

**INTEGRATED SUPPLY AGREEMENT
BY AND BETWEEN
GENUINE PARTS COMPANY
AND
CITY OF NORMAN, OKLAHOMA**

THIS INTEGRATED SUPPLY AGREEMENT (this “Agreement”) is made by and between **GENUINE PARTS COMPANY**, a Georgia corporation (d/b/a NAPA Auto Parts) (“NAPA”), and **CITY OF NORMAN, OKLAHOMA**, a Municipality (“CUSTOMER”), to be effective as of the ____ day of April, 2014 (the “Effective Date”).

W I T N E S S E T H

WHEREAS, NAPA desires to establish inventories in CUSTOMER’s locations to service the fleet parts needs of CUSTOMER and to serve as the primary supplier of automotive replacement parts and other supplies and/or equipment (the “Inventory”) to serve the needs of CUSTOMER; and

WHEREAS, CUSTOMER desires to provide space for the Inventory on the premises of CUSTOMER for use by NAPA (“On Site Store”) and agrees that NAPA will be its primary supplier of the Inventory pursuant to the terms herein.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

AGREEMENT

Each of the recitals set forth above is hereby incorporated into the Agreement in its entirety.

1. DEFINITIONS. For purposes of this Agreement, the following terms shall have the meanings set forth below:

- (a) ***Primary Supplier*** shall mean the parts supplier that provides a minimum of ninety percent (90%) of the Inventory needs of CUSTOMER.
- (b) ***NAPA Owned Store*** shall mean an auto parts store lawfully using the tradename or trademark “NAPA” which is wholly owned by NAPA.
- (c) ***NAPA Jobber*** shall mean an auto parts store lawfully using the tradename or trademark “NAPA” with respect to which NAPA maintains no ownership interest.

2. CUSTOMER'S CURRENT LOCATIONS. NAPA will establish On Site Store(s) at the CUSTOMER'S following location(s):

1301 Da Vinci
Norman, OK 73069
Manager: Mike White, Fleet Superintendent

Additional locations of the CUSTOMER may be added to this Agreement but only by a written amendment executed and agreed to by both the CUSTOMER and NAPA. Notwithstanding the foregoing language, CUSTOMER agrees to, and hereby grants, NAPA the right of first refusal on any and all new or additional locations of CUSTOMER that are to be serviced by a similar supply entity.

3. TERM. The initial term of this Agreement shall be for a one (1) year period beginning on the Effective Date. Upon expiration of the initial term, CUSTOMER shall have the option to renew this Agreement for two (2) additional one (1) year periods. Should CUSTOMER desire to renew this Agreement, CUSTOMER shall deliver to NAPA written preliminary notice at least sixty (60) days prior to the expiration of the initial term or the then current renewal term (such preliminary notice will not be deemed to commit the CUSTOMER to renew). Upon receipt of the CUSTOMER'S preliminary notice, NAPA shall, if desired, submit a written consent to continue operating under the terms of this Agreement for an additional one year period. NAPA acknowledges that the total duration of this Agreement shall not exceed three (3) years. Notwithstanding the foregoing, either party may terminate this Agreement at any time for its convenience by giving the other party sixty (60) days prior written notice of such termination.

4. DUTIES AND RESPONSIBILITIES OF NAPA. NAPA shall have the following duties and responsibilities during the term of this Agreement:

(a) NAPA will operate the On Site Store(s) and provide the Inventory to CUSTOMER'S now existing location(s). NAPA shall provide all personnel required to operate the On Site Store(s).

(b) In those circumstances when delivery is required by CUSTOMER, NAPA will provide parts to CUSTOMER'S locations on a daily route basis. In addition, NAPA will accelerate delivery on those items CUSTOMER requires to be delivered on an expedited basis. NAPA will make all reasonable efforts to ensure prompt delivery to the CUSTOMER'S location(s) requesting part(s).

(c) NAPA shall provide all computers and reports necessary to monitor monthly expenses as they pertain to the daily operation of the On Site Store(s). NAPA shall provide computer ordering and cataloging to each On Site Store through its proprietary TAMS (Total Automotive Management System), which it cannot assign nor leave with CUSTOMER upon termination or expiration of this Agreement.

