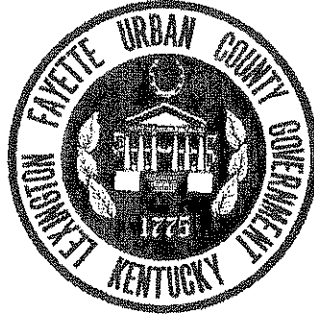


Lexington Fayette Urban County Government

Division of Central Purchasing



Lexington Kentucky

Horse Capital of the World

INVITATION TO BID #80-2011

Office Supplies

NOTICE TO BIDDERS

Bid Opening Date: September 15, 2011

Bid Opening Time: 2:00 PM

**Address: 200 East Main Street
3rd Floor, Room 338**

Pre Bid Meeting: N/A

Pre Bid Time:

Address:

INVITATION TO BID

Bid Invitation Number: #80-2011

Date of Issue: 08/29/2011

Sealed bids will be received in the office of the Division of Central Purchasing, 200 East Main Street, Lexington, Kentucky, until **2:00 PM**, prevailing local time on **09/15/2011**. Bids must be received by the above-mentioned date and time. Mailed bids should be sent to:

**Division of Central Purchasing
200 East Main Street, Room 338
Lexington, KY 40507, (859) 258-3320**

The Lexington-Fayette Urban County Government assumes no responsibility for bids that are not addressed and delivered as indicated above. Bids that are not delivered to the Division of Central Purchasing by the stated time and date will be rejected.

All bids must have the company name and address, bid invitation number, and the commodity/service on the outside of the envelope.

Bids are to include all shipping costs to the point of delivery located at: Various Locations, Lexington, KY

Bid Security Required: ☐ Yes ☒ No Performance Bond Required: ☐ Yes ☒ No
Cashier Check, Certified Check, Bid Bond (Personal checks and company checks will not be acceptable).

Commodity/Service
Office Supplies

<p style="text-align: center;"><u>Check One:</u></p> <p><input checked="" type="checkbox"/> Bid Specifications Met</p> <p><input type="checkbox"/> Exceptions to Bid Specifications. <i>Exceptions shall be itemized and attached to bid proposal submitted.</i></p>	<p style="text-align: center;"><u>Proposed Delivery:</u></p> <p><input type="checkbox"/> _____ days after acceptance of bid.</p>
<p style="text-align: center;"><u>Procurement Card Usage</u></p> <p><input checked="" type="checkbox"/> Yes The Lexington-Fayette Urban County Government will be using Procurement Cards to purchase goods and services and also to make payments. Will you accept Procurement Cards?</p> <p><input type="checkbox"/> No</p>	

Submitted by: Staples Contract & Commercial, Inc. operating as Staples Advantage

Firm

2307 River Road, Suite 102

Address

Louisville, KY 40206

City, State & Zip

***Bid must be signed:
(original signature)***



Signature of Authorized Company Representative – Title

Rich Coleman

Representative's Name (Typed or printed)

(919) 413-8137

Area Code - Phone - Extension

Fax #

richard.coleman@staples.com

E-Mail Address

The Affidavit in this bid must be completed before your firm can be considered for award of this contract.

AFFIDAVIT

Comes the Affiant, RICHARD COLEMAN, and after being first duly sworn under penalty of perjury as follows:

1. His/her name is RICHARD COLEMAN and he/she is the individual submitting the bid or is the authorized representative of

STAPLES CONTRACT & COMMERCIAL

the entity submitting the bid (hereinafter referred to as "Bidder").

2. Bidder will pay all taxes and fees, which are owed to the Lexington-Fayette Urban County Government at the time the bid is submitted, prior to award of the contract and will maintain a "current" status in regard to those taxes and fees during the life of the contract.

3. Bidder will obtain a Lexington-Fayette Urban County Government business license, if applicable, prior to award of the contract.

4. Bidder has authorized the Division of Central Purchasing to verify the above-mentioned information with the Division of Revenue and to disclose to the Urban County Council that taxes and/or fees are delinquent or that a business license has not been obtained.

5. Bidder has not knowingly violated any provision of the campaign finance laws of the Commonwealth of Kentucky within the past five (5) years and the award of a contract to the Bidder will not violate any provision of the campaign finance laws of the Commonwealth.

6. Bidder has not knowingly violated any provision of Chapter 25 of the Lexington-Fayette Urban County Government Code of Ordinances, known as "Ethics Act."

7. Bidder acknowledges that "knowingly" for purposes of this Affidavit means, with respect to conduct or to circumstances described by a statute or ordinance defining an offense, that a person is aware or should have been aware that his conduct is of that nature or that the circumstance exists.

Further, Affiant sayeth naught.

Richard Coleman

STATE OF

KENTUCKY

COUNTY OF

JEFFERSON

The foregoing instrument was subscribed, sworn to and acknowledged before me by KIMBERLY A. ELZY on this the 13TH day of SEPTEMBER, 2011.

My Commission expires:

02/17/2015

Kimberly A. Elzy
NOTARY PUBLIC, STATE AT LARGE

Please refer to Section II. Bid Conditions, Item "U" prior to completing this form.

I. GREEN PROCUREMENT

A. ENERGY

The Lexington-Fayette Urban County Government is committed to protecting our environment and being fiscally responsible to our citizens.

The Lexington-Fayette Urban County Government mandates the use of Energy Star compliant products if they are available in the marketplace (go to www.Energystar.gov). If these products are available, but not submitted in your pricing, your bid will be rejected as non-compliant.

ENERGY STAR is a government program that offers businesses and consumers energy-efficient solutions, making it easy to save money while protecting the environment for future generations.

Key Benefits

These products use 25 to 50% less energy
Reduced energy costs without compromising quality or performance
Reduced air pollution because fewer fossil fuels are burned
Significant return on investment
Extended product life and decreased maintenance

B. GREEN SEAL CERTIFIED PRODUCTS

The Lexington-Fayette Urban County Government is also committed to using other environmentally friendly products that do not negatively impact our environment. Green Seal is a non-profit organization devoted to environmental standard setting, product certification, and public education.

Go to www.Greenseal.org to find available certified products. These products will have a reduced impact on the environment and on human health. The products to be used must be pre-approved by the LFUCG prior to commencement of any work in any LFUCG facility. If a Green Seal product is not available, the LFUCG must provide a signed waiver to use an alternate product. Please provide information on the Green Seal products being used with your bid response.

C. GREEN COMMUNITY

The Lexington-Fayette Urban County Government (LFUCG) serves as a principal, along with the University of Kentucky and Fayette County Public Schools, in the Bluegrass Partnership for a Green Community. The Purchasing Team component of the Partnership collaborates on economy of scale purchasing that promotes and enhances environmental initiatives. Specifically, when applicable, each principal is interested in obtaining best value products and/or services which promote environment initiatives via solicitations and awards from the other principals.

If your company is the successful bidder on this Invitation For Bid, do you agree to extend the same product/service pricing to the other principals of the Bluegrass Partnership for a Green Community (i.e. University of Kentucky and Fayette County Schools) if requested?

Yes X No

II. Bid Conditions

- A. No bid may be withdrawn for a period of sixty (60) days after the date and time set for opening.
- B. No bid may be altered after the date and time set for opening. In the case of obvious errors, the Division of Central Purchasing may permit the withdrawal of a bid. The decision as to whether a bid may be withdrawn shall be that of the Division of Central Purchasing.
- C. Acceptance of this proposal shall be enactment of an Ordinance by the Urban County Council.
- D. The bidder agrees that the Urban County Government reserves the right to reject any and all bids for either fiscal or technical reasons, and to award each part of the bid separately or all parts to one vendor.
- E. Minor exceptions may not eliminate the bidder. The decision as to whether any exception is minor shall be entirely that of the head of the requisitioning Department or Division and the Director of the Division of Central Purchasing. The Urban County Government may waive technicalities and informalities where such waiver would best serve the interests of the Urban County Government.
- F. Manufacturer's catalogue numbers, trade names, etc., where shown herein are for descriptive purposes and are to guide the bidder in interpreting the standard of quality, design, and performance desired, and shall not be construed to exclude proposals based on furnishing other types of materials and/or services. However, any substitution or departure proposed by the bidder must be clearly noted and described; otherwise, it will be assumed that the bidder intends to supply items specifically mentioned in this Invitation for Bids.
- G. The Urban County Government may require demonstrations of the materials proposed herein prior to acceptance of this proposal.
- H. Bids must be submitted on this form and must be signed by the bidder or his authorized representative. Unsigned bids will not be considered.
- I. Bids must be submitted prior to the date and time indicated for opening. Bids submitted after this time will not be considered.
- J. All bids mailed must be marked on the face of the envelope:

"Bid on #80-2011 Office Supplies"

and addressed to: Division of Central Purchasing
 200 East Main Street, Room 338
 Lexington, Kentucky 40507

The Lexington-Fayette Urban County Government assumes no responsibility for bids that are not addressed and delivered as indicated above. Bids that are not delivered to the Division of Central Purchasing by the stated time and date will be rejected.

