

SUMMARY OF RESPONSES TO RFP 121819 – PROVISION OF LIBRARY MATERIALS WITH RELATED SERVICES

BOOKS	Response Provided	Discount off List Price – Adult Trade	Discount off List Price – Juv. Trade	Multiple Copy Discount	Shipping Charges	Days to Deliver Items in Stock	# Titles / #Vols. In Stock (Adult)	Processing Charge per Item	Quality of “Shelf-ready” Services	Quality of Web Order Site
Baker & Taylor	Yes	45.40%	45.4%	1-1.2%	Free	1-2	325,504/4.7million	0.89	High/Medium	High
Book Wholesalers, Inc.	Yes	40.0%	40.0%	0.0%	Free	5-7	11,000/154,000	2.70	High/Medium	Medium/Low
Brodart	Yes	45.0%	45.0%	0.0%	Free	7	125,000/1,000,000	n/a*	Medium	Medium
Crimson Multimedia (Klise)	No	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n/a	Low
Ingram Library Services	Yes	46.0%	44.7%	0.0%	Free	1-2	456,149/3,958,410	0.99	Low	Medium

* Brodart did not provide itemized processing charges

AUDIO VISUAL	Response Provided	DVDs		CDs		CD-ROMs		Audio Books		Shipping Charges
		Stocks	Discount	Stocks	Discount	Stocks	Discount	Stocks	Discount	
Baker & Taylor	Yes	Yes	27.0%	Yes	27.0%	No	n.a.	Yes	0-45.4%	Free
Book Wholesalers, Inc.	Yes	Yes	28.0%	Yes	28.0%	No	n.a.	Yes	30-40%	Free
Brodart	No	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crimson Multimedia (Klise)	Yes	No	n.a.	No	n.a.	Yes	5%	No	n.a.	not stated
Ingram Library Services	Yes	Yes	31.5%	No	n.a.	No	n.a.	Yes	0-45.5%	Free

LIBRARY CONTINUATIONS	Response Provided	Discount off List Price - Trade	Service Charge on Titles Provided at 0.0% Discount	Number of Titles Handled	Percent of Requested Titles Handled
Baker & Taylor	Yes	44.5 – 45%	\$0.00	40,000+	92.2%
Book Wholesalers, Inc.	No	n.a.	n.a.	n.a.	n.a.
Brodart	Yes	44.0%	\$3.95	8,000+	93.7%
Crimson Multimedia (Klise)	No	n.a.	n.a.	n.a.	n.a.
Ingram Library Services	Yes	46%	\$0.00	10,000	89.7

CITY OF PALO ALTO CONTRACT NO. C08121819

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND
BAKER & TAYLOR, INC.
FOR PROFESSIONAL SERVICES
PROVISION OF LIBRARY MATERIALS (BOOKS) & SERVICES

This AGREEMENT is entered into September 17, 2007, by and between the CITY OF PALO ALTO, a chartered city and a municipal corporation of the State of California ("CITY"), and Baker & Taylor Inc., a Delaware Corporation, authorized to do business in California, located at 2550 West Tyvola road, Suite 300, Charlotte, NC 28217 (PH) 800-775-7930 ("CONSULTANT").

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to procure Library Books and related services for its various CITY Libraries and desires to engage a consultant to provide these books and services for the libraries, collectively referred to as ("Services").

B. CONSULTANT has represented that it and any subconsultants have the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Services as more fully described in Exhibit "A", Scope of Services, attached to and made a part of this Agreement.

D. CONSULTANT has agreed to perform the Services on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, this Agreement, the parties agree:

AGREEMENT

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall provide the Library Books, as listed in Exhibit B, and perform the

Services described in Exhibit "A", Scope of Services, in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be consistent with the Purchase Order Terms and Conditions listed in Exhibit E and to the reasonable satisfaction of CITY.

SECTION 2. TERM. The term of this Agreement shall be from the date of its full execution to September 30, 2008, unless terminated earlier pursuant to Section 20 of this Agreement. CITY has the option to renew for up to two additional one year periods.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement. . Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for provision of the materials ordered, as listed in Exhibit B, and for the performance of the Services described in Exhibit "A", including both payment for materials and services, including shipping and freight, shall not exceed two hundred and ninety thousand Dollars (\$290,000) in the first year of this Agreement. The applicable Costs for Books and related services are set out in Exhibit "B", entitled "COSTS," which is attached to and made a part of this Agreement.

