. Products can be purchased via credit cards (Visa, Mastercard, American Express or Discover) or on P-Cards. Once US Communities customers establish accounts with our local service centers, they can also purchase products via purchase orders. All orders regardless of placement method (in person, on-line, via phone or fax) can be included in our custom reports.

INTERNET

Applied's Internet catalog offers a selection of more than 2.5 million products on a 24/7 basis. Multiple search options include manufacturer, keyword, part number, competitor part number, or print catalog page number. Product attribute searching is also available for nearly 500,000 of our most popular products.

Once registered for our website, US Communities purchasers will have access to their account specific pricing, saved and shared shopping carts, detailed inventory, up-to-date order status, searchable history of quote and purchases, and technical calculators.

US Communities purchasers will log on to our website through a customized web page specifically designed for the US Communities contract.

The page can be reached through the following web link: <http://web.applied.com/site.cfm/resources.cfm>

EDI

More than 3,000 Applied customers now use Electronic Data Interchange (EDI). EDI technology links customers to Applied through computer systems, delivering transaction processing efficiency and improved data accuracy. With EDI connections, customers can spend less time on mailing, faxing, order entry, invoice processing and item receiving functions. Applied will work with the US Communities and Maricopa County customers to establish EDI ordering if requested.

Applied has complete EDI capabilities including all of the key transactions used in the procure-to-pay processes: Requests for Quote, Quote, PO, PO Acknowledgement, PO Change, PO Change Acknowledgement, Advance Ship Notice, Invoice and Payment Order/Remittance Advice.

Our Internet capabilities include both on-line ordering via our Applied.com website, as well as XML messaging of business documents such as POs, Order Responses, and Invoices. Regardless of whether the order originates via EDI, our Applied.com website, XML messaging, or telephone, Applied will process each US Communities order in accordance with the pricing and terms of the Master Agreement.

Applied now provides a full complement of technical integration capabilities, including punch-out catalog connections, XML messages, EDI transactions, eCatalog file syndications, and a variety of proprietary techniques.

We are now successfully integrated with the following customer procurement platforms: Ariba, Coupa, DoD eMall, Enporion, GSA Advantage!, IBM (formerly MRO Software), Infor (formerly Datastream), Oracle, Pantellos, Peoplesoft, Perfect Commerce, Quadrem, SAP, and Xign.

We can fully support a punch-out catalog, if that option is preferred by US Communities. We are providing punch-out connections to several hundred customers, using the following techniques: cXML, Oracle iProcurement, Peoplesoft eProcurement, Vinimaya, and SAP Open Catalog Interface.

If a Participating Public Agency prefers deployment of Applied catalog content into their own procurement application(s), we can support that option with our substantial investments in eCatalog development and file syndication capabilities.

Our eCatalog infrastructure includes SAP's MDM (Master Data Management) software application, which provides a comprehensive set of data collection, data management and file syndication software tools. The software features parallel publishing, which means one single data repository is leveraged to meet various publishing needs: print catalog production, website catalog/searching displays, and syndication of data into business partners' systems.

Applied can provide the following data elements for our catalog items:

- Manufacturer name
- Manufacturer item number
- Applied catalog item number
- UPC code
- Marketing description, optimized for keyword search
- Price
- Unit of measure
- Lead time (ARO)
- Technical attributes, such as material type, load rating, horsepower, locking mechanism, etc.
- Item category code
- UNSPSC item category code
- Other data elements as mutually agreed upon

We will commit resources as needed to fulfill the system integration requirements of the Participating Public Agencies. Our available resources include: one Electronic Commerce Manager, one Electronic Catalog Manager, two eCommerce Analysts, four EDI Analysts, three eCatalog Product Specialists, and approximately 30 application developers who support our underlying business applications.

PROCUREMENT CARDS

Procurement cards and credit cards can be used as the form of payment, regardless of how the order is placed (e.g. by phone, website, or EDI). Our customer order processing system is capable of supporting "ghosted p-cards" which are communicated to us once at start-up, and re-used with each on-going purchase. Our credit card processing is compliant with the Payment Card Industry (PCI) guidelines for ensuring card data security and prevention of payment card fraud.

ORDER PROCESSING

A single system is used for all phases of ordering, processing, and delivery.