- K. Bidder is requested to show both unit prices and lot prices. In the event of error, the unit price shall prevail.
- L. A certified check or Bid Bond in the amount of XX percent of the bid price must be attached hereto. This check must be made payable to the Lexington-Fayette Urban County Government, and will be returned when the material and/or services specified herein have been delivered in accordance with specifications. In the event of failure to perform within the time period set forth

in this bid, it is agreed the certified check may be cashed and the funds retained by the Lexington-Fayette Urban County Government as liquidated damages. Checks of unsuccessful bidders will be returned when the bid has been awarded.

- M. The delivery dates specified by bidder may be a factor in the determination of the successful bidder.
- N. Tabulations of bids received may be mailed to bidders. Bidders requesting tabulations must enclose a stamped, self-addressed envelope with the bid.
- O. The Lexington-Fayette Urban County Government is exempt from Kentucky Sales Tax and Federal Excise Tax on materials purchased from this bid invitation. Materials purchased by the bidder for construction projects are not tax exempt and are the sole responsibility of the bidder.
- P. All material furnished hereunder must be in full compliance with OSHA regulations.
- Q. If more than one bid is offered by one party, or by any person or persons representing a party, all such bids shall be rejected.
- R. Signature on the face of this bid by the Bidder or his authorized representative shall be construed as acceptance of and compliance with all terms and conditions contained herein.
- S. The Entity (regardless of whether construction contractor, non-construction contractor or supplier) agrees to provide equal opportunity in employment for all qualified persons, to prohibit discrimination in employment because of race, color, creed, national origin, sex or age, and to promote equal employment through a positive, continuing program from itself and each of its sub-contracting agents. This program of equal employment opportunity shall apply to every aspect of its employment policies and practices.
- T. The Kentucky Equal Employment Opportunity Act of 1978 (KRS 45.560-45.640) requires that any county, city, town, school district, water district, hospital district, or other political subdivision of the state shall include in directly or indirectly publicly funded contracts for supplies, materials, services, or equipment hereinafter entered into the following provisions:

During the performance of this contract, the contractor agrees as follows:

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age or national origin;*
- (2) The contractor will state in all solicitations or advertisements for employees placed by or on behalf of the contractors that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age or national origin;*
- (3) The contractor will post notices in conspicuous places, available to employees and applicants for employment, setting forth the provisions of the non-discrimination clauses required by this section; and*
- (4) The contractor will send a notice to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding advising the labor union or workers' representative of the contractor's commitments under the nondiscrimination clauses.*

The Act further provides:

KRS 45.610. Hiring minorities - Information required

- (1) For the length of the contract, each contractor shall hire minorities from other sources*

within the drawing area, should the union with which he has collective bargaining agreements be unwilling to supply sufficient minorities to satisfy the agreed upon goals and timetable.

- (2) Each contractor shall, for the length of the contract, furnish such information as required by KRS 45.560 to KRS 45.640 and by such rules, regulations and orders issued pursuant thereto and will permit access to all books and records pertaining to his employment practices and work sites by the contracting agency and the department for purposes of investigation to ascertain compliance with KRS 45.560 to 45.640 and such rules, regulations and orders issued pursuant thereto.*

KRS 45.620. Action against contractor - Hiring of minority contractor or subcontractor

- (1) If any contractor is found by the department to have engaged in an unlawful practice under this chapter during the course of performing under a contract or subcontract covered under KRS 45.560 to 45.640, the department shall so certify to the contracting agency and such certification shall be binding upon the contracting agency unless it is reversed in the course of judicial review.*
- (2) If the contractor is found to have committed an unlawful practice under KRS 45.560 to 45.640, the contracting agency may cancel or terminate the contract, conditioned upon a program for future compliance approved by the contracting agency and the department. The contracting agency may declare such a contractor ineligible to bid on further contracts with that agency until such time as the contractor complies in full with the requirements of KRS 45.560 to 45.640.*
- (3) The equal employment provisions of KRS 45.560 to 45.640 may be met in part by a contractor by subcontracting to a minority contractor or subcontractor. For the provisions of KRS 45.560 to 45.640, a minority contractor or subcontractor shall mean a business that is owned and controlled by one or more persons disadvantaged by racial or ethnic circumstances.*

KRS 45.630 Termination of existing employee not required, when

Any provision of KRS 45.560 to 45.640 notwithstanding, no contractor shall be required to terminate an existing employee upon proof that that employee was employed prior to the date of the contract.

KRS 45.640 Minimum skills

Nothing in KRS 45.560 to 45.640 shall require a contractor to hire anyone who fails to demonstrate the minimum skills required to perform a particular job.

It is recommended that all of the provisions above quoted to be included as special conditions in each contract. In the case of a contract exceeding \$250,000, the contractor is required to furnish evidence that his work-force in Kentucky is representative of the available work-force in the area from which he draws employees, or to supply an Affirmative Action plan which will achieve such representation during the life of the contract.

- U.** Any party, firm or individual submitting a proposal pursuant to this invitation must be in compliance with the requirements of the Lexington-Fayette Urban County Government regarding taxes and fees before they can be considered for award of this invitation and must maintain a "current" status with regard to those taxes and fees throughout the term of the contract. The contractor must be in compliance with Chapter 13 from the Code of Ordinances

of the Lexington-Fayette Urban County Government. The contractor must be in compliance with Ordinance 35-2000 pursuant to contractor registration with the Division of Building Inspection. If applicable, said business must have a Fayette County business license.

Pursuant to KRS 45A.343 and KRS 45A.345, the contractor shall

- (1) Reveal any final determination of a violation by the contractor within the previous five year period pursuant to KRS Chapters 136 (corporation and utility taxes), 139 (sales and use taxes), 141 (income taxes), 337 (wages and hours), 338 (occupational safety and health of employees), 341 (unemployment and compensation) and 342 (labor and human rights) that apply to the contractor; and*
- (2) Be in continuous compliance with the above-mentioned KRS provisions that apply to the contractor for the duration of the contract.*

A contractor's failure to reveal the above or to comply with such provisions for the duration of the contract shall be grounds for cancellation of the contract and disqualification of the contractor from eligibility for future contracts for a period of two (2) years.

- V. Vendors who respond to this invitation have the right to file a notice of contention associated with the bid process or to file a notice of appeal of the recommendation made by the Director of Central Purchasing resulting from this invitation.

Notice of contention with the bid process must be filed within 3 business days of the bid/proposal opening by (1) sending a written notice, including sufficient documentation to support contention, to the Director of the Division of Central Purchasing or (2) submitting a written request for a meeting with the Director of Central Purchasing to explain his/her contention with the bid process. After consulting with the Commissioner of Finance the Chief Administrative Officer and reviewing the documentation and/or hearing the vendor, the Director of Central Purchasing shall promptly respond in writing findings as to the compliance with bid processes. If, based on this review, a bid process irregularity is deemed to have occurred the Director of Central Purchasing will consult with the Commissioner of Finance, the Chief Administrative Officer and the Department of Law as to the appropriate remedy.

Notice of appeal of a bid recommendation must be filed within 3 business days of the bid recommendation by (1) sending a written notice, including sufficient documentation to support appeal, to the Director, Division of Central Purchasing or (2) submitting a written request for a meeting with the Director of Central Purchasing to explain his appeal. After reviewing the documentation and/or hearing the vendor and consulting with the Commissioner of Finance and the Chief Administrative Officer, the Director of Central Purchasing shall in writing, affirm or withdraw the recommendation.