If the CITY exercises its option to renew for additional years, the compensation to be paid CONSULTANT, shall not exceed four hundred thousand dollars (\$400,000.00) per year for Year 2 and/or Year 3.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit invoices to the CITY describing the materials purchased and the services performed and the applicable charges. CONSULTANT shall be paid for materials received by CITY. CITY's payment terms are net 30 days

upon receipt of goods. The information in CONSULTANT's payment requests shall be subject to verification by CITY.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All of the Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it possesses the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subconsultants have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services.

All of the services to be furnished by CONSULTANT under this agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

CONSULTANT shall report immediately to the CITY's project manager, in writing, any discrepancy or inconsistency it discovers in the laws, ordinances, regulations, orders, and/or guidelines in relation to the Project of the performance of the Services.

All documentation prepared by CONSULTANT shall provide for a completed project that conforms to all applicable codes, rules, regulations and guidelines that are in force at the time such documentation is prepared.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all errors, omissions, or

ambiguities in the work product submitted to CITY, provided CITY gives notice to CONSULTANT.

SECTION 9. INDEPENDENT CONTRACTOR. It is understood and agreed that in performing the Services under this Agreement CONSULTANT, and any person employed by or contracted with CONSULTANT to furnish labor and/or materials under this Agreement, shall act as and be an independent contractor and not an agent or employee of the CITY. The manner and means of conducting the Services are the responsibility of and under the control of CONSULTANT, except to the extent they are limited by applicable law and the express terms of this Agreement.

CONSULTANT will be responsible for employing or engaging all persons necessary to perform the Services. All contractors and employees of CONSULTANT are deemed to be under CONSULTANT'S exclusive direction and control. CONSULTANT shall be responsible for their performance.

SECTION 10. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT'S obligations hereunder without the prior written consent of the city manager. Consent to one assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the city manager will be void.

SECTION 11. SUBCONTRACTING.

CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the prior written authorization of the city manager or designee.

SECTION 12. PROJECT MANAGEMENT. CONSULTANT will assign Jennifer Rhyne, Senior Pricing Analyst, as the project director to have supervisory responsibility for the performance, progress, and execution of the Services. If circumstances or conditions subsequent to the execution of this Agreement cause the substitution of the project director or any other key personnel for any reason, the appointment of a substitute project director and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY'S project

manager. CONSULTANT, at CITY's request, shall promptly remove personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property.

The city manager will represent CITY for all purposes under this Agreement. Mary Minto is designated as the project manager for the CITY. The project manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. The CITY may designate an alternate project manager from time to time.

SECTION 13. DUTIES of CITY. To assist CONSULTANT in the performance of the Services, CITY will furnish or cause to be furnished the specified services and/or documents described in Exhibit "A" and such other available information as may be reasonably requested by CONSULTANT.

SECTION 14. OWNERSHIP OF MATERIALS. All drawings, plans, reports, specifications, calculations, documents, other materials and copyright interests developed or discovered by CONSULTANT or any other person engaged directly or indirectly by CONSULTANT to perform the services required hereunder shall be and remain the property of CITY without restriction or limitation upon their use. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization without the prior written approval of the city manager or designee.

SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT's records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts fees,

court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

The acceptance of CONSULTANT's services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Agreement, or of the provisions of any ordinance or law, will not be deemed to be a waiver of any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, provision, ordinance or law.

SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit "C". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming the City of Palo Alto as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with Best's Key Rating Guide ratings of A-:VII or higher which are admitted to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage

and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification, CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Purchasing Manager during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. WORKERS' COMPENSATION. CONSULTANT, by executing this Agreement, certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and certifies that it will comply with such provisions, as applicable, before commencing and during the performance of the Services.

SECTION 20. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

20.1. The city manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days' prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.

20.2. CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving ten (10) days prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY.

20.3. Upon such suspension or termination, CONSULTANT shall deliver to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of CITY.

20.4. Upon such suspension or termination by CITY, CONSULTANT will be paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to CITY as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion

20.5. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement.

SECTION 21. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager.

To CONSULTANT: Attention of the project director
at the address of CONSULTANT
recited above

SECTION 22. CONFLICT OF INTEREST

22.1. In accepting this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or

otherwise, which would conflict in any manner or degree with the performance of the Services.

22.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subconsultants, contractors or persons having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

22.3. If the Project Manager determines that CONSULTANT is a "Consultant" as that term is defined by the Regulations of the Fair Political Practices Commission, CONSULTANT shall be required and agrees to file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act.