The Applied Industrial Technologies "Point-of-Sale" system relies on four files to provide customers with price and availability for quoting and order processing. A *Customer Profile* identifies the customer and related requirements. The *Product File* includes all item-related detail. *Price Guides* contain customer specific pricing. And the *Inventory File* provides up to the minute inventory availability across all our US facilities.

The first step in the process is *Customer Quote or Inquiry*. The customer and requested items are identified, availability is determined, and the price is assigned using the established price guide. The quote information is then stored and a Formal Quote copy is delivered to the customer. When the order is actually placed, this quote can be converted into an order with the assurance that the information matches what was quoted.

As material ships into the local Service Center or is drop shipped directly to the customer, the *Receipt* process is performed to identify customer orders to be filled and/or inventory to go into available stock. Once receiving is completed, a *Release* is done which will fill customer orders, allocate or ship inventory, or add to available stock.

Shipped customer orders become eligible for invoicing in the billing *Approval* process. Shipped transactions with missing information or other problems are automatically logged into the billing system each night. Orders held due to problems or missing information must be manually addressed before proceeding into the invoice process. Our

system enforces rules on each invoice to ensure the specific data required by the customer is furnished with each invoice.

The *Invoice* is created and sent the next day. Invoices are sent to customers via several methods: mail, email, EDI, or XML/Internet. If a procurement card or credit card is provided as the form of payment, the system electronically sends the invoice settlement transaction to the corresponding card processing service (for VISA, MasterCard, or Amex).

RELATED PRODUCTS AND SERVICES

Applied offers conveyor belt installation and maintenance as a service to our customers. Customers will receive a firm quote for all services. RS Means Data does not apply to the industrial industry. However, our Service Centers receive invoices from the shops performing the install. These invoices could possibly serve as an audit tool when applied to the pricing structure offered.

Should a Participating Agency project require background screening for the service provider technicians, Applied shall provide the required screening.

SUPPLIER MANAGED INVENTORY OPTIONS

Applied will negotiate inventory consignment based on sales volume and customer's request. In fact, we have customers with such high sales volumes that we house an Applied associate at their facility to place and fulfill orders. We will work with the contract customers to offer the best inventory solution to meet their individual needs. Below are the inventory solutions we deploy to assist our customers in driving down the total cost of ownership in their operations.

PROVIDE POINT OF USE VENDOR MANAGED INVENTORY (VMI) SERVICES

Point of Use (POU) VMI is a staple of Applied's Storeroom Services program. Our flexible storeroom services design ensures that we can meet the unique needs of each point of use, storeroom, facility, or even a customer's national network of locations. Applied's proprietary web-based, bar code capable AppliedStore inventory management software and our full line of automated dispensing equipment (vending machines, automated shelving systems, and automated tool/asset management cabinets) help ensure we have an inventory management solution available for every situation. Whether an individual POU requires a simple keep full program, KanBan, or even piece by piece control through our full line of automated dispensing equipment rest assured that Applied has the capability to meet your needs.

Applied offers multiple storeroom services that can be modified and customized to your unique needs, each designed to lower your operating costs.

- Storeroom Organization
- Storeroom Optimization
- Inventory Management including AppliedStore, VMI, CMI, and Storeroom Management
- Automated Dispensing Equipment

STOREROOM ORGANIZATION

A disorganized storeroom can be costly. Properly organized storerooms ensure that parts are easily locatable and identifiable, which reduces the time spent searching for parts by maintenance and storeroom management personnel. Additionally, an organized storeroom increases part awareness and can eliminate unnecessary purchases and provide opportunities for cost savings initiatives available through an interchangeable alternative.

Database Cleansing and Creation

- Part Identification (Storeroom Survey)
- Part Standardization
- Part Classification
- Electronic file creation

Storeroom Setup

- Shelving
- Bins
- Other accessories
- Barcode & other labeling requirements

STOREROOM OPTIMIZATION

Storeroom Optimization is critical to the success of any Storeroom Services initiative. Techniques and processes performed during the optimization phase of each program will help customers eliminate duplicate, obsolete, and inactive inventory from their storerooms. In addition, Applied's proprietary stratification software can analyze your existing usage trends to determine optimum replenishment levels eliminating disproportionate inventory levels.

Stratification

- Analyze usage history
- Establish min\max reorder levels
 - Inventory Rationalization
 - Scrap identification
 - Buyback programs
 - Burn off

VENDOR MANAGED INVENTORY (VMI)

Vendor Managed Inventory (VMI) is an Applied managed service offered to customers eliminating many of their own responsibilities within the storeroom. VMI benefits customers by ensuring that the proper product is on the shelf and eliminating time consuming inventory replenishment procedures currently performed by their own personnel.