(d) NAPA shall provide a profit and loss statement of the parts operations to the CUSTOMER on approximately the 20th of each month for each On Site Store.

(e) NAPA shall provide back-up emergency service during non-working hour contingencies. The overtime expense (calculated at time and one half) will be charged on a cost basis to CUSTOMER. NAPA will provide a list of personnel, including telephone numbers, who will respond to emergency service requests.

(f) Upon the request of CUSTOMER, NAPA shall monitor and oversee any and all shop support services, including but not limited to, rag services and parts cleaning services, performed by a third party on the premises of CUSTOMER. NAPA shall not be held liable in any manner for the acts or omissions or willful misconduct of any third party performing shop support services hereunder.

(g) NAPA acknowledges and agrees that the local NAPA Store in the City of Norman, Oklahoma receives from the NAPA distribution center located in Oklahoma City, Oklahoma, on normal business days, two (2) deliveries per day. The deadline to place an order for morning delivery is 8:30 a.m. and the deadline to place an order for afternoon delivery is 1:30 p.m.

(h) Upon the request of CUSTOMER, NAPA shall arrange for a courier service to delivery ordered products to the On-Site Store(s). Should CUSTOMER elect to use a courier service under this Agreement, NAPA will bill CUSTOMER for the costs of the courier service on a monthly basis in an amount not to exceed Three Hundred and No/100 Dollars (\$300.00) per month. The foregoing cap will be reviewed annually by CUSTOMER and NAPA and adjusted on an as needed basis upon the mutual written consent of the parties.

5. DUTIES AND RESPONSIBILITIES OF CUSTOMER. CUSTOMER shall have the following duties and responsibilities during the term of this Agreement:

(a) CUSTOMER shall provide, at its sole expense, usable space for NAPA's On Site Store(s) and the Inventory. CUSTOMER shall provide access to restroom facilities for NAPA employees. Further, CUSTOMER shall furnish, at its sole expense, all utilities for the On Site Store(s) including: water, sanitation, sewer, light, telephone, heat, gas, electricity, power, fuel, janitorial and all other utilities and services rendered or delivered to the On Site Store(s) whatsoever.

(b) Subject to the terms below, CUSTOMER shall use NAPA as its Primary Supplier of the Inventory under this Agreement. CUSTOMER reserves the right to purchase any item outside this Agreement where it is determined to be more economical or timely so long as the purchase of aforesaid part or parts does not result in NAPA no longer being CUSTOMER's Primary Supplier. For the avoidance of any doubt, NAPA acknowledges and agrees that CUSTOMER shall not be required to purchase from NAPA any capital expenditure assets and vehicle up-fit parts.

(c) Each On Site Store location shall be appropriately secured or otherwise maintained separate and apart from the business of CUSTOMER. There shall be no intermingling of CUSTOMER's parts or other inventory with NAPA's parts or inventory. Access to the secured On Site Store(s) shall be restricted to NAPA employees and authorized NAPA representatives only. Once per year NAPA shall utilize a third party to perform an Inventory count in the On Site Store while accompanied by NAPA. CUSTOMER'S employees, contractors or agents shall not be permitted to enter the secured On-Site Store area unless accompanied by a NAPA employee or other authorized NAPA representative.

(d) CUSTOMER shall, at all times during the term of this Agreement, at CUSTOMER'S sole expense, maintain in good condition and repair (so as to prevent any damage or injury to NAPA's employees, the Inventory or other personal property located in the On Site Store(s)) the roof, exterior walls, foundation, and structural portions of the On Site Store(s) and all portions of the electrical and plumbing systems lying outside of the On Site Store(s) but serving the On Site Store(s).

(e) CUSTOMER shall provide information regarding equipment and fleet changes to NAPA as soon as possible. Fleet changes include but are not limited to the removal of types of vehicles from the fleet and the addition of new vehicles to the fleet.