SECTION 23. NONDISCRIMINATION. As set forth in Palo Alto Municipal Code section 2.30.510, CONSULTANT agrees that in the performance of this Agreement, it shall not discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Chapter 2.28 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Chapter 2.28 pertaining to nondiscrimination in employment, including completing the form furnished by CITY and set forth in Exhibit "D".

SECTION 24. MISCELLANEOUS PROVISIONS.

24.1. This Agreement will be governed by the laws of the State of California.

24.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California or in the United States District Court for the Northern District of California in the County of Santa Clara, State of California.

24.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action.

24.4. This document represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This document may be amended only by a written instrument, which is signed by the parties.

24.5. The covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators, assignees, and CONSULTANTS, as the case may be, of the parties.

24.6. If a court of competent jurisdiction finds or rules that any provision of this Agreement or any amendment thereto is void or unenforceable, the unaffected provisions of this Agreement and any amendments thereto will remain in full force and effect.

24.7. All exhibits referred to in this Agreement and any addenda, appendices, attachments, and schedules to this Agreement which, from time to time, may be referred to in any duly executed amendment hereto are by such reference incorporated in this Agreement and will be deemed to be a part of this Agreement.

24.8. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section 24.8 shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

BAKER & TAYLOR, INC.

APPROVED AS TO FORM:

By: Jennifer Rhyme

Name: Jennifer Rhyme

Senior Asst. City Attorney

Title: Sr. Pricing Analyst
(If corporation: President or Vice-President)

APPROVED:

By: Lee Ann Queen

Name: Lee Ann Queen

Assistant City Manager

Title: Director - Pricing Services
(If corporation: Secretary or Treasurer)

Director of Administrative Services

Taxpayer Identification No.

56-1761729

Insurance Review

(Compliance with Corp. Code § 313 is required if the entity on whose behalf this contract is signed is a corporation. In the alternative, a certified corporate resolution attesting to the signatory authority of the individuals signing in their respective capacities is acceptable)

Attachments:

- EXHIBIT "A": SCOPE OF WORK
- EXHIBIT "B": COST SHEETS-TERMS OF SALE
- EXHIBIT "C": INSURANCE
- EXHIBIT "D": NONDISCRIMINATION COMPLIANCE FORM
- EXHIBIT "E": TERMS AND CONDITIONS

CITY OF PALO ALTO

BAKER & TAYLOR, INC.

APPROVED AS TO FORM:

By: _____

Name: _____

Senior Asst. City Attorney

Title: _____
(If corporation: President or Vice-President)

APPROVED:

By: _____

Name: _____

Assistant City Manager

Title: _____
(If corporation: Secretary or Treasurer)

Director of Administrative Services

Taxpayer Identification No.

Insurance Review

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EXHIBIT A SCOPE OF SERVICES

Baker & Taylor offers various levels of service depending upon the requirements of the Library. The following response provides both a standard service approach (BTMARC) and a customized approach (Customized Services).

Baker & Taylor's Customized Library Services (CLS) division has been providing customized cataloging and processing to libraries since 1989. Should the PACL opt for system and shelf ready material, CLS has the experience and the expertise to exceed the library's expectations.

Standard Services

Your orders are important to us, and we strive to produce accurate shipments with quality cataloging and processing services. Following is a brief description of our product receipt and order fulfillment workflow.

Inventory / Order Fulfillment

As titles are received in our service center, they are "scanned in" by barcode or UPC number. This creates a unique identifier for each title. This identifier will always be associated with the title, and helps to ensure accuracy at each point in the order fulfillment process. As a book is physically selected from our inventory shelves, the title is scanned and compared against the barcode number associated with your ordered title.

Multiple Checkpoints

Your title order is checked and re-checked for accuracy as it flows through our various departments. As titles are selected for your order, they are checked against your original order. As these same titles move through our sortation process, they are again checked against the original order.

Processing Services

Any orders requiring processing services are circulated through our Processing Department. Here, the order is checked against processing specification sheets. These sheets detail the cataloging /processing requested for the titles ordered on an account, as well as any special instructions associated with the order. Processing sheets are developed only after the appropriate Library contact has reviewed and approved the specification for the account.

Packing / Shipping

After titles have been properly processed to specifications, they move forward to be packaged. Items are boxed in new cartons, to protect against any damage during shipment.

The destination address of the boxed order is now verified against our shipping label. Our enhanced shipping label includes the pack date, freight carrier, account number, B&T picklist number, carton number and individual carton weight. Each carton in a shipment is numbered, and the final carton also indicates total carton count (e.g. 1,2,3, and 4 of 4).