- Automated replenishment based on minimum\maximum inventory level
- Keep Full, Bin Fill, or KanBan replenishment based on visually low inventory levels
- Barcode scanning
- Employee, department and equipment usage accountability
- Cycle counts
- Reporting
- On-line Requisition approval

CUSTOMER MANAGED INVENTORY (CMI)

Customer Managed Inventory (CMI) is a program designed to assist storeroom management personnel with optimizing their storeroom management processes, while maintaining control over their storerooms. Applied's CMI program prepares our customers to efficiently manage their storeroom inventory with web-based barcode management tools and training. CMI benefits customers by ensuring that the proper product is on the shelf and reducing time consuming inventory replenishment procedures through automation and process improvement technology.

- Automated replenishment based on minimum\maximum inventory level
- Keep Full or KanBan replenishment based on visually low inventory levels
- Barcode scanning
- Employee, department and equipment usage accountability
- Cycle counts
- Reporting

- On-line Requisition approval

APPLIEDSTORE

AppliedSTORE is a flexible, web-based, automated storeroom management system, utilizing bar coding technology and can be leveraged to deliver your VMI, CMI, or Storeroom Management requirements.

BENEFITS INCLUDE:

Improved Inventory Control

- Parts identified and organized by location – including quantity on hand
- Duplicate, obsolescent, and inactive item elimination
- Eliminate stock outs

Detailed Customer Reporting

- Available at the click of the mouse
- Part usage and inventory value
- Accountability by Employee, machine number, cost center and/or general ledger (G/L) code

Reduced Operations Costs

- Automatic part reordering
- Reduced inventory levels
- No additional charges or surcharges on part purchases
- Pro-active vs. re-active inventory management
- Increased productivity – no wasted time searching for parts

AUTOMATED DISPENSING EQUIPMENT

Automated Dispensing Equipment lets you control, track and manage inventories and critical assets when and where you need it most. Benefits include:

- On average 20-40% consumption reduction
- Labor savings by eliminating manual processes and crib transactions
- Lower reordering costs and expedite fees
- Eliminate stock outs and downtime
- Increase inventory turns
- Increased compliance through authorized permissions to tools and supplies
- Eliminate wasted travel time searching for tools
- Real-time, automated information for better decision-making

STOREROOM MANAGEMENT

Storeroom Management entails an Applied associate, on site at the customer's facility, managing all or part of the inventory we supply to our customers. Storeroom management benefits the customer by reducing inventory levels while ensuring that the proper product is on the shelf.

- Automated replenishment based on minimum\maximum inventory level
- Keep Full or KanBan replenishment based on visually low inventory levels
- Barcode scanning
- Cycle counts
- Reporting
- Requisition approval

MAINTENANCE, REPAIR, AND OPERATING SUPPLIES AND INDUSTRIAL SUPPLIES
 RETAIL STORES AND WAREHOUSE LOCATIONS

VENDOR NAME:	Applied Industrial Technologies		
	QUANTITY OF RETAIL STORES IN THIS STATE	QUANTITY OF WHOLESALE WAREHOUSE(S) IN THIS STATE	WAREHOUSE LOCATIONS (CITY)
ALABAMA	7		
ALASKA	0		
ARIZONA	3		
ARKANSAS	10		
CALIFORNIA	32	1	Fontana
COLORADO	6		
CONNECTICUT	1		
DELAWARE	1		
FLORIDA	5		
GEORGIA	16	1	Atlanta
HAWAII	0		
IDAHO	3		
ILLINOIS	7		
INDIANA	12		
IOWA	3		
KANSAS	4		
KENTUCKY	7	1	Florence
LOUISIANA	6		
MAINE	2		
MARYLAND	7		
MASSACHUSETTS	2		