III. Procurement Contract Bid Conditions

- A. The terms of this agreement shall be for 1 year from the date of acceptance of this contract by the Lexington-Fayette Urban County Government. This agreement may be extended for an additional 1 year renewal upon the written agreement of the bidder and the Lexington-Fayette Urban County Government. Said agreement must be in writing and must be executed prior to the expiration of the current agreement.
- B. Price Changes (**Space Checked Applies**)
 - ☐ 1. Prices quoted in response to the Invitation shall be firm prices for the first 90 days of the Procurement Contract. After 90 days, prices may be subject to revision and such changes shall be based on general industry changes. Revision may be either increases or decreases and may be requested by either party. There will be no more than one (1) price adjustment per quarter. Requests for price changes shall be received in writing at least twenty (20) days prior to the effective date and are subject to written acceptance before becoming effective. Proof of the validity of a request for revision shall be responsibility of the requesting party. The Lexington-Fayette Urban County Government shall receive the benefit of any decline that the seller shall offer his other accounts.
 - (XXX) 2. No provision for price change is made herein. Prices are to be firm for the term of this contract. Upon renewal, a 30-day written notice is required for any price changes.
 - ☐ 3. Procurement Level Contract
- C. If any contract item is not available from the vendor, the Lexington-Fayette Urban County Government, at its option, may permit the item to be back-ordered or may procure the item on the open market.
- D. All invoices must bear reference to the Lexington-Fayette Urban County Government Purchasing document numbers which are being billed.
- E. This contract may be canceled by either party thirty (30) days after delivery by canceling party of written notice of intent to cancel to the other contracting party.
- F. This contract may be canceled by the Lexington-Fayette Urban County Government if it is determined that the Bidder has failed to perform under the terms of this agreement, such cancellation to be effective upon receipt of written notice of cancellation by the Bidder.
- G. No substitutions for articles specified herein may be made without prior approval of the Division of Central Purchasing.

EQUAL OPPORTUNITY AGREEMENT

The Law

- Title VII of the Civil Rights Act of 1964 (amended 1972) states that it is unlawful for an employer to discriminate in employment because of race, color, religion, sex, age (40-70 years) or national origin.
- Executive Order No. 11246 on Nondiscrimination under Federal contract prohibits employment discrimination by contractor and sub-contractor doing business with the Federal Government or recipients of Federal funds. This order was later amended by Executive Order No. 11375 to prohibit discrimination on the basis of sex.
- Section 503 of the Rehabilitation Act of 1973 states:

The Contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap.

- Section 2012 of the Vietnam Era Veterans Readjustment Act of 1973 requires Affirmative Action on behalf of disabled veterans and veterans of the Vietnam Era by contractors having Federal contracts.
- Section 206(A) of Executive Order 12086, Consolidation of Contract Compliance Functions for Equal Employment Opportunity, states:

The Secretary of Labor may investigate the employment practices of any Government contractor or sub-contractor to determine whether or not the contractual provisions specified in Section 202 of this order have been violated.

The Lexington-Fayette Urban County Government practices Equal Opportunity in recruiting, hiring and promoting. It is the Government's intent to affirmatively provide employment opportunities for those individuals who have previously not been allowed to enter into the mainstream of society. Because of its importance to the local Government, this policy carries the full endorsement of the Mayor, Commissioners, Directors and all supervisory personnel. In following this commitment to Equal Employment Opportunity and because the Government is the benefactor of the Federal funds, it is both against the Urban County Government policy and illegal for the Government to let contracts to companies which knowingly or unknowingly practice discrimination in their employment practices. Violation of the above mentioned ordinances may cause a contract to be canceled and the contractors may be declared ineligible for future consideration.


Please sign this statement in the appropriate space acknowledging that you have read and understand the provisions contained herein. Return this document as part of your application packet.

Bidders

I/We agree to comply with the Civil Rights Laws listed above that govern employment rights of minorities, women, Vietnam veterans, handicapped and aged persons.



Signature



Name of Business

Lexington-Fayette Urban County Government Office Supplies

The Lexington-Fayette Urban County Government is accepting bids for the purpose of establishing a price contract for Office Supplies, for various locations across the LFUCG, as per the following specifications:

- A. The Office Supplies Price Contract will be awarded either by section or as a whole, in the best interests of LFUCG.
- B. This bid will be evaluated and awarded based on best value criteria, which shall be comprised of 80% cost, 10% best delivery date, and 10% prior performance history by vendor.
- C. The evaluation of cost will be based on the low overall total for the items in the LFUCG Core List, **Pricing Section I**. Green items will be selected over non-green items by determining whether their cost is a reasonably acceptable percentage over the original, non-green item's cost. LFUCG will make the decision as to the definition of reasonably acceptable percentage. Chosen green items will then be evaluated on the lowest green price for that particular green item.

Section II items may be accepted or rejected as part of this price contract.

- D. This contract shall not prevent the Lexington-Fayette Urban County Government from soliciting additional bids for specific commodities in quantities suitable for warehouse storage (e.g., 100 boxes of envelopes, copier paper, etc), in addition to the core list and the standard catalog discount.
- E. Apparent low Vendor may be asked to produce a sample catalog or test web page portal from the LFUCG Core List of either the entire Core List or a list of their apparent low items.
- F. Vendor agrees to produce a website/portal for the LFUCG Core List awarded for distribution to Urban County Purchasing Requesters.
- G. The prices bid on the items in the LFUCG Core List shall be the prices in the Lexington-Fayette Urban County Government website portal and catalog, and no discounts will be given on these items. **The bidded prices are the purchased prices.**
- H. For Section I, Vendor may submit "**AN EQUAL**" product as long as the product is equivalent in quality to the brand listed, and noted as such.

For Section I, Vendors are to submit unit pricing on all items listed. This can be proposed product items or a combination of proposed and alternate product items. The percentage discounts submitted on each item shall remain firm for the initial one year contract period and any option periods exercised by the LFUCG.

However, in addition to providing pricing on the specified or equal item in Section I, Vendor should, if available, also provide a **green or recycled alternative** to the specified LFUCG Core List items, listing a part number of the green item, a short description, and the pricing of said item.

NOTE: Vendors completing Section I are to submit one (1) price only on each non-green item. Vendor submitting multiple pricing on the same non-green item (proposal and alternate product) will be considered non-responsive.

Vendors submitting alternative product items should select such items with care. In the event LFUCG determines during the contract period that the alternate items are not equal to the proposal items, this non-compliance will be considered grounds for LFUCG to terminate the contract

- I. Vendor must receive actual purchasing document before delivery on all orders, unless order is paid with by ProCard at the time of the order placement. Vendor shall show Lexington-Fayette Urban County Government Purchase Order numbers on all invoices. Invoices received without reference to a LFUCG Purchase Order will be returned to vendor. Vendor shall submit one (1) invoice to the Lexington-Fayette Urban County Government's Division of Accounting upon delivery of ALL items on each purchasing document.

Staples' billing process is flexible and completely customizable to your requirements. During implementation, our experts will assess your internal accounting practices and information-systems capabilities to determine the best solution. Our goal is to help you reduce paperwork and enjoy an easier and more efficient invoicing process.

Billing Options

We offer multiple billing options and can provide different options for different locations within a single account.

Options include:

- ♦ XML and EDI Invoicing
- ♦ Billing by accounting unit (up to 32 digit)
- ♦ Receive ACH payments and notification via fax, e-mail or EDI
- ♦ Daily, weekly, biweekly, semi-monthly or monthly billing frequency

Billing Information

We can tailor invoices to include any information you need including:

- ♦ Ship-To
- ♦ Department Within the Location
- ♦ Invoice Number
- ♦ Department Number (up to 50 characters)
- ♦ Purchase Order Number
- ♦ Release Number
- ♦ Net Amount of Order
- ♦ Tax Per Order
- ♦ Total Amount of Order
- ♦ Summary Total
- ♦ Net Amount for Payment
- ♦ Quantity Ordered
- ♦ Quantity Shipped
- ♦ Product Description
- ♦ Unit Price

This information is available in both summary and detail format.

Vendor must indicate whether they will accept payment by ProCard, either on individual orders or by payment on statement.

Staples accepts payment by ProCard on individual orders.

J. Vendor shall show pricing on all delivery packing slips.

Every order contains two copies of its own packing list, which includes the item number, a description of each product, the unit of measure, and the quantity ordered and shipped. Pricing can be listed on the packing list as a means of reconciling a Procurement Purchase.

Packing lists also include the following pertinent customer information:

- ♦ Customer name and customer number
- ♦ Ship date
- ♦ Number of packages
- ♦ Order number
- ♦ Purchase order number
- ♦ Release number
- ♦ Cost center and requisitioner
- ♦ Ship-to and sold-to contact information

If the shipment is a single larger item, such as a chair or a case of paper, then the packing list will be on the outside of the shipment in a clear envelope. If the delivery includes multiple items then it will be shipped in a breakpack box and the packing list will be inside the box.

K. Prices shall be **FIRM** for one (1) year. If renewed, price increases or decreases shall be considered by the Lexington-Fayette Urban County Government, at which time, if accepted, Vendor must provide (30) days notice prior to the new prices taking effect, and website portal must be updated by the effective date.

Staples reserves the right not to sell below our landed PO cost.

All price increases will be communicated to LFUCG thirty (30) days in advance and will be accompanied by manufacturer documentation. Further, any price increases will not be in excess of manufacturer increases.