Customized Library Services

Our Project Team

Baker & Taylor will work with the PACL library and its staff to develop and determine the required service specifications at no additional cost. Our project management approach is described below.

Baker & Taylor's Customized Library Services utilizes a team approach to working with libraries to help manage projects in the areas of Collection Development, Ongoing Cataloging and Processing, and Opening Day Collections. The core of this team approach is our project management philosophy. Our project managers and support staff will work with the library to insure that all requirements are

documented and understood, necessary resources are available, and that a proper framework for communication is in place.

All CLS project teams consist of the library staff, and a minimum of a project manager, an automation specialist/cataloging/processing manager, and an account coordinator. Collection development managers are included on an as needed basis. Team members are responsible for managing their assigned resources to complete the project. In turn, each team member works closely with the project manager to ensure compliance to all requirements.

As a current customer, PACL has an established CLS Project Team as outlined below. Upon award, CLS will work with the library to review your account structure, cataloging profiles, and processing profiles. Based on this review, we will make any updates necessary. Your project manager will work with you, your Sales Consultant, and the CLS Regional sales manager, to determine what steps the CLS project team needs to take.

Pat Bishop	Asst. CLS Project Manager
Scott Crawford	CLS Director of Sales
Anthony Halstead	Sales Consultant
Penny Ginn	Cataloging Manager

Our Service

Customized Library Services' custom cataloging is BAKER & TAYLOR'S premier service. CLS has performed on-line cataloging, editing and maintenance for Libraries since 1989. Our preferred method is to access the Library's ILS using the Z39.50 protocol. Customized Library Services has partnered with The Library Corporation (TLC) to create a state of the art cataloging methodology that leverages Z39.50 protocol for accessing the library's database and a resource pool of records from the Library of Congress and any Baker & Taylor created records. This technology allows our CLS catalogers to have access to the most current version of the library's cataloging records without the overhead of being directly online. Records obtained from the Library's database are saved to a library specific work file located in our secure cataloging utility. The records in the work file are used in the creation of spine labels and as a vehicle for providing item-linking information.

CLS has created a unique workflow in support of the customized services we provide for our customers. This workflow follows a very specific sequence: the front audit area, the cataloging department, the processing department, and the back audit area. The CLS department has over 200 trained professionals staffed to handle the library's customized requirements. These staff members are dedicated to meeting the library's requirements and exceeding your expectations. Our commitment to excellence and doing the job right the first time is unmatched in our industry.

Front Audit

Once materials reach the CLS department, the front audit team reviews the processing instructions gathered at the site visit for the library's accounts. These instructions include the location of the processing components and the rules governing acceptable material and formats. The front auditors check all materials for publisher defects or damaged books. This is the first step in our quality process. The front auditors apply customer-supplied barcodes and any labels required under the book jacket.

Cataloging

The next step in the CLS process is the cataloging department. In the cataloging department, the cataloger reviews the cataloging instructions gathered at the site visit. The cataloger uses the CLS cataloging utility to search the library's database as described in the CLS methodology,

and performs the required level of cataloging service. When the order is completed, the CLS cataloger prints the spine and bibliographic label. The cataloger's work is reviewed by the Senior Cataloger to ensure that all library specifications are followed.

Major Features of the CLS Preferred Cataloging Methodology (Z39.50):

Only authorized CLS catalogers have access to the library's database and work file. The cataloger will process material first by searching for a matching record in the library's database and work file simultaneously.

A successful search occurs when our cataloger matches the data elements found in the appropriate record tags with product in hand. CLS considers the title, author, imprint/publisher, edition and date of publication when matching a record to product in hand. During the CLS site visit, the project team will document the appropriate attributes for matching records. When a matching record is found, the appropriate item tag is keyed and the record is saved to the library's work file.

If a record is not found in the library's database or work file, the CLS Bibliographic Database is searched, followed by LC MARC and the resource databases of TLC. The CLS Bibliographic Database contains all CIP records upgraded to full MARC standards by CLS catalogers, as well as new records created by CLS original catalogers.

If the record is not found in the above resources, the Library may also choose to have CLS search OCLC on their behalf for records not found in the library's catalog. Once a record is located in OCLC it is saved to the Library's work file and the record is updated to the Library's specifications. The option of utilizing OCLC will also help to minimize the Library's need for original cataloging. Please note that the process of using OCLC is available upon CLS' receipt of a signed third party agreement which grants permission to our catalogers to access OCLC on the library's behalf. There are no additional charges from CLS for this service. However, it should be noted that all corresponding OCLC charges will be the responsibility of the Library. On a weekly basis, an electronic file is sent to OCLC to update the library's holdings for all contributed records.