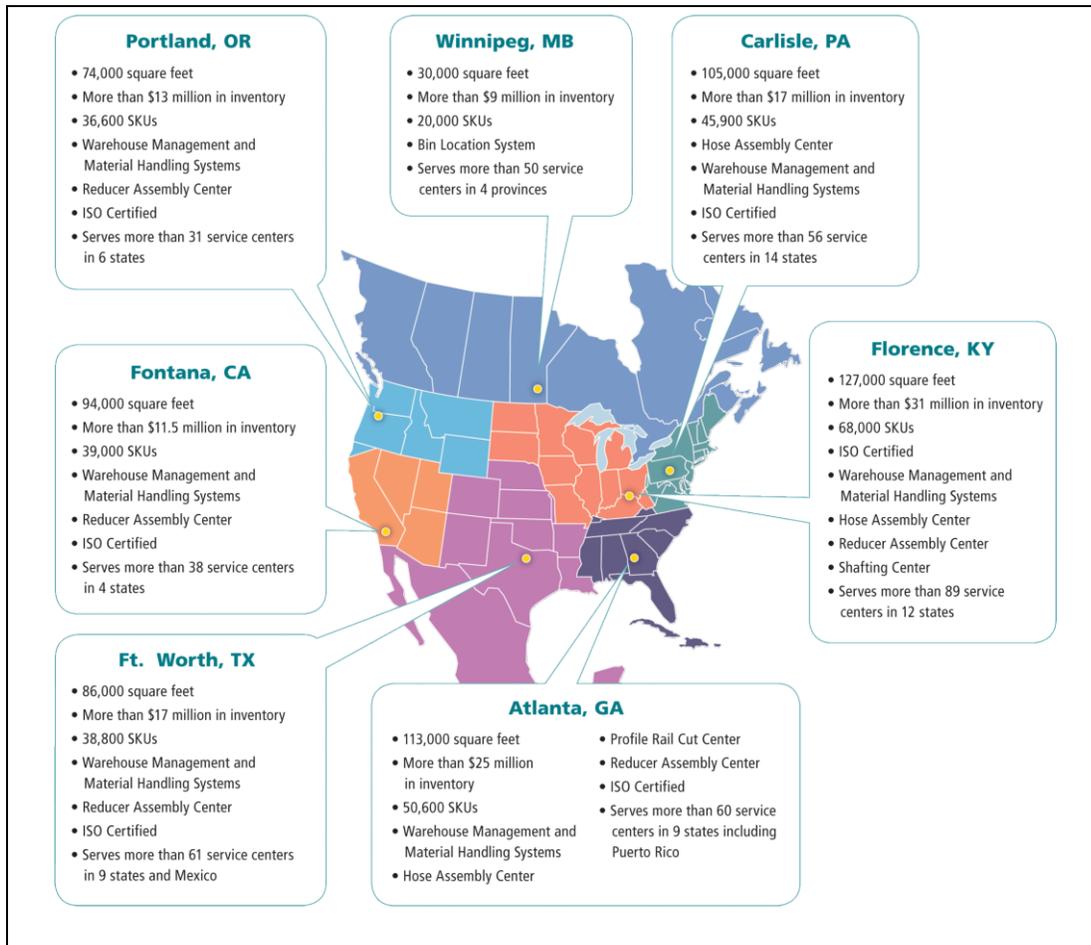
SERIAL 11019-RFP

MICHIGAN	16			
MINNESOTA	4			
MISSISSIPPI	6			
MISSOURI	6			
MONTANA	3			
NEBRASKA	3			
NEVADA	2			
NEW HAMPSHIRE	2			
NEW JERSEY	2			
NEW MEXICO	1			
NEW YORK	8			
NORTH CAROLINA	10			
NORTH DAKOTA	1			
OHIO	25	1		Elyria
OKLAHOMA	2			
OREGON	8	1		Portland
PENNSYLVANIA	16	1		Carlisle
RHODE ISLAND	1			
SOUTH CAROLINA	5			
SOUTH DAKOTA	2			
TENNESSEE	8			
TEXAS	22	1		Fort Worth
UTAH	3			
VERMONT	1			
VIRGINIA	12			
WASHINGTON	12			
WEST VIRGINIA	5			
WISCONSIN	8			
WYOMING	3			

Applied has more than 330 distribution outlets in the US. Applied calls these outlets service centers. Each service center has a staff consisting of Customer Sales and Service Representatives, Outside Account Managers, and a management team. The service centers also contain warehouses that stock inventory based upon their local customers' needs. Customers can pick up will call orders, or the service center will deliver and ship the products based on our customers preferences.