Given Staples industry-leading buying power and economies of scale, we're continually able to negotiate highly-competitive pricing on a wide range of products and services. Unlike many smaller, local suppliers who source primarily from wholesalers, Staples has a supply chain model that sources directly from manufacturers. This means a more competitive pricing model for you, since we can bypass the markup from manufacturer to wholesaler.

L. The ordering divisions shall have five (5) working days following receipt of order to notify the Vendor of order discrepancies (wrong item, shortage, overage, etc). The Vendor shall correct the discrepancy no later than the next scheduled delivery to the ordering department and at no additional cost to LFUCG.

At Staples, we strive to limit product returns by offering only the highest quality products. In the rare case that you are unsatisfied with your purchase, we offer an easy online returns process that is available on the same site as you order your products. You can return all orders via simple online process, regardless of how those orders were placed, with no telephone calls required.

Once your return request has been processed, we'll arrange to have the returned item picked up by your Staples delivery driver or original delivery method (UPS, etc.), at no cost to you. You can also call Customer Service anytime with return questions or to process a return. Returned items can be exchanged or credited to your account upon verification of condition.

Credits

Credits for returned items are issued once the returned item is received back at the Staples fulfillment center. Typically returns are picked up within 1-5 business days and the credit is released within 24-48 hours after the fulfillment center receives and processes them.

Staples' Return Policy

Please find below an overview of Staples' return policy. Our complete return policy, with full applicable return periods, product category definitions, terms and conditions, can be provided by your Staples sales representative.

At anytime, you may return any Staples® brand office supply, Sustainable Earth by Staples™ or Diversity Product Solutions by Staples™ product if it doesn't meet your satisfaction.

Product Category & Applicable Return Period

- ♦ Office Supplies - 30 Days
- ♦ Software (unopened) - 30 Days
 - Opened or defective software may be exchanged for the same title and version within 30 calendar days of receiving the software.
- ♦ Technology and Business Machines - 14 Days
- ♦ Furniture - See Below
- ♦ Custom-Imprinted - Not returnable unless damaged/defective

We will accept returns of a product in saleable condition, within the applicable return period, with its complete and original manufacturer's packaging intact and undamaged, including Universal Product Code (UPC), manuals and parts and a copy of the packing slip (two copies provided with original shipment).

Additional Furniture Terms

Returns Policy: Return requests will be accepted within 14 days of delivery. Only products in new condition, unassembled and in original packaging are eligible for return. A 35% restocking fee may apply. Special-order or nonstocked furniture is not returnable, unless such products arrive damaged or defective.

IMPORTANT NOTES ABOUT ALL RETURNS:

Nondefective dated goods such as forms, batteries, film, toner and ink cartridges are subject to approval and require a Return Authorization for credit.

Calendars cannot be returned after January 31 of the year to which they correspond. For health and safety reasons, food, beverages and first aid and medical products cannot be returned. For similar reasons, janitorial and sanitation products (such as cleaning chemicals) can only be returned in unopened and unaltered original case quantities and packaging. Products purchased in bulk, including those intended to be used during a World Health Organization (WHO) Epidemic or Pandemic alert, are subject to review prior to return.

- M. Vendor shall submit delivery schedule along with bid, if schedule is different than every business day. Delivery times shall be a criteria in evaluation of bid.

Staples offers LFUCG fast, accurate and efficient delivery by operating one of the most extensive and technologically-advanced distribution networks in the industry. Through our strategically-located fulfillment centers and delivery operations, we're able to maintain a nationwide fill rate for next-business-day deliveries around 98%. Every component of our delivery and distribution operations is tightly linked, enabling us to quickly and accurately fill, deliver and track orders for LFUCG.

- N. Vendor shall submit with bid any requirements as to minimum order requirements. Minimum order requirements may be a criteria in evaluation of bid.

Order size and order frequency contribute significant costs to customers' office supply programs. Industry statistics show that with every order transaction you process, you can incur costs of \$20 to upwards of \$100 dollars, depending on your organization's labor costs and method of placing orders. These costs increase when you consider environmental factors, such as the additional packaging materials included in multiple deliveries and the increase in carbon emissions expelled by delivery trucks.

To minimize these costs, Staples has developed a best practice of implementing mutually agreed upon order size standards with our customers. These standards reduce the frequency of small, inefficient orders (e.g., orders for one box of pens). This decreases delivery trips and order processing costs and leads to mutual cost savings for both LFUCG and Staples. It also helps the environment by significantly reducing carbon emissions from delivery trucks and paper waste from boxes and other packaging materials.

Example: By reducing their number of small orders by 10% a quarter, one of our customers was able to save \$78,000 in order transaction costs, 27,291 lbs of CO2 emissions and the equivalent of 31 trees worth of paper in one year.

Based on programs implemented with similar organizations of your size and in your industry, we recommend that a \$50 minimum order requirement be implemented for your program.

However, Staples will work with you to establish a minimum order size that meets your requirements.

Our dedicated account management team will work with LFUCG and suggest program strategies that lead to larger order sizes. We will support these initiatives with a full communications campaign that includes customized, colorful brochures and flyers explaining the environmental and cost savings benefits of consolidation to your end users. We can also implement order size controls on your e-commerce ordering platform that would require users to reach the minimum order threshold before submitting the order. Both of these methods have been extremely effective in helping our other customers minimize their costs without inconveniencing end users.

- O. Vendor shall submit with bid options and/or procedures for buying on contract through Purchase Orders, Online with ProCard orders, and in-store purchases.

Purchase Orders

Staples has the capabilities to receive PO's via phone, fax and email in PDF format to our customer service team.

Online ProCard Orders

Our e-commerce site accepts credit cards (Procurement Cards) as a method of payment. In addition, if your company requires that all requisitioners use a procurement card for their office supply purchases, we can require credit card information before any order is submitted to Staples. Our e-commerce website can support any payment requirements such as PO #'s, budget centers, etc. and require any information before orders are submitted to Staples. Credits are made to the appropriate credit card from any returns or adjustments.

Retail Purchases

As a division of the largest office supply retailer in the world, we offer LFUCG the ability to make emergency, same-day purchases at any of our 1,500 U.S. stores. Our Retail Purchasing Program is a powerful tool for ensuring program compliance and allows your end-users to get what they need, when they need it without going outside your established office supply program.

Registration is easy. Your end-users can either request a Staples Convenience Card or register their corporate Procurement Cards (P-Cards) online to take advantage of the program.

Benefits of registering your Corporate Procurement Cards:

- ♦ Gives you your company's contract price, or the retail price, whichever is lower at the time of purchase
- ♦ Available when you link your Discover, American Express, MasterCard or Visa credit cards to your program

- ♦ Registration is quick and easy. Once submitted, the card will be available for use in retail stores the following day

Benefits of using the Staples Convenience Card:

- ♦ Receive the same benefits as the Staples Procurement Card when you sign up for a Staples Convenience Card
- ♦ Bills directly to your company's Staples account
- ♦ Spending is monitored via your monthly usage reports

In addition to office supplies, end-users can receive a minimum 10% discount on most services offered in our in-store Copy & Print Centers.

Reporting

We have the ability to provide LFUCG with up to Level III reporting depending on how their retail purchase is made.

- ♦ **Staples Convenience Card** – If an end-user makes a retail purchase with a Staples Convenience Card, his/her purchase will appear in your organization's regular Staples invoice with Level III reporting information. This gives your procurement organization the ability to more closely monitor purchases made by associates at Staples retail stores for office supplies, copy services and furniture.
- ♦ **Procurement/Credit Card** – If an end-user makes a purchase using their Procurement or own credit card, Staples sends the purchase information to the bank issuing the credit card. The information will appear on the end-users' monthly statement with Level I, II or III information depending on what level of information the bank accepts, as well as what is transmitted to the credit card company. Level III is currently available for Visa and MasterCard P-Cards; Amex and Discover Card reporting would be Level I.

Usage reporting levels:

Level I	Level II	Level III
<ul style="list-style-type: none"> • Date • Amount • Commodity Type • Establishment 	<ul style="list-style-type: none"> • Level I Information • Sales Tax Amount • Ship-to Zip Code • Card Member • Reference Number (Budget Center, PO, or Order Number) 	<ul style="list-style-type: none"> • Level I and II Information • Item # • Item Description • Item Quantity • Unit of Measure (UOM)

- P. Successful Vendor shall supply a monthly usage report to the Lexington-Fayette Urban County Government as well as a year-end report. This report shall include detailed information on the Monthly totals and Year-to-date totals in quantities and total dollars spent for:

- 1) LFUCG's Core List purchases
- 2) Purchases from Vendor not in LFUCG Core List; percentage off catalog purchases
- 3) Items that at the time of purchase were backordered and/or replaced by alternate items
- 4) Number of order and the total dollar figure of orders paid by ProCard

5) Dollar figure of LFUCG spend from Tier II DBE suppliers

Staples offers customized reporting to meet all of LFUCG's requirements. Our reporting capabilities are differentiated by the scope of what we can offer as well as the ease of access and quality of the information we deliver. Because our ordering, invoicing and reporting systems operate on one national platform, you can be assured of reporting that's accurate and consistent for all LFUCG locations, giving you total transparency and visibility into your spend.