When a full matching record is found in one of the resource databases, it is upgraded to meet the library's specifications and the appropriate item tag is keyed. The record is then saved to the library's work file.

If the matching record found is not a full level record, the record is upgraded to meet LC standards and is saved to the CLS Bibliographic Database. The record is then further edited to meet the library's specifications and the appropriate item record is keyed. The record is then saved to the library's work file. The exception to a full level record would be that some AV pre-pub records are not upgraded to full MARC standards. However, these records are upgradeable to the Library's local standards. If a matching record cannot be found in the multi-database search string, the product in hand is forwarded to an original cataloger in the CLS department. Our original catalogers will create a record according to AACR2 rules. LC authority files are used to validate author and subject headings. Once the record is created, it is saved into the CLS Bibliographic Review File. Once the record has been reviewed and approved, it is saved in the CLS Bibliographic Database. The product is returned to the cataloger and the process continues. Once in the library's work file, the record will be edited to meet the library's specification and appropriate item tag is keyed. The sample records enclosed Tab 10, Exhibit K represent the minimum level of cataloging for AV materials.

Every title sent to the library will have a full MARC record with the appropriate item tag. The records will either be new additions to the library's catalog, edited and modified to the library's standards, or existing records from the library's catalog.

When the cataloger has completed the order, spine and bibliographic labels as required by the library are printed. Call number and bibliographic information is extracted directly from the MARC record to ensure accuracy. After the labels are printed, a file of MARC records corresponding to the titles in the order is created. Released records are flagged so they cannot be selected again.

The file of records will be put on the B&T FTP server for the library to retrieve and load. The records are maintained on the Library's work file for historical reference.

Processing

The processing department completes the physical processing of each item. The processors review the processing instructions gathered at the site visit. Following these instructions, the processor attaches the spine label and any special labels required by the library. After the application of all physical components, the library's materials move to the jacket selection area. Experienced technicians size the books so the appropriate Mylar jacket can be applied to the dust cover of the book. After the material is fully processed, it is ready for the final and most important stage in our CLS process, back audit.

Back Audit

The back audit team is the final step in ensuring the material we ship to the library is of the highest quality and is in compliance with the library's profiled specifications. The CLS back auditors inspect each order by cross referencing the completed processing and the processing instructions gathered at the site visit. Once the library's material passes this stage, the order is ready to be staged for delivery to the library.

Books and Spoken Word Audio

Baker & Taylor is pleased to offer to Palo Alto City Library discounts from the current publisher's list price. The discounts extended by Baker & Taylor are discounts from the current publisher's list price, however, publisher's list price is subject to change without notice. Your discount will be applied to the publisher's list price at the time of shipment.

Additionally, please find enclosed a brief description of Baker & Taylor's category types and their definitions (**Exhibit A-1**). This will clarify to the Library the criteria used to classify a particular binding category.

"Baker & Taylor's Enhanced Services Program" (Exhibit C) describes in detail a valuable service that will save time and money when procuring titles from small and hard to find publishers. By utilizing B&T's vast publisher and title database, the Library can purchase a wide variety of low demand and small print run titles from associations and limited edition, prepayment, and non-returnable publishers. These titles will be invoiced at list price.

This agreement affords the provision of books based upon stated discounts from the current publisher's list price. The discounts vary based on the classification of books into general categories, some of which are determined by general marketing criteria. Baker & Taylor has utilized its best efforts to categorize titles for pricing purposes by considering the binding, cost of acquisition, general marketing categories, publisher's discount, customer demand, returnability to publishers, preferred stock status, and other factors. Baker & Taylor reserves the sole right to be the final determinant of the pricing category. Please be advised that Baker & Taylor provides a detailed invoice that identifies the publisher's current suggested list price, the discount offered, and the exact price charged for each title ordered.

The discounts outlined within this proposal will be applied to the publisher's current list price at the time of shipment. Please note that the publisher's list price is subject to change without notice. In addition, please note that for some college textbook publishers where no publisher list price is assigned by the publisher, Baker & Taylor will assign a list price for these titles. B&T will also assign a US dollar list price for imported titles. In such instances, the applicable list price is based upon a standardized formula.

The exceptions to the discounts quoted would be those books considered as proprietary media or falling under Baker & Taylor special programs. DEMCO Turtleback, Replica Book Services, and BT Bound titles are also excluded from quoted discounts. DEMCO Turtleback editions and PawPrints editions will be invoiced at Baker & Taylor's net advertised catalog price. Replica Books will receive a 5.0% discount and BT Bound titles will receive the discount noted on Exhibit A, from advertised list price. Imported foreign language titles noted as non-returnable will be billed at our advertised list price. Further information and pricing regarding such services are available upon request.