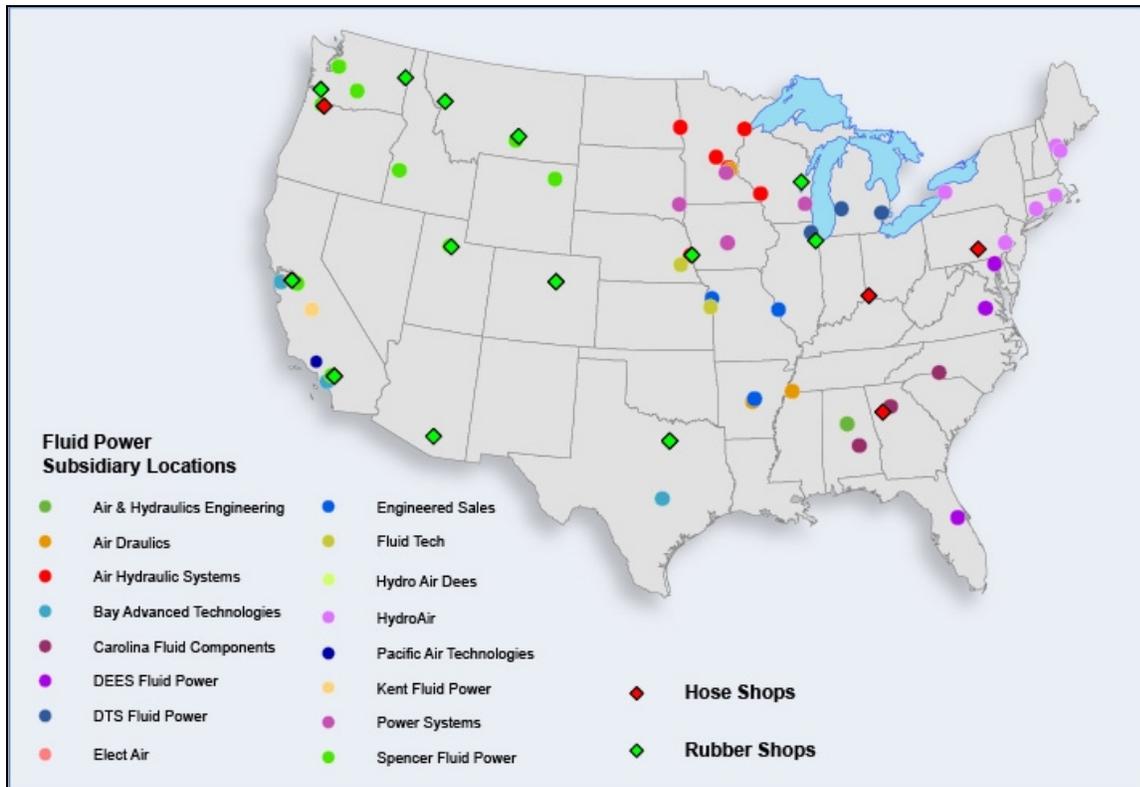
Our seven strategically located distribution centers warehouse millions of dollars of inventory to support our local service centers and customers. Expedited delivery services, such as UPS, dedicated truck lines and a fleet of delivery vehicles, get the right part to you on time.





1. Number and location of support centers ;

In addition to our more than 330 Applied service center locations and seven distribution centers, Applied has an additional 100 plus subsidiary locations that will be utilized by our Applied service centers in support of the US Communities contract. These support centers include our fluid power shops, hose shops, rubber shops, and repair and rebuild service locations. These support center locations will perform many of the repair and design build services Applied will offer on our US Communities contract. These locations will also maintain inventory, and can perform delivery and shipping of products in support of our service centers.



SERVICES

Applied can provide many services to Maricopa County and US Communities customers. One such service is kitting. Applied will work with customers to provide customized assortments of replacements parts to ensure that parts are always available when needed. Applied has the ability to implement routine scheduled restocking programs to minimize total inventory quantities and associated costs.

Kitting provides the following benefits:

- Fewer purchase orders
- Less stocked items
- Lower inventory carrying costs
- Reduced space costs (maintenance, utilities, taxes, insurance)
- Custom kits for high usage components
- Repair kits with complete rebuild
- Critical parts availability

Applied will work with customers on an individual basis to determine if kitting will increase productivity and lower costs. Applied has the experience and resources to develop custom kits to meet very specific needs.

Applied offers to our customers on a daily basis such as fluid power, Goodyear Star Distributor, Rubber services, Repair and Rebuild services and training.