Staples' reporting capabilities offer LFUCG the following benefits:

- ♦ Easy access: From online to e-mail, Excel to PowerPoint, our reports are accessible through any method or format required by LFUCG
- ♦ Timely: Reports can be delivered on demand or at pre-determined intervals
- ♦ Comprehensive: Our broad reporting scope measures everything from product usage to program compliance to environmental and diversity spend. Our Level III reporting helps ensure LFUCG is getting credit for employee purchases at Staples stores
- ♦ Actionable and User-Friendly: Data is meaningless without the right context and expert analysis to translate what it means in terms of your program. Your Strategic Account Manager will break down, analyze and package your reporting data in a format that's easy for you and your other stakeholders to understand and take action on. Our analysis helps drive continuous improvements, uncovers potential roadblocks and facilitates the faster realization of benefits for LFUCG
- ♦ Detailed: Gain a complete view of your spending – from individual purchasers across all your departments, budget centers and national locations
- ♦ Global Capabilities: We have the ability to analyze and consolidate all of LFUCG's reporting into one centralized global package for all 37 countries we serve

Our reporting categories consist of the following:

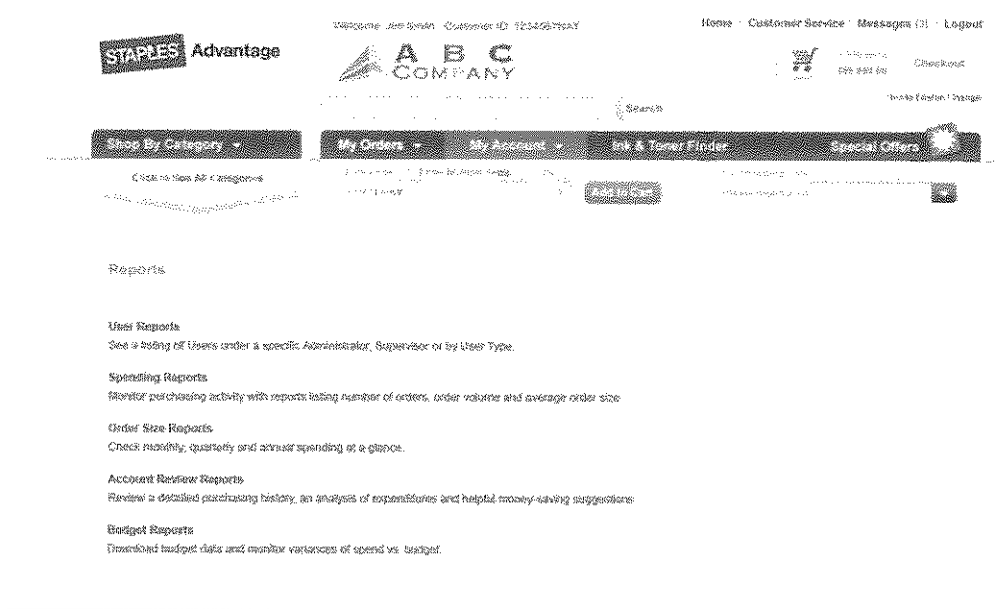
- ♦ Activity Reports (Usage, Service Level and Compliance reports delivered by your Staples Account Team)
- ♦ Online Reports (User and Spending reports available through our e-commerce site)
- ♦ Environmental Reports (delivered by your Staples Account Team)
- ♦ Custom Reports

Activity Reports

Activity reports allow LFUCG to track your product usage as well as Staples' service performance levels for your program. These reports enable LFUCG to maintain a perpetual state of program review by providing a meaningful level of detail about your purchasing patterns. For example, by analyzing purchases by location and items, LFUCG might learn that a specific facility or region has a high percentage of non-preferred item purchases. This could explain why expenditures there are unusually high. Armed with that knowledge, LFUCG could

reduce costs by channeling purchases to preferred items by working with your Staples Account Team on a compliance education campaign.

Reports detailing purchases of recycled items or those from minority vendors give you clear metrics to support your corporate responsibility initiatives.



Usage Reports

With usage reports, LFUCG can track your product usage organization-wide and drill down by facility, department, office or individual user. Product usage can be reported by:

- ♦ Vendor
- ♦ Order method (phone, fax, online)
- ♦ Product category
- ♦ Class code
- ♦ Contract versus non-contract item
- ♦ Recycled and environmentally-preferable products
- ♦ MWBE products

Compliance Reports

These reports will enable LFUCG to identify where there is non-compliance with your program, allowing Staples to develop plans to increase compliance in these areas. Program compliance is critical for overall program success in terms of maximizing cost savings and process efficiencies as well as benefiting from program incentives. Your Staples Account Management Team will work with LFUCG to improve program compliance in areas where it has been developed as a critical need.

Service Level Reports

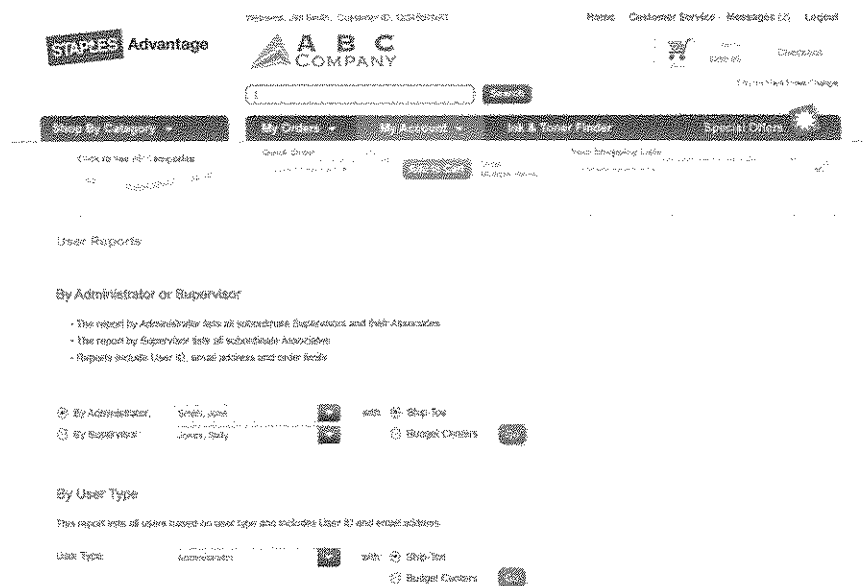
These reports provide LFUCG with statistical information to track Staples' performance and service levels along the various points of our process. Service Level Reports measure:

- ♦ Fill rate percent
- ♦ Year-to-date sales
- ♦ Sales breakdown of contract vs. non-contract items
- ♦ Back order report/orders shipped complete
- ♦ Returns/shipment and packaging errors
- ♦ Credits/debits
- ♦ Average order information and summary by size

Online Reports

At any given time, end-users who have been designated as Staples program Administrators can easily access the following reports on Staples' e-commerce ordering site:

- ♦ User Reports – Provide pertinent end-user information including approval hierarchy ordering limits and assigned ship-to or budget center information



- ♦ Spending Reports – Provide a summary of purchases by budget center, bill-to, ship-to or end-user for up to 24 months, including details on ordering method, order totals, number of orders and average order size

Staples Advantage

ABC COMPANY

Home Customer Service Messages (2) Logout

Shop By Category

My Orders My Account Ink & Toner Finder Special Offers

Spending Reports

24 months of history will be available for reports. You will be able to download your results for analysis.

View Report by:

From: To: with: Order Methods

View report for a specific:

Named:

From: To: with: Totals Only Order Methods

Environmental Reports

We make it easy for LFUCG to measure the impact of your sustainable initiatives through environmental reporting that quantifies the benefits achieved through the following:

- ♦ Recycled paper spend
- ♦ Increased usage of online catalogs over paper versions
- ♦ Consolidation of orders and deliveries

We use Environmental Defense Fund data (<http://www.edf.org/papercalculator>) to demonstrate the benefits of your recycled product use in terms of energy, trees and water saved, carbon emissions avoided and other metrics related to your sustainability efforts.

The Monthly Report must be submitted by the Vendor to LFUCG by the 10th of each month, or within one week of a requested report from the Vendor by LFUCG. Failure to meet this deadline will be considered grounds for LFUCG to terminate the contract.