6. PAYMENT TERMS/PRICING. NAPA shall invoice the CUSTOMER for all Inventory purchased pursuant to this Agreement on a monthly basis according to the pricing plan below. CUSTOMER agrees to pay the entire amount of all statements received from NAPA by the 30th day of the month following receipt of any such statement. In the event any statement has not been paid as of such date, NAPA shall impose a finance charge of 1.5% per month, or such lower amount as may be permitted by law. CUSTOMER shall reimburse NAPA for all costs incurred by NAPA in collecting any past due amounts owed to NAPA pursuant to this Agreement, including any attorney's fees.

The overall goal of CUSTOMER's pricing plan is to achieve a ten percent (10%) net profit for NAPA (the "Net Profit Target") by adjusting the pricing of two elements:

- (a) **Product Costs.** The pricing of the Inventory to be supplied to CUSTOMER by NAPA pursuant to this Agreement. Product Costs shall be further divided into "**NAPA Product Costs**," which is the pricing of NAPA supplier manufactured products, and "**Non-NAPA Product Costs**," which is the pricing of products which have not been manufactured by NAPA suppliers but which have been acquired for CUSTOMER by NAPA pursuant to this Agreement.
- (b) **Operational Costs.** Any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, vehicle gas and maintenance costs, salary and benefits payable to NAPA employees at the On Site Store(s), worker's compensation benefits and insurance, unemployment insurance, personal property insurance for the On Site Store(s) and Inventory, any deductible for losses covered under the personal property, automobile liability, or general liability insurance policies of NAPA, and all equipment supplied by NAPA. An

example of a profit and loss statement reflecting such costs and expenses is attached hereto as Exhibit A. CUSTOMER acknowledges and agrees that the costs and expenses reflected on the profit and loss statement set forth on Exhibit A are subject to change in the sole discretion of NAPA based on the actual monthly parts purchases made by CUSTOMER during the term of the Agreement.

PRICING PLAN SUMMARY

NAPA Product Costs	Billed to CUSTOMER at a 10% gross profit rate (gross profit is store acquisition cost divided by .90)
Non-NAPA Product Costs	Billed to CUSTOMER at a 10% gross profit rate (gross profit is acquisition cost divided by .90)
Operational Costs	Billed to CUSTOMER at cost
Net Profit Target	10% net profit for NAPA

Both NAPA Product Costs and Non-NAPA Product Costs shall be set by NAPA to yield a gross profit of ten percent (10%). Gross profit is calculated by dividing the acquisition cost by .90. Operational costs will be charged to CUSTOMER at cost, with all such charges for Operational Costs to be included in CUSTOMER’s monthly billing statement. CUSTOMER will be billed at the end of each month for operational costs on an “in arrears” basis.

In addition, NAPA may use any sub-contractor for the procurement of “outside” purchases or services (i.e., those parts or services not traditionally stocked or performed by NAPA), and CUSTOMER will be billed an additional charge for any such purchases so as to yield NAPA a ten percent (10%) gross profit on such purchases. CUSTOMER is solely responsible for improper or inappropriate instructions by CUSTOMER’s employees to NAPA regarding NAPA’s purchases of nontraditional parts or services, unless CUSTOMER provided prior written notice to NAPA of parts or services that may not be procured by NAPA in relation to this Agreement.

7. INSURANCE.

(a) CUSTOMER shall provide at its sole expense “all risks” fire and property insurance on all buildings and/or improvements in which the On Site Store(s) are located throughout the term of the Agreement. Further, CUSTOMER shall, throughout the term of this Agreement, at CUSTOMER’S expense, obtain and maintain in force a policy of commercial general liability insurance in the name of CUSTOMER as insured but with NAPA named as an additional insured, such insurance to be written on an “occurrence” basis with combined single limits for any one injury, including death, and for property of not less than \$1,000,000.00 per occurrence. Said policy shall be issued by a reputable insurance company authorized to transact business in all states where On Site Store(s) are located. CUSTOMER shall further maintain during the term of this Agreement worker’s compensation insurance coverage in amounts required by law. CUSTOMER shall provide to NAPA, upon execution of this Agreement, a copy of all Certificates of Insurance evidencing the insurance coverages above.