The Library is a subscriber to our Title Source 3 bibliographic database product. Please use your existing id in conjunction with the discount information listed in Exhibit A to assist in the evaluation of our proposal.

Category Definitions

- I. **Adult Trade Hardcover Editions (O, C)** *(may include some spoken word audio materials)*
High demand, materials from widely distributed publishers designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles are typically released in hardback and can be either fiction or current non-fiction. Publisher promotional/media expenditures and print runs are customarily higher for these titles than for most others. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a trade edition would be: The Broker by John Grisham, ISBN: 0385510454.
- II. **Juvenile Trade Hardcover Editions (J)**
High demand, juvenile materials from widely distributed publishers designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles are typically released in hardback and can be either fiction or current non-fiction. Publisher promotional/media expenditures and print runs are customarily higher for these titles than for most others. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a trade edition would be: Light in the Attic by Shel Silverstein, ISBN: 0060256737.
- III. **Adult Quality Paperback Editions (B, C)**
High demand paperback materials from widely distributed publishers, other than the standard rack size paperback, typically found in bookstores and other retail outlets. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a quality paperback would be: Bridget Jones's Diary by Helen Fielding, ISBN: 014028009X.
- IV. **Juvenile Quality Paperback Editions (G)**
High demand, juvenile paperback materials from widely distributed publishers, other than the standard rack size paperback, typically found in bookstores and other retail outlets. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a quality paperback would be: Charlotte's Web by E.B. White, ISBN: 0064400557.
- V. **Mass Market Paperback Editions (P)**
A standard rack size paperback typically found in bookstores or other retail outlets. An example of a mass market paperback would be: The Girl Who Loved Tom Gordon by Stephen King, ISBN: 0671042858.
- VI. **Single Edition Reinforced (R)**
A high quality binding designed to provide a long shelf life in a heavy use environment. Although the binding is fanned and glued it may not be sewn, which is typically found in the publisher library edition. Subject content can include both fictional and non-fiction works appealing to juveniles as well as adults. These bindings are identified by the publisher to Baker & Taylor. An example of a single edition reinforced binding would be: Watch Out! Big Brothers Coming by Jev Alborough, ISBN: 0763601306.
- Publisher Library Editions (Z)**
Fiction as well as non-fiction materials appealing to both juveniles and adults, designed with the rugged durability required of the environment typically found in a library setting. Publisher Library Editions are traditionally of the highest quality, usually fanned, sewn and glued to provide the greatest possible shelf life of any binding. These bindings are identified by the publisher to Baker & Taylor. An example of a publisher library edition would be: If You Give A Pig A Pancake by Laura Joffe Numeroff, ISBN: 0060266872.
- VIII. **University Press Trade Editions (A)** *(may include some spoken word audio materials)*
This category would include any University Press Trade Editions, both adult and juvenile, and are subject to publisher reclassification. An example of a university press trade edition would be: The Art of Teaching by Oxford University Press, ISBN: 0195169697.
- IX. **Text, Technical, Reference, Small Press, and Titles of Limited Demand (5, 6, 8, L, M, N, S, T, V, X)**
Category of materials includes, but is not limited to, text, technical, reference, professional medical, small press, and some university press titles (excluding University Press Trade Editions). It includes titles purchased from publishers on a non-returnable basis, those publishers that extend little discount to Baker & Taylor, and publishers whose titles have limited sales volume based upon a semi-annual review. It includes individual titles which do not qualify for preferred stock status (based upon a quarterly review) and individual titles which qualify for preferred stock status, but have limited demand (calculated over a rolling 12 month period). Additionally, any publisher which is not in compliance with some of Baker & Taylor's purchasing requirements could be in this category. Materials in this category are both adult and juvenile and may be of any binding. Examples within this category would be: The Merck Index, ISBN: 0911910131, Strategies That Work, ISBN: 1571103104 and Beauty and the East ISBN: 1566563879
- X. **Imported English and Non-English Language Editions (F, K, 1, 3)**
Titles produced and distributed outside of the domestic US. These titles may be of any binding type and represent various publishers. Baker & Taylor will assign a US dollar list price for these editions based upon a standardized formula.
- XI. **Enhanced Service Program Titles (Q, Y)**
This category includes materials where Baker & Taylor receives no discount from the publisher, or prepayment is required by the publisher, or publishers which have restrictions on returns, or books of small or non-commercial publishers with limited sales volume based upon a semi-annual review. Any publisher which is not in compliance with Baker & Taylor's purchasing requirements would be in this category. Materials in this category may be of any binding. These titles will receive no discount. An example within this category would be: Paths to Recovery, ISBN: 09110034311.
- I. **Spoken Word Audio (H)**
Primarily abridged materials designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles can be either fiction or current non-fiction. An example of a primarily abridged spoken word audio would be: The Broker by John Grisham, ISBN: 0739316443.