Applied offers a wide variety of services to our customers centered on our core product offering. All of the services listed above are provided to our customers through the following methods:

- a. Applied utilizes our wholly owned subsidiary companies to supply the service
- b. Applied acts as the selling agent for various service suppliers
- c. Applied contracts a service through our service alliance partner network or through localized service provider relationships
- d. Applied utilizes service center associates to perform the service

In all cases above, Applied is the point of contact with our customers and is responsible for all aspects of the service provided. The cost of the service will be quoted to the customer by Applied. Typically, if the service is a component repair, Applied will also provide a quotation on the cost of a new item to aid in making a “new or repair” decision. The customer can make a decision whether or not to proceed with the repair or service.* If the customer would like to move forward with the quoted service, Applied will be responsible for meeting the established delivery date and ensuring the service is performed as quoted to the customer.

*Inspection fees and hazardous waste disposal fees may be added.

QUALITY CONTROL PROCESSES

All Applied locations have been ISO 9001:2008 certified or compliant for more than a decade. Our quality system is maintained to current ISO requirements at all locations through our internal quality audit process. Every day, we realize the rewards an ISO foundation brings including: on-time and error-free delivery, accurate and efficient order processing, improved product and service quality, enhanced communication, on going focus on cost control, reduced order cycle time, standardized process control, and customer focused feedback and response systems.

While the price for MRO components is often the most visible means of reducing operating costs, many underlying costs can be minimized to increase a facility’s profitability. Our field representatives are able to calculate savings resulting from improved product life, reduced maintenance costs, reduced energy consumption, lower cost product substitutions, reduced inventory investments, and a host of transactional savings. True savings go right to the bottom line as direct savings to your operation.

With Applied’s vast network of facilities across the country, we use our knowledge of the local community to select only those subcontractors who are well known and respected in the local area. Each of Applied’s subcontractors are required to sign our Services Agreement prior to any work being performed for one of our customers. This agreement outlines the services to be performed by the subcontractor and the customer’s contract requirements. Applied will monitor subcontractor performance through feedback from our internal sales force as well as our formal, customer feedback process.

EXHIBIT C
ARRA STANDARD TERMS AND CONDITIONS
FOR CONTRACTS AND GRANTS

If a contract or grant involves the use of funds from the federal American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 ("Recovery Act"), the following terms and conditions apply. As used in this Section, "Contractor/Grantee" means the contractor or grantee receiving Recovery Act funds from Maricopa County ("County") under this agreement.

1. *The Contractor/Grantee specifically agrees to comply with each of the terms and conditions contained herein.*
2. *Contractor/Grantee understands and acknowledges that the federal stimulus funding process is still evolving and that new requirements for Recovery Act compliance may still be forthcoming from federal government, State of Arizona, and Maricopa County. Accordingly, Contractor/Grantee specifically agrees that both it and subcontractors/subgrantees will comply with all such requirements during the contract period.*

AVAILABILITY OF FUNDING

Contractor/Grantee agrees that programs supported with temporary federal funds made available from the Recovery Act may not be continued with Maricopa County financed appropriations once the temporary federal funds are expended.

BUY AMERICA REQUIREMENT

Contractor/Grantee agrees that pursuant to Section 1605 of Title XV of the Recovery Act, neither Contractor/Grantee or its subcontractors/subgrantees will use Recovery Act funds for a project for the construction, alternation, maintenance, or repair of a public building or public work unless all of the iron, steel and manufactured goods used in the project are produced in the United States in a manner consistent with United States obligations under international agreements. This requirement shall be applied unless the use of alternative materials has been approved by a federal agency pursuant to Section 1605.

CONFLICTING REQUIREMENTS

Contractor/Grantee agrees that, to the extent Recovery Act requirements conflict with Maricopa County requirements, the Recovery Act requirements shall control.

FALSE CLAIMS ACT

Contractor/Grantee agrees that it shall promptly refer to an appropriate federal inspector general any credible evidence that a principal, employee, agent, subgrantee, subcontractor or other person has submitted a claim under the federal False Claims Act, as amended, 31 U.S.C. §§3729-3733, or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.

ENFORCEABILITY

Contractor/Grantee agrees that if Contractor/Grantee or one of its subcontractors/subgrantees fails to comply with all applicable federal and state requirements governing the use of Recovery Act funds, Maricopa County may withhold or suspend, in whole or in part, funds awarded under the program, or recover misspent funds following an audit. This provision is in addition to all other remedies available to Maricopa County under all applicable state and federal laws.