(b) NAPA shall maintain during the term of this Agreement worker's compensation insurance coverage for its employees located at the On Site Store(s) in amounts required by law. In addition, NAPA shall maintain personal property insurance during the term of this Agreement in an amount sufficient to cover any loss or damage to the Inventory and any other personal property owned by NAPA that is located at the On Site Store(s).

(c) The insurance policies in this section required to be held by each party shall contain a waiver of subrogation against the other party.

8. NO LIENS.

(a) CUSTOMER warrants that it shall take no action, including but not limited to the granting of a security interest, or fail to take any action, which would operate or does operate in any way to encumber the Inventory of NAPA located in the On Site Store(s). CUSTOMER shall, at its own cost and expense, defend and hold harmless NAPA and its officers, directors, employees, subsidiaries and affiliates from any and all liability, costs and expenses (including attorney's fees) against any claim or encumbrance on the Inventory of NAPA located in the On Site Store(s).

(b) CUSTOMER agrees and acknowledges that Inventory that is delivered and stored on CUSTOMER's property pursuant to this Agreement is Inventory owned by NAPA.

9. PERSONNEL. NAPA and CUSTOMER shall attempt in good faith to mutually agree upon the identity of the persons that will be selected to staff the On Site Store(s). In the event that CUSTOMER for any reason wishes to remove or replace any of the NAPA personnel in the On Site Store(s), the parties will attempt to resolve CUSTOMER's request by mutual agreement. If NAPA and the CUSTOMER fail to mutually resolve a personnel issue as set forth in this Section 9, NAPA will decide the issue in its sole discretion.

10. WARRANTY/LIABILITY DISCLAIMER. All items supplied pursuant to this Agreement are subject to the terms of written warranties provided by the manufacturer of each part, and NAPA shall use reasonable commercial efforts to assist the CUSTOMER in processing all warranty claims that the CUSTOMER may have against a manufacturer. The manufacturer's warranty will be the sole and exclusive remedy of the CUSTOMER in connection with any claims concerning the parts supplied to CUSTOMER pursuant to this Agreement. ALL OTHER WARRANTIES, BOTH EXPRESS AND IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXCLUDED. Copies of the manufacturers' warranties are available to CUSTOMER upon request.

For suppliers (or categories of suppliers) of Non-NAPA products that CUSTOMER instructs NAPA to utilize or consider for future purchases, NAPA is under no obligation to (and NAPA disclaims all liability in connection with) investigate product quality, management, ownership, reputation, certifications, qualifications, price competitiveness, or any other related characteristics of the products, individuals or entities at issue.

11. TERMINATION FOR CAUSE. This Agreement may be terminated immediately, unless otherwise stated in this Section 11, by either party for cause:

(a) In the event that the other party fails or refuses to pay any amounts due under this Agreement; or

(b) In the event that there is a hostile work environment, the affected party provides written notice, and such hostile environment remains uncorrected for ten (10) days after written notice thereof; or

(c) In the event that the other party fails or refuses to perform any other obligation required under this Agreement, and such failure or refusal continues for thirty (30) days after written notice thereof; or

(d) In the event that the other party files any bankruptcy petition, has any bankruptcy petition filed against it, makes any assignment of its assets for the benefit of creditors, or admits in writing its inability to pay its debts as they become due.

12. EFFECT OF TERMINATION. Immediately upon termination of this Agreement by either party for any reason:

(a) All duties, responsibilities and other obligations of each party hereunder shall terminate, except for the payment of any amounts due and owing to NAPA at the time of termination.

(b) Each party shall immediately return to the other party all equipment, software, books, records, tools and any other personal property or information owned by the other party that are in such party's possession. CUSTOMER shall allow NAPA full and unrestricted access to enter into the On Site Store(s) and immediately remove all equipment and other items of personal property owned by NAPA without being deemed guilty of trespass or any other violation of the law. All inventory records, sales history, sales analysis and all other information generated by NAPA under this Agreement will be returned to CUSTOMER.