Yes, Staples can comply and all customized reports can be arranged through your account manager.

- Q. To assist the Vendors in pricing, the Lexington-Fayette Urban County Government purchasing history on the current contract, from October 2009 through May 2011 includes:

	TOTAL SPEND	TOTAL # OF ORDERS	AVERAGE ORDER SIZE
TOTAL SPEND	\$166,893	1267	\$127.07

	TOTAL SPEND	TOTAL # OF ORDERS	AVE % OF ORDER SIZE
PROCARDS	\$36,401	339	26.26%

PURCHASE ORDERS	\$128,221	901	71.48%
STORE PURCHASES	\$2,271	27	2.26%

This information in no way guarantees that the Lexington-Fayette Urban County Government will purchase this amount from this price contract. Also, the quantities listed in Section I are provided as a guideline for bidding purposes only, LFUCG in no way guarantees these quantities.

- R. Questions may be directed to Theresa Maynard, Buyer, Lexington-Fayette Urban County Government, Division of Central Purchasing, (606) 258-3320 or at theresam@lexingtonky.gov.

The logo features the word "STAPLES" in a bold, sans-serif font, with a registered trademark symbol. To its right, the word "Advantage" is written in a smaller, italicized sans-serif font. The background of the entire page is a grayscale, high-contrast image of numerous paper clips scattered across a surface.

STAPLES Advantage

Lexington Fayette UCG

Office Supplies Proposal

Bid #80-2011

September 15, 2011

Prepared especially for:

Theresa Maynard
Purchasing Manager
Lexington Fayette Urban County Government
200 E. Main St
Lexington, Kentucky 40507

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1.0 Our Company

Staples makes it easy for organizations around the globe to buy a wide range of office products, including supplies, technology, furniture and business services. Founded in 1986, we've grown to become the world's largest business-to-business office supplier by consistently exceeding our customers' expectations for compliance, cost savings and customer service.

What Makes Us Different

We offer distinct advantages that are hard to find anywhere else in the industry. All of these strengths go into developing a leading-edge procurement program designed specifically for Lexington Fayette Urban County Government.

1. Industry-Leading Value and Service

In a survey of office supply procurement officers conducted by Morgan Stanley, Staples received the highest scores in the industry on the following key metrics – price to value, shipment accuracy and customer service. And 63% of our competitors' customers also shop Staples, the highest proportion of cross-shoppers in the industry. (*Fortune Magazine*, August 25, 2009)

2. Dedicated, Local Account Management

Staples exceeds all major competitors in Account Management satisfaction as determined by a Lieberman Research Worldwide independent study. As your dedicated business partner, your Staples Account Manager will offer ongoing, consultative support to help achieve your purchasing goals and objectives. We develop innovative programs that maximize compliance, lower procurement costs and deliver year-over-year results.

3. Recognized Customer Call Centers

Customer service is our highest priority. Staples Advantage Call Centers have been recognized by J.D. Power and Associates for providing "An Outstanding Customer Service Experience" for seven years in a row.* We're committed to offering your end-users "first-contact resolution" and making their jobs EASY.

4. Integrated "One Source" Solution

Lexington Fayette Urban County Government can maximize supplier consolidation savings through our extensive product and service offering, which includes office supplies, furniture, print, promotional products, facility supplies and technology. These solutions can be combined into one integrated, cost-effective program with one Account Manager to serve as your single point of contact.

5. Superior Delivery Execution

Our "Perfect Order" delivery commitment ensures that your end-users receive the exact products they need, wherever they need them, undamaged and on time. We will provide next-business-day delivery to Lexington Fayette Urban County Government's locations through our network of strategically located, state-of-the-art fulfillment centers.

6. E-Procurement Expertise

Lexington Fayette Urban County Government will benefit from our industry-leading e-procurement expertise, which includes proprietary Websites and third-party platform integration within your required timeframe. By offering your end-users a fast and easy online shopping experience, we help ensure the most cost-efficient and streamlined program possible.

7. Innovative Staples® brand Products

We offer Lexington Fayette Urban County Government incredible savings opportunities through our more than 4,000 high-quality and innovative Staples® brand products.

8. Convenient Store Network

Lexington Fayette Urban County Government will have a convenient same-day purchasing solution through our network of approximately 1,500 U.S. retail stores. You'll be able to take advantage of your preferred customer pricing for both office supplies and a full range of copy & print services.

9. Extensive Global Reach

With a network that extends across 36 countries, we can offer Lexington Fayette Urban County Government a single global point of contact and centralized control for all your global procurement needs.

10. Financial Strength

Staples led the industry with sales of \$25 billion in 2010. This superior buying power and scale helps us to provide consistent, long-term value for Lexington Fayette Urban County Government. Our best-in-class financial position also allows us to continually invest in our business so we can offer the best service.

11. Operational Excellence

Our disciplined Lean Six Sigma process excellence approach leads to superior delivery execution and makes us an efficient, low-cost supplier for Lexington Fayette Urban County Government. We're recognized as a cost management leader within our industry.

Our Values

At Staples, we recognize the close connection between our financial success and our ability to be a good corporate citizen in the communities we serve. Our commitment to corporate responsibility – what we call **Staples Soul** – is defined by a holistic approach that encompasses four key areas: environment, diversity, ethics and community. By embracing and reflecting these values throughout our global business operations, we seek to make a positive impact on our customers, associates, communities and the planet – everyday.



We report publicly on our corporate responsibility progress, goals and objectives through our Staples Soul Website, as well as in our annual reporting.

Some of the recognitions we've received for our efforts include:

Environment

We make it easy for our customers and associates to make a difference for the environment by developing and sourcing environmentally-conscious products, providing recycling and other environmental services for our customers and associates and working to minimize the impacts of our internal operations through waste reduction and energy efficiency.

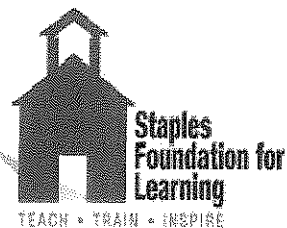
Diversity

Staples offers a dynamic and inclusive work environment where each of our 90,000 associates is given the support they need to learn, grow and reach their potential. Our commitment to diversity also extends to sourcing products and services from small and diverse businesses. In 2009, Staples spent more than \$305 million (a 24% increase over the previous year) with minority- and women-owned, veteran-owned and small disadvantaged businesses. And we're focused on increasing the number of diverse suppliers we work with every year.

Ethics

Staples strives to be a model of corporate governance and ethical business practices. Our commitment to integrity is embodied in our Code of Ethics, which all associates are expected to follow. We also seek to source from suppliers who meet our high standards for human rights, health and safety and the environment, as reflected in our Supplier Code of Conduct.

Community



Staples gives back to the communities where our customers and associates live and work through the Staples Foundation for Learning® (SFFL), our alliances with U.S. and international charitable organizations, cause marketing initiatives and local giving programs. In addition to supporting hundreds of local and grassroots organizations, SFFL is proud to be a major corporate supporter of Boys & Girls Clubs of America, Ashoka, Initiative for a Competitive Inner City and Earth Force.

Since 2003, Staples has donated \$143 million to communities around the world.

2.0 Account/Program Management

Providing fast and free delivery is just a small part of what we do. With Staples, you also get a level of dedicated and customized support that is unmatched in the industry. It starts with your pro-active local Account Manager who provides Lexington Fayette Urban County Government with consultative support to maximize savings and help you achieve your strategic business objectives. Working under your Account Manager's lead is a full team of business and process experts with specialized knowledge in every area of your procurement program.

Our Account Managers:

- ♦ Provide a single point of contact and accountability
- ♦ Are not responsible for new customer acquisition, enabling them to be 100% focused on improving existing customer programs
- ♦ Have an average tenure of 15 years with Staples
- ♦ Receive extensive customer service, product and problem resolution training
- ♦ Are dedicated to creating the most cost-effective program for our customers and proactively recommend additional cost saving opportunities
- ♦ Work with you to grow compliance to the program, so you can achieve the most savings

Lexington Fayette Urban County Government's Account Team

Below is a description of the roles and key responsibilities of the team who will manage your day-to-day needs. We'll customize our account structure to meet Lexington Fayette Urban County Government's unique objectives. Should your organization have large regional, branch or subsidiary offices, we can provide dedicated local account managers.