INSPECTION OF RECORDS

Contractor/Grantee agrees that it shall permit the United States Comptroller General or his representative or the appropriate inspector general appointed under section 3 or 8G of the federal Inspector General Act of 1978, as amended, 5 U.S. App. §§3 and 8(g), or his representative to: (1) examine any records that directly pertain to, and involve transactions relating to, this contract; and (2) interview any officer or employee of Contractor/Grantee or any of its subcontractors/subgrantees regarding the activities funded with funds appropriated or otherwise made available by the Recovery Act.

JOB POSTING REQUIREMENTS

Section 1512 of the Recovery Act requires states receiving stimulus funds to report on jobs created and retained as a result of the stimulus funds. Contractors/Grantees who receive Recovery Act funded contracts are required to post jobs created and retained as a result of stimulus funds on the State of Arizona website at (www.azrecovery.gov).

PROHIBITION ON USE OF RECOVERY ACT FUNDS

Contractor/Grantee agrees that none of the funds made available under this contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, swimming pools, or similar projects.

REPORTING REQUIREMENTS

Pursuant to Section 1512 of Title XV of the Recovery Act, entities receiving Recovery Act funds must submit a report to the federal government no later than ten (10) calendar days after the end of each calendar quarter. This report must contain the information outlined below. Accordingly, Contractor/Grantee agrees to provide the County with the following information in a timely manner:

- a. The total amount of Recovery Act funds received by Contractor/Grantee during the Reporting Period;
- b. The amount of Recovery Act funds that were expended or obligated during the Reporting Period;
- c. A detailed list of all projects or activities for which Recovery Act funds were expending or obligated, including:
 - i. the name of the project or activity;
 - ii. a description of the project or activity;
 - iii. an evaluation of the completion status of the project or activity; and
 - iv. an estimate of the number of jobs created and the number of jobs retained by the project or activity;
- d. For any subcontracts or subgrants equal to or greater than \$25,000:
 - i. The name of the entity receiving the subaward;
 - ii. The amount of the subaward;
 - iii. The transaction type;
 - iv. The North American Industry Classification System (NAICS) code or Catalog of Federal Domestic Assistance (CFDA) number;
 - v. Program source;
 - vi. An award title descriptive of the purpose of each funding action;
 - vii. The location of the entity receiving the subaward;
 - viii. The primary location of the subaward, including the city, state, congressional district and country; and
 - ix. A unique identifier of the entity receiving the sub-award and the parent entity of Contractor/Grantee, should the entity be owned by another.

- x. The names and total compensation of the five most highly compensated officers of the company if it received: 1) 80% or more of its annual gross revenues in Federal awards; and 2) \$25M or more in annual gross revenue from Federal awards.
- e. For any subcontracts or subgrants of less than \$25,000 or to individuals, the information required in d may be reported in the aggregate and requires the certification of an authorized officer of Contractor/Grantee that the information contained in the report is accurate.
- f. Any other information reasonably requested by the County or required by state or federal law or regulation. Standard data elements and federal instructions for use in complying with reporting requirements under Section 1512 of the Recovery Act, are pending review by the federal government, and were published in the Federal Register, 74 Federal Register, 14824 (April 1, 2009), and are to be provided online at www.FederalReporting.gov.

SEGREGATION OF FUNDS

Contractor/Grantee agrees that it shall segregate obligations and expenditures of Recovery Act funds from other funding. No part of funds made available under the Recovery Act may be comingled with any other funds or used for a purpose other than that of making payments for costs specifically allowable under the Recovery Act.

SUBCONTRACTOR REQUIREMENTS

Contractor/Grantee agrees that it shall include these standard terms and conditions, including this requirement, in any of its subcontracts or subgrants in connection with projects funded in whole or in part with funds available under the Recovery Act.

WAGE REQUIREMENTS

Contractor/Grantee agrees that, in accordance with Section 1606 of Title XVI of the Recovery Act, both it and its subcontractors shall fully comply with this section in that, notwithstanding any other provision of law, and in a manner consistent with the other provisions of the Recovery Act, all laborers and mechanics employed by contractors and subcontractors on projects funded in whole or in part with funds available under the Recovery Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality, as determined by the United States Secretary of Labor in accordance with Subchapter IV of Chapter 31 of Title 40 of the United States Code. The Secretary of Labor's determination regarding the prevailing wages applicable in the State of Arizona are located at: www.gpo.gov/davisbacon/AZ.html.