Nothing contained in this Section shall be deemed a waiver of, or in any other manner impair or prejudice, any other legal rights that either party may have against the other party for any breach of this Agreement. The provisions and obligations of Sections 8, 10, 13, 14, and 15 shall survive the termination of this Agreement for any reason.

13. BUY-BACK OF INVENTORY. Upon termination, expiration, or non-renewal of this Agreement, NAPA shall have the option to require CUSTOMER to purchase all non-NAPA Inventory owned by NAPA and located in the On Site Store(s) at NAPA's current acquisition cost, and CUSTOMER shall have the option to purchase all NAPA Inventory, owned by NAPA and located in the On Site Store(s) at NAPA's current acquisition cost. Upon CUSTOMER's request, NAPA shall provide CUSTOMER with a listing of all NAPA and non-NAPA Inventory owned by NAPA and located in the On Site Store(s).

14. CONFIDENTIALITY. CUSTOMER and NAPA may, from time to time, acquire or otherwise receive confidential or proprietary information concerning the other party's products, pricing, business affairs and practices. In consideration of the confidential and proprietary nature of this information, each party agrees as follows:

(a) All confidential or proprietary knowledge and information received from the other party shall for all time and purposes be regarded by the receiving party, its employees and agents as strictly confidential and will not be disclosed to any third parties or to any of the other affiliates of the receiving party.

(b) Each party agrees to utilize any information provided by the other party only for the purposes of carrying out this Agreement and further acknowledges that it will not utilize any information provided by the other party for any other purpose including but not limited to directly or indirectly competing with the other party or otherwise assisting another person or entity in doing the same.

(c) All confidentiality obligations hereunder shall continue in full force and effect during the term of this Agreement, and after termination: (a) in the case of confidential information that constitutes a trade secret under applicable law, for as long as such confidential information remains a trade secret; or (b) in the case of any other confidential information, for a term of ten (10) years.

(d) Each party further understands that money damages will not be a sufficient remedy for a breach of this Section 14 and that, in addition to all other remedies available at law or in equity, each party shall be entitled to equitable relief, including injunction or specific performance, without proof of actual damages.

15. MUTUAL INDEMNIFICATION. CUSTOMER shall be responsible for and shall indemnify and hold NAPA harmless from and against all damages, claims or demands that may, during the term of this Agreement, arise or be occasioned by the negligent or intentional acts of CUSTOMER or CUSTOMER'S employees. NAPA shall likewise be responsible for and shall indemnify and hold CUSTOMER harmless from and against all damages, claims or demands that may, during the term of this Agreement, arise or be occasioned by the negligent or intentional acts of NAPA or NAPA's employees.

16. QUIET ENJOYMENT. CUSTOMER represents and warrants to NAPA that NAPA shall have quiet and peaceful possession of the On Site Store(s) during the entire term of this Agreement and CUSTOMER shall defend NAPA's right to possession against the claims of all parties.

17. NOTICES. Whenever any notice, demand or request is required or permitted hereunder, such notice, demand or request shall be hand-delivered in person or sent via facsimile, by overnight mail through a reputable service, or by certified mail, return receipt requested, to the addresses set forth below:

As to NAPA: NAPA Oklahoma City
301 East Memorial Road
Oklahoma City, OK 73114
Attn: Al Carroll
Telephone: (405) 775-4800
Facsimile: (405) 775-4810

As to CUSTOMER: City of Norman
Fleet Division
1301 Da Vinci, Norman, OK
Attn: Mike White, Fleet Superintendent
Telephone: (405) 292-9709
Facsimile: (405) 292-9710

Each such notice shall be deemed delivered (i) on the date of receipt if delivered by hand, overnight courier service or if sent by facsimile, or (ii) on the date three (3) business days after depositing with the United States Postal Service if mailed by registered or certified mail. Either party may change its address specified for this notice by giving the other party at least ten (10) days written notice in accordance with this Section 17.