Account Team

Name	Role	Responsibility
Heather Gwin	Account Manager	<ul style="list-style-type: none"> • Single point of contact • Leads your program • Develops strategies to lower procurement costs • Conducts quarterly Business Reviews
Lori Olson	District Sales Manager	<ul style="list-style-type: none"> • Oversees the on-going management of your account • Shares best practices from other clients in your local area • Issue resolution
Greg Schaefer	Business Development Executive	<ul style="list-style-type: none"> • Assists the Account Manager with implementation and developing your program strategy
Lori Ritter	Field Marketing Manager	<ul style="list-style-type: none"> • Develops marketing solutions to drive end-user compliance and achieve other program goals
David Truesdale	E-Commerce Manager	<ul style="list-style-type: none"> • Responsible for the setup of your e-commerce solution • Trains end-users on the Staples e-commerce platform

Support Teams

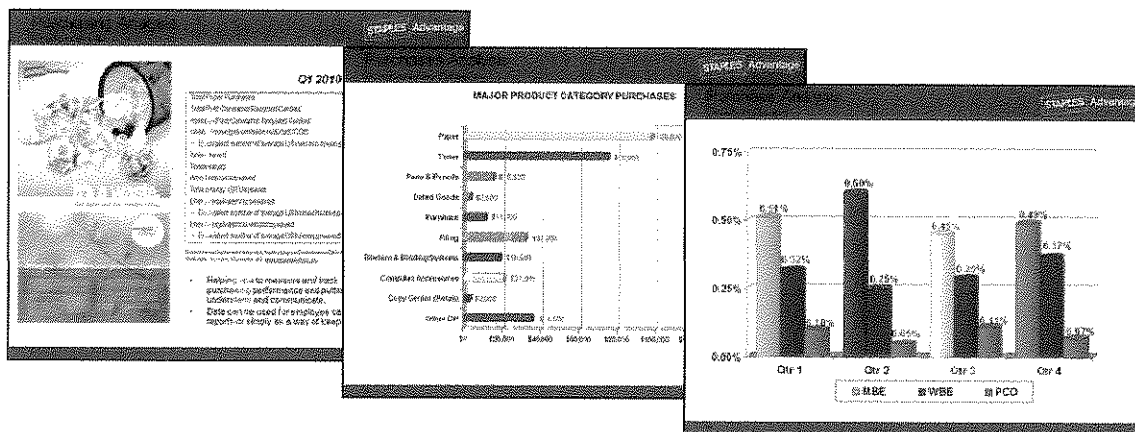
- ♦ Customer Service Representatives – Assists end-users with placing orders, processing returns, technical support, billing and invoicing, etc
- ♦ Customer Support Services – Manages e-procurement integration, account setup and ongoing maintenance (adding new users, ship-tos, etc.)
- ♦ Compliance Specialists – Communicate directly with end-users as needed to increase compliance and present program updates
- ♦ Product Solutions Teams – Implement managed programs for your print, technology, furniture, facility and promotional product needs (if applicable)
- ♦ Staples Delivery Drivers – Provide delivery and return pick up

Strategic Business Reviews

Your Staples Account Manager will continually work with Lexington Fayette Urban County Government to streamline ordering processes, improve service levels and provide year-over-year efficiency savings. Through quarterly Business Reviews, your Account Manager will report on savings and other efficiency metrics achieved through these initiatives. They'll also use these meetings to explore additional improvement opportunities. The format of our Business Reviews is customized to your needs and specifications.

The purpose of the Business Review is to:

- ♦ **Measure program compliance** and identify strategies and opportunities for increasing compliance (e.g., conducting end-user education campaigns)
- ♦ **Demonstrate Staples' performance** in meeting key delivery and service levels, such as fill rate and cycle times
- ♦ **Share key product usage metrics** such as purchases by product category and environmental and diversity product spend



- ♦ **Benchmark your program results against your stated business goals**, so you can measure and track progress and continually identify improvement opportunities
- ♦ **Share key order activity data**, such as return rate, average order size and online order rate, and **demonstrate savings and efficiencies** gained through initiatives to improve order processes

- ♦ **Highlight new products and services of value to your organization**
- ♦ **Identify cost savings opportunities such as:**
 - Rationalizing product assortments
 - Reducing invoices and administrative costs
 - Improving online ordering percentages
 - Isolating where Staples[®] brand products can offer better value
 - Setting goals for minimizing returns and small orders to increase overall program savings
- ♦ **Define annual goals and develop action plan to achieve results**

Reporting Tools

Having total visibility into your spend is critical to maximizing your savings and achieving your strategic business objectives. Staples gives you this transparency through our best-in-class reporting systems. Our reporting tools provide a customized and detailed view of your spending activities with insight into additional ways to achieve cost savings for Lexington Fayette Urban County Government.

Our reporting capabilities consist of the following:

Usage Reports

With usage reports, you can track your product usage across your organization or by facility, department, office or individual user. Track product usage by:

- ♦ Vendor
- ♦ Order method (phone, fax, online)
- ♦ Product category
- ♦ Class code
- ♦ Contract versus non-contract item
- ♦ Category
- ♦ Recycled and environmentally preferable products
- ♦ MWBE products

Compliance Reports

These reports track actual sales versus potential sales. They enable you to identify where there is noncompliance with the program, allowing Staples to develop plans to increase compliance in these areas. Program compliance is critical for overall program success in terms of maximizing cost savings and process efficiencies.

Service Level Reports

These reports provide statistical information to track Staples' performance and service levels along the various points of our process. Reports measure:

- ♦ Fill rate percent
- ♦ Year-to-date sales
- ♦ Sales breakdown of contract vs. non-contract items
- ♦ Backorder report/orders shipped complete
- ♦ Returns/incorrect shipments

- ♦ Credits/debits
- ♦ Average order information and summary by size
- ♦ Errors/mis-shipments and packaging errors

Environmental Reports

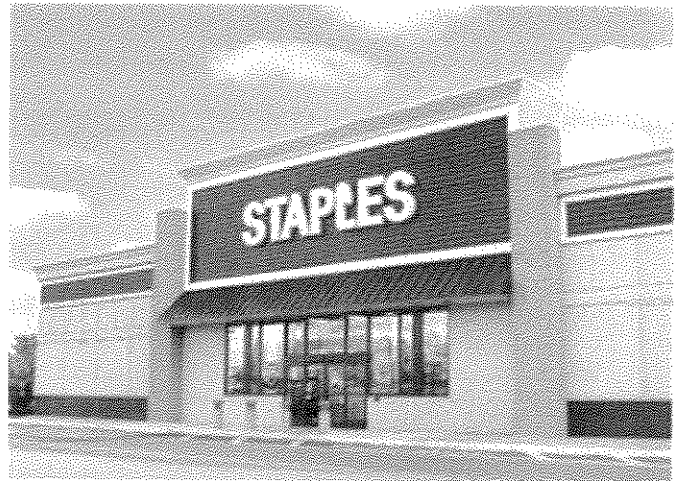
In addition to the above, we also offer reports that measure the benefits of your recycled product purchases.

Retail Purchasing Program

As a division of the largest office supply retailer in the world, we offer Lexington Fayette Urban County Government the ability to make emergency, same-day purchases at any of our 1,500 U.S. stores. This is a powerful tool for ensuring program compliance and allows your end-users to get what they need, when they need it without going outside your established office supply program.

How the Retail Program works:

- ♦ Your end-users can register for a Staples Convenience Card or register their corporate Procurement Cards online for the program
- ♦ Receive either the retail price or your organization's contract pricing, whichever is lower at the time of purchase
- ♦ In addition to office supplies, end-users can receive a minimum 10% discount on most copy & print services in store
- ♦ Convenience card purchases are billed directly to your Staples account – spending is monitored via monthly usage reports



Customer Appreciation Days

Since end-user acceptance is so critical to the success of your program, we go above and beyond to ensure that Lexington Fayette Urban County Government's end-users are actively engaged with and are always satisfied by your relationship with Staples. We offer Customer Appreciation Days throughout the year when your end-users can receive discounts at Staples stores. Coupons are printed and are also available electronically to all end-users and provide discounts for up to a week on almost all retail products.

3.0 Cost-Reduction Strategies

We're committed to helping Lexington Fayette Urban County Government achieve lowest total delivered cost on office supplies and any other products or services your organization may need. Through our consultative approach, we'll develop a program that offers both immediate and year-over-year cost savings.

Our unique cost management approach is supported by the following components:

Strategic Cost Analysis

Through regular Business Reviews, you'll gain more visibility into your organization's spend. Our analysis will help you better understand the hidden factors contributing to your costs and identify strategies to help you solve your chronic business challenges. Quarterly and annually, your Account Manager will create a plan to help you reach your savings targets.