BAKER & TAYLOR

Information and Entertainment Services

Institutional Returns Policy (Revised July 2006)

The following guidelines are required to ensure prompt handling of your return. All product returns (excluding Book Leasing programs) require prior authorization from a Customer Service Representative. *You may contact your appropriate representative via the toll-free number listed on your packing list.*

How to Obtain Return Authorization

Please use the Return Authorization Form from your shipment's packing list to make all returns. Contact your Customer Service Representative for return authorization. ***All claims must be made within 45 days from the date of invoice.***

1. When calling for return authorization, please have the following information available:
 - A. Return Authorization Form
 - B. Your account number and ATS# from the shipment's packing list (located mid-page under the Return Authorization Form explanation)
 - C. Reason for the claim/return
 - D. Action being requested -
 1. Replacement of product
 2. Credit to your account; no replacement product necessary
2. Your Customer Service Representative will assign your return an authorization number (RTA#). To expedite the process, please clearly mark the RTA# on the Return Authorization Form and on the outside of the carton in the upper right corner from the shipping label.
3. Make your return via an insured and traceable carrier; Baker & Taylor is not liable for returns lost in transit.
4. ***Products incorrectly shipped by Baker & Taylor may be returned with authorization within 45 days of the product's date of invoice.*** Product(s) meeting the definition of Publisher defective may be returned with prior authorization within six months of the product's date of invoice. Products purchased with value-added processing services which have been shipped as ordered are considered non-returnable.

DAMAGED SHIPMENTS: If you receive a damaged carton(s) which resulted in damaged product(s), please hold the product(s) and save the carton for Carrier inspection. If the damage is visible at the time of delivery, bring it to the Carrier's attention and note it on the Bill of Lading. Then, contact your Baker & Taylor Customer Service Representative via the toll-free number listed on the packing list.

CLAIMING SHORTAGES: Please check your packing list or invoice before claiming shortages. ***All claims must be made within 45 days from the product's invoice date.*** Please ensure you have received all cartons of a shipment prior to signing for receipt from the Carrier. Cartons you have signed for as received from the Carrier are not claimable as shortages from Baker & Taylor.

INTERNATIONAL CUSTOMERS ONLY: For information on making returns of damaged, defective, or incorrect products, please contact your local International Sales Office or our International Customer Service Department in Momence, Illinois (FAX: 815-472-9886). You may also refer to the website at <http://www.btol.com/international/return>.

All returns should be sent to:

Baker & Taylor
Department R
251 Mt. Olive Church Road
Commerce, GA 30599

Enhanced Services Program *(book and spoken word audio material)*

Baker & Taylor is pleased to provide a service that will save your library time and money when procuring titles from small and hard to find publishers. By utilizing B&T's vast publisher and title database, the library can purchase a wide variety of low demand and small print run titles from associations and limited edition, prepayment, and non-returnable publishers.

The ESP program builds on Baker & Taylor's already outstanding publisher relations by:

- Expanding our vendor relations team responsible for the follow-up of all publisher orders, improving the speed of delivery of all titles to the library;
- Widening our publisher base to include hundreds of small non-commercial publishers formerly considered apply direct by the book industry; and
- Increasing our reporting capabilities by providing order status reports for 100% of all titles not yet published, and by supplying anticipated publication release dates for all out-of-stock items.

Material where Baker & Taylor receives no discount from the publisher, or where prepayment is required by the publisher, or publishers whose titles have limited demand, and/or non-commercial publishers will be invoiced at list price. For Libraries concerned about purchasing these types of titles, B&T's Title Source for Windows can assist the librarian in researching a particular item's category and format. These titles will appear with a Y or Q in the discount code field. Additionally, you may contact your Customer Service representative or Information Services via phone, fax, or e-mail (btinfo@btol.com) to inquire about these titles before placing an order.

As a convenience to the library, B&T can exclude these titles from all orders by adjusting the library's account profile setup. Please contact your Customer Service Representative for additional information.