18. FORCE MAJEURE / DAMAGE OF PREMISES.

(a) Whenever performance by either party of any of their respective obligations (other than the obligation to make payment of money due hereunder) is substantially prevented by reason of any act of God, other industrial or transportation disturbance, fire, floods, riots, acts of enemies, national emergencies or by any other cause not within the reasonable control of such party and not occasioned by its negligence, then such performance shall be excused and the performance of such obligations under this Agreement shall be suspended for the duration of such prevention and for a reasonable time thereafter.

(b) NAPA may terminate this Agreement immediately in the event that the CUSTOMER's premises are damaged by any casualty, or such portion of the premises is condemned by any legally constituted authority, such as will make the CUSTOMER's premises unusable for the On Site Store(s) in the reasonable judgment of NAPA.

19. SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective officers, directors, employees, successors and assigns. Notwithstanding the foregoing, the rights and obligations of either party to this Agreement may not be assigned without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

20. AMENDMENTS. No amendment to this Agreement shall be binding on either party hereto unless such amendment is in writing and executed by both parties with the same formality as this Agreement is executed.

21. NO WAIVER OF RIGHTS. No failure of either party hereto to exercise any power given such party hereunder or to insist upon strict compliance by the other party to its obligations hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of either party's right to demand exact compliance with the terms hereof.

22. LIMITATIONS ON RIGHTS OF THIRD PARTIES. All obligations of a party under this Agreement are imposed solely and exclusively for the benefit of the parties, and no other person shall, under any circumstances, be deemed to be a beneficiary of such obligations.

23. INDEPENDENT CONTRACTOR. The parties hereto are independent contractors. Nothing in this Agreement shall create or shall be deemed to create any fiduciary relationship or the relationship of principal and agent, partnership, joint venturers, or any other similar or representative relationship between the parties hereto.

24. CHOICE OF LAW. This Agreement shall be construed and interpreted under the laws of the State of Oklahoma.

25. COUNTERPARTS. This Agreement may be executed in one or more counterparts and each counterpart shall, for all purposes, be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

26. SECTION HEADINGS. Section titles or captions contained herein are inserted only as a matter of convenience for reference and in no way define, limit, extend, or describe the scope hereof or the intent of any provision hereof.

27. SEVERABILITY. In the event any part of this Agreement shall be finally determined by a court of law to be illegal or unenforceable for any reason, then that illegal or enforceable part shall be severed from the Agreement, and the remaining terms shall continue in full force and effect.

28. ENTIRE AGREEMENT. This Agreement and the bid related documents listed below and any attachments referenced in this contract, constitute the entire contract between NAPA and CUSTOMER concerning the subject matter of this Agreement. In the event of a conflict between the terms of the below referenced documents, the terms in the document with highest relative precedence shall govern. The order of precedence shall be the order of documents as listed below, with the first listed document having the highest precedence and the last listed document having the lowest precedence.

To the extent not expressly incorporated herein, this Agreement supersedes all prior proposals, contracts and understandings between the parties concerning the subject matter of this Agreement.

1. This Agreement;
2. NAPA's Final Response to the City of Norman, Oklahoma Request for Proposal for Vehicle Parts Management and Supply Services, RFP No. 1314-47, as amended, including but not limited to NAPA's List of Exceptions submitted therewith; and
3. City of Norman, Oklahoma Request for Proposal for Vehicle Parts Management and Supply Services, RFP No. 1314-47, as amended

[Remainder of page intentionally left blank / Signatures appear on following page]

IN WITNESS WHEREOF, the parties hereto cause their hands and seals to be affixed by their duly-authorized representatives effective as of the date and year first above written.

GENUINE PARTS COMPANY

By: _____
Name: Stu Kambury
Title: Division Vice President

SWORN TO AND SUBSCRIBED before me this ____ day of _____, 2014.

(seal)

Notary Public

CITY OF NORMAN, OKLAHOMA

By: _____
Name: _____
Title: _____

SWORN TO AND SUBSCRIBED before me this ____ day of _____, 2014.

(seal)

Notary Public

Contract No. K-1314-134

EXHIBIT A

SAMPLE PROFIT AND LOSS STATEMENT

See attached.