Potential Savings for ABC Company	
Area of Opportunity	Potential savings
Move miscellaneous items to Contract with new pricing	\$1,500.00
Modification of proprietary items	\$1,500.00
Recycled toner program	\$1,500.00
Transitioning Fax orders to Online Platform (average number of orders/year x \$.98)	\$1,500.00
Increase Staples brand product percentage	\$1,500.00
Continue to increase number of orders over \$50	\$1,500.00
Total Potential Savings	\$9,000.00

Demand Management

We'll analyze Lexington Fayette Urban County Government's current product usage and develop a core product list that offers immediate savings. Your Account Manager will regularly review your core list to identify continuous opportunities where Staples can offer better value on the products you use most. Our industry-leading buying power and strong supplier relationships give us the flexibility to find the most cost effective solutions for your needs. We helped a large global beverage company reduce toner spend by 35% by driving demand to an alternative toner program.

Cost savings opportunities include:

- ♦ Identifying cost-effective alternative products, such as Staples® brand and Sustainable Earth by Staples™ brand products, which offer the same great quality as national brands
- ♦ Consolidating product (for example, standardizing your organization on one brand of staplers instead of five different brands)
- ♦ Implementing a remanufactured/recycled ink and toner program
- ♦ Switching to refillables, multi packs and other cost-saving items
- ♦ Instituting smart paper consumption strategies to reduce paper costs

Compliance Savings

One of the easiest ways to reduce costs is simply to support compliance to your Staples program. Industry research shows that “maverick spend” (purchasing outside a negotiated supplier contract) can increase a company’s procurement costs by 25-45% per year. Prior to program launch and on an ongoing basis, our Field Marketing team will work with Lexington Fayette Urban County Government to achieve optimal compliance levels by conducting end-user communication campaigns that drive greater program awareness and acceptance. We helped a large technology products manufacturer save \$6 million annually through increased program compliance.

Communication support often includes:

- ◆ Developing custom newsletters, direct mail and other communications to inform end-users of the program benefits
- ◆ Hosting “lunch and learn” events for end-users
- ◆ Conducting training at your location sites

(See Section 4.0 for more information on compliance strategies.)

Process Savings

By transforming end-user ordering behaviors, we can drive significant costs out of Lexington Fayette Urban County Government's office supply spending.

Increasing Online Orders

Lexington Fayette Urban County Government can lower their program costs by ordering products online instead of by phone and fax. Staples boasts some of the highest electronic ordering rates in our industry thanks to our easy-to-use online ordering site and our continuous focus on driving online ordering behaviors among your end-users. We'll monitor and track your online ordering rates through our quarterly Business Reviews and conduct communication campaigns to boost online ordering rates. We helped one of the nation's largest banks achieve ordering efficiencies by increasing electronic ordering from 5% to 95% in 45 days.

Minimizing Returns

Returns are costly. We'll work with you to minimize returns through process and product education for your end-users.

Minimizing Small Orders

Small, inefficient orders can add significant program costs by increasing the number of POs, invoices and deliveries you must process. We'll help Lexington Fayette Urban County Government reduce small orders by conducting marketing campaigns that educate end-users about the benefits of order consolidation. These campaigns have not only helped our customers dramatically reduce costs, they've created significant environmental savings in the form of reduced packaging waste at facilities and reduced CO₂ emissions from fewer Staples' truck deliveries. By reducing their small orders by 10% a quarter, we helped a large healthcare customer save \$78,000 in order transaction costs, 27,291 lbs of CO₂ emissions and the equivalent of 31 trees worth of paper in one year.

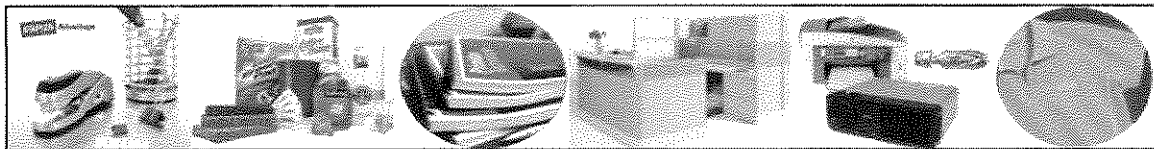


Billing & Invoicing Efficiencies

We can work with your Accounts Payable team to make the processing and payment of invoices more automated, streamlined and efficient, saving you time and the costs associated with labor. We have a dedicated department to analyze and consult with you on billing improvements.

Supplier/Vendor Consolidation Savings

By providing a comprehensive offering of products and services "outside" traditional office supplies, we have created many significant opportunities for Lexington Fayette Urban County Government to consolidate purchasing within your Staples program. This streamlining of processes and rationalization of suppliers will allow you to lower administrative and invoicing costs, leverage your full spend in additional product categories and maximize your savings through Staples. We helped a large pharmaceutical company implement a data storage program resulting in a 15% product savings by eliminating a third-party contract.



Staples offers significant supplier consolidation savings by incorporating the following categories into Lexington Fayette Urban County Government's program, where appropriate:

- ♦ Furniture
- ♦ Technology
- ♦ Print Solutions
- ♦ Facility Supplies
- ♦ Promotional Products

(For more on these specific offerings, see section 9.0.)

4.0 Program Implementation

Staples has implemented office supply programs for thousands of customers, across every industry. As a result, we've developed an innovative and proven approach that will get Lexington Fayette Urban County Government's office supply program implemented and running seamlessly within your required timeframe.

Staples' unique implementation strengths include:

- ♦ A dedicated Account Manager serving as the single point of contact throughout the entire process
- ♦ Customized communication campaigns to ensure a smooth and easy transition experience for Lexington Fayette Urban County Government's end-users
- ♦ Detailed project plans executed with speed, efficiency and security
- ♦ E-procurement integration with nearly every third-party platform and/or Lexington Fayette Urban County Government's proprietary systems

Implementation Team

Lexington Fayette Urban County Government has unique requirements that need to be thoroughly addressed to ensure a high-performing program. With Staples, you have the advantage of having your implementation guided by an expert team with experience and best practices gained through many complex implementations. This same team will work with Lexington Fayette Urban County Government starting from the initial implementation stage throughout the relationship to ensure continuity of service and enable an intimate knowledge of your business.

Implementation Process and Timelines

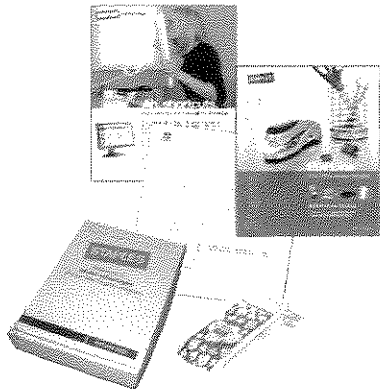
Our proprietary implementation process consists of three stages:

- ♦ Discovery – We perform research to uncover Lexington Fayette Urban County Government's unique program needs and system requirements with a focus on driving process improvements
- ♦ Design – We leverage our cross-functional implementation team to build your program, from your product assortment to ordering systems to user and ship-to setup
- ♦ Deployment – We ensure optimum end-user compliance by launching your program with full communication support

Program Launch Campaign

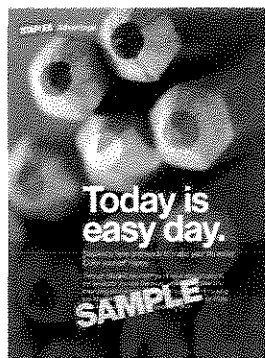
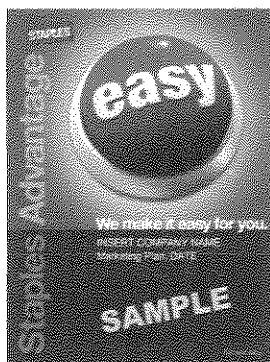
We ensure high program compliance from day one by developing a comprehensive program communication campaign beginning 60 days from launch. Our Field Marketing team will work with you to customize a communication plan to meet your unique needs and maximize awareness at all your locations. *Key tactics include:*

Sample welcome kit



- ♦ Customized e-mails, flyers and other materials that communicate program benefits to end-users
- ♦ Hard copy and electronic versions of "Staples welcome kits" that contain training guides, a Staples catalog and important information of benefit to end-users, such as key product and online ordering information
- ♦ On-site "lunch and learn" seminars where end-users can learn about products from our key suppliers, collect free products and meet their dedicated Staples Account Manager
- ♦ On-site and web-based training

Sample communications used during program deployment



Once a program has been effectively rolled out, we don't stop there. To ensure program loyalty and compliance, we maintain an ongoing schedule of communication materials that are focused specifically on conveying the benefits of the Staples program to members. We also have dedicated Compliance Support teams to proactively call end-users with program information as needed.

We develop communications that:

- ♦ Highlight why it is important to comply with the Staples program in order for you to maximize savings opportunities
- ♦ Promote product categories that are within your preferred item list
- ♦ Communicate special initiatives important to your organization, such as campaigns to raise environmental product awareness