

GovDeals Annual Volume Discount Program Agreement (AVDP)

GovDeals continues to offer a significant tiered rate reduction schedule for individual items selling in excess of \$100,000. If the client pays more than the reduction fee.

In conjunction with GovDeals' tiered rate reduction, the AVDP will pay a cash payment to your government calculated on a cumulative auction threshold of \$1,000,000 in gross sales over a twelve-consecutive-month period. The payment will be paid on the first \$100,000 of a single item which is considered the eligible volume. The amount of an individual item sale that exceeds \$100,000 will not be included in the payment calculation; however, the total amount of the sale of the item will be used to reach the percentage levels used to calculate the payment as shown in the following schedule which is called the basis.

How the AVDP works:

All GovDeals' clients that pay a total fee of 12.5% are eligible to participate in the (AVDP).

- Multiple clients using a cooperative contract or are governed by the same council, council of governments, commission, or state government may be eligible for aggregation of auction proceeds during an established program year, subject to GovDeals' approval. Each participating government must have a total fee of 12.5% to contribute to the basis and receive a rebate.
- Cooperative governments can enter the AVDP at any time within the twelve (12) month period and be eligible for a cash payment starting on the day they entered the program until the AVDP period ends.
- If a client, or cooperative group of client's, cumulative gross sales, net of all credits, reach a minimum of \$1,000,000 over a twelve-consecutive-month period, a cash payment will be paid to the client or cooperative group of clients within sixty (60) days of the end of the twelfth months of the period used to calculate the sales volume.
- The term of the agreement is for twelve months from the agreed start date entered on page two (2) and will automatically renew for another twelve (12) month period unless a sixty (60) day cancellation notice is given by the client or GovDeals prior to the end of the assigned twelve (12) month period.

Example of how payments are calculated and distributed under the AVDP:

One item sold for \$500,000 by government number one (1) and another item sold for \$1,600,000 by government number two (2) and a third item sold for \$65,000 by government number (3) for a cumulative gross sales total of \$2,165,000. Government number (1) and (2) have an eligible sales volume of \$100,000 each while government number (3) has an eligible sales volume of \$65,000. Based on the payment schedule on page two, the payment will be calculated using .50% based on the gross sales amount of \$2,165,000. Please note that the percentage used to calculate payments is capped at 1.25% at a volume of \$5,000,000, but the eligible volume the payment percentage is paid on is never capped.

Calculation:

As explained in paragraph 1, the payment percentage is applied on the portion of the first \$100,000 of each single item sale. The total payment for the group is \$1,325 (\$265,000 X .50% equals \$1,325). gross sales amount as follows:

Seller	Gross Sales	Eligible	Percent Amount	Payment Amount
Government #1 sold	\$ 500,000	100K	x .5% =	\$ 500.00
Government #2 sold	\$1,600,000	100K	x .5% =	\$ 500.00
Government #3 sold	\$ 65,000	65K	x .5% =	\$ 325.00
Totals	\$2,165,000			\$1,325.00

GovDeals Annual Volume Discount Program Agreement - Continued

Annual Volume Discount Schedule		
Annual Gross Sales Net of Credits	Annual Payment % is applied to eligible volume	
\$ 0	0.000%	
\$ 1,000,000	0.250%	
\$ 1,499,999	0.250%	
\$ 1,500,000	0.375%	
\$ 1,999,999	0.375%	
\$ 2,000,000	0.500%	
\$ 2,499,999	0.500%	
\$ 2,500,000	0.625%	
\$ 2,999,999	0.625%	
\$ 3,000,000	0.750%	
\$ 3,499,999	0.750%	
\$ 3,500,000	0.875%	
\$ 3,999,999	0.875%	
\$ 4,000,000	1.000%	
\$ 4,999,999	1.000%	
\$ 5,000,000	*1.250%	
\$ 5,499,999	*1.250%	
\$ 5,500,000	*1.250%	
\$ 5,999,999	*1.250%	
*Annual Discount is capped at 1.250%, Eligible Sales Volume is not capped.		

Entity Name: **Sourcewell Contract #041316-GDI**

Program start date: June 21st
(Cooperative Award Program Start Date)