WHISTLEBLOWER PROTECTION

Contractor/Grantee agrees that both it and its subcontractors/subgrantees shall comply with Section 1553 of the Recovery Act, which prohibits all non-federal Contractor/Grantees of Recovery Act funds, including Maricopa County, and all contractors and grantees of Maricopa County, from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of (1) gross mismanagement of a contract or grant relating to Recovery Act funds; (2) a gross waste of Recovery Act funds; (3) a substantial and specific danger to public health or safety related to the implementation or use of Recovery Act funds; (4) an abuse of authority related to implementation or use of Recovery Act funds; or (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) or grant, awarded or issued relating to Recovery Act funds. In addition, Contractor/Grantee agrees that it and its subcontractors/subgrantees shall post notice of the rights and remedies available to employees under Section 1553 of Title XV of the Recovery Act.

FEMA STANDARD TERMS AND CONDITIONS ADDENDUM
FOR CONTRACTS AND GRANTS

If any purchase made under the Master Agreement is funded in whole or in part by Federal Emergency Management Agency (“FEMA”) grants, Contractor shall comply with all federal laws and regulations applicable to the receipt of FEMA grants, including, but not limited to the contractual procedures set forth in Title 44 of the Code of Federal Regulations, Part 13 (“44 CFR 13”).

In addition, Contractor agrees to the following specific provisions:

1. Pursuant to 44 CFR 13.36(i)(1), University is entitled to exercise all administrative, contractual, or other remedies permitted by law to enforce Contractor’s compliance with the terms of this Master Agreement, including but not limited to those remedies set forth at 44 CFR 13.43.
2. Pursuant to 44 CFR 13.36(i)(2), University may terminate the Master Agreement for cause or convenience in accordance with the procedures set forth in the Master Agreement and those provided by 44 CFR 13.44.
3. Pursuant to 44 CFR 13.36(i)(3)-(6)(12), and (13), Contractor shall comply with the following federal laws:
 - a. Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor (“DOL”) regulations (41 CFR Ch. 60);
 - b. Copeland “Anti-Kickback” Act (18 U.S.C. 874), as supplemented in DOL regulations (29 CFR Part 3);
 - c. Davis-Bacon Act (40 U.S.C. 276a-276a-7) as supplemented by DOL regulations (29 CFR Part 5);
 - d. Section 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by DOL regulations (29 CFR Part 5);
 - e. Section 306 of the Clean Air Act (42 U.S.C. 1857(h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15); and
 - f. Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).
4. Pursuant to 44 CFR 13.36(i)(7), Contractor shall comply with FEMA requirements and regulations pertaining to reporting, including but not limited to those set forth at 44 CFR 40 and 41.
5. Pursuant to 44 CFR 13.36(i)(8), Contractor agrees to the following provisions regarding patents:
 - a. All rights to inventions and/or discoveries that arise or are developed, in the course of or under this Agreement, shall belong to the University and be disposed of in accordance with University policy. The University, at its own discretion, may file for patents in connection with all rights to any such inventions and/or discoveries.
6. Pursuant to 44 CFR 13.36(i)(9), Contractor agrees to the following provisions, regarding copyrights:
 - a. If this Agreement results in any copyrightable material or inventions, in accordance with 44 CFR 13.34, FEMA reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, for Federal Government purposes:
 - (1) The copyright in any work developed under a grant or contract; and
 - (2) Any rights of copyright to which a grantee or a contractor purchases ownership with grant support.

7. Pursuant to 44 CFR 13.36(i)(10), Contractor shall maintain any books, documents, papers, and records of the Contractor which are directly pertinent to this Master Agreement. At any time during normal business hours and as often as University deems necessary, Contractor shall permit University, FEMA, the Comptroller General of United States, or any of their duly authorized representatives to inspect and photocopy such records for the purpose of making audit, examination, excerpts, and transcriptions.
8. Pursuant to 44 CFR 13.36(i)(11), Contractor shall retain all required records for three years after FEMA or University makes final payments and all other pending matters are closed. In addition, Contractor shall comply with record retention requirements set forth in 44 CFR 13.42.

APPLIED INDUSTRIAL TECHNOLOGIES, ONE APPLIED PLAZA MS 98, CLEVELAND, OH 44115

PRICING SHEET: NIGP CODE 45041

Vendor Number: 2011000858 0

Certificates of Insurance Required

Contract Period: To cover the period ending **July 31, 2014 2015 2016 2017.**