**Baker & Taylor, Inc.'s
Terms and Conditions of Sale (Firm Order Book)
Palo Alto City Library**

Category Definition	Price Indicator	Definition	Discount
I.	0 (zero) (Hardcover Trade Editions) C (Hardcover Computer Books)	Adult Trade Hardcover Editions (Popular Fiction & Non-Fiction)	1-2 copies/title 45.4 % 3+ copies/title 46.4 %
II.	J	Juvenile Trade Hardcover Editions (Popular Fiction & Non-Fiction)	1-2 copies/title 45.4 % 3+ copies/title 46.4 %
III.	B (Paperback Trade Editions) C (Paperback Computer Books)	Adult Quality Paperback Editions (Popular Fiction & Non-Fiction)	1-2 copies/title 41.2 % 3+ copies/title 42.4%
IV.	G	Juvenile Quality Paperback Editions (Popular Fiction & Non-Fiction)	1-2 copies/title 41.2 % 3+ copies/title 42.4%
V.	P	Mass Market Paperback Editions	1-2 copies/title 41.2 % 3+ copies/title 42.4%
VI.	R	Single Edition Reinforced (Juvenile)	22.2 %
VII.	Z	Publisher's Library Edition (Juvenile)	22.2 %
VIII.	A	University Press Trade Editions	9.5 %
IX.	S/X/N (Text, Technical, or Reference Editions) L (Hardcover Editions from Small, Specialty Publishers or Titles of Limited Demand)*** M (Paperback Editions from Small, Specialty Publishers or Titles of Limited Demand)***	Text, Technical, Reference, Small Press, and Titles of Limited Demand (May be of any binding and includes non-trade University Press titles and some spoken word audio)	S = 9.5 % X = 9.5 % N = 0.0 %* L = 0.0 % *** M = 0.0 % *** V = 0.0 % T = 0.0 % 5 = 0.0 % 6 = 9.5 % 8 = 9.5 %
X.	F/K/1/3	Imported English and Non-English Language Editions	F = 0.0 % K = 9.5 % 1 = 0.0 % 3 = 0.0 %
XI.	Y / Q	Enhanced Service Program**	0.0 %
XII.	H	Spoken Word Audio (primarily abridged)	45.4 %
Special Program	D E	- DEMCO Turtleback Editions - BT Bound Editions	D = 0.0 % E = 22.2 %

* Titles which receive minimal publisher discount will be invoiced at publisher's list price.

** Titles where Baker & Taylor receives no discount from the publisher or prepayment is required by the publisher or publishers whose titles have limited demand and/or non-commercial publishers will be invoiced at list price.

*** Represents publishers with limited sales volume, based upon a semi-annual review and individual titles which qualify for preferred stock status, but have limited demand (calculated over a rolling 12 month period). Also represents individual titles which do not qualify for preferred stock status, based upon quarterly review. These titles may be of any binding type or publisher of origin.

Replica books will be invoiced at 5.0 % off of B&T advertised list price. PawPrints editions will be invoiced at advertised list price. "Special Program" titles will be discounted as shown, discount will be applied to the B&T advertised list price.

Please note that for some college textbook publishers where no publisher list price is assigned by the publisher, Baker & Taylor will assign a list price for these titles. In such instances, the applicable list price is based upon a standardized formula. Also, B&T will assign a US dollar list price for imported titles.

The discounts outlined within this proposal are applied to the publisher's current list price at the time of shipment. Please note that the publisher's list price is subject to change without notice. Note: Price Indicator is subject to change based upon changes in relationships with publishers.

**Baker & Taylor, Inc.'s
Terms and Conditions of Sale (Continuation Services)
Palo Alto City Library**

Category Definition	Price Indicator	Definition	Discount
I.	0 (zero) (Hardcover Trade Editions) C (Hardcover Computer Books)	Adult Trade Hardcover Editions (Popular Fiction & Non-Fiction)	Sliding Scale 1
II.	J	Juvenile Trade Hardcover Editions (Popular Fiction & Non-Fiction)	Sliding Scale 1
III.	B (Paperback Trade Editions) C (Paperback Computer Books)	Adult Quality Paperback Editions (Popular Fiction & Non-Fiction)	Sliding Scale 2
IV.	G	Juvenile Quality Paperback Editions (Popular Fiction & Non-Fiction)	Sliding Scale 2
V.	P	Mass Market Paperback Editions	Sliding Scale 2
VI.	R	Single Edition Reinforced (Juvenile)	11.1 %
VII.	Z	Publisher's Library Edition (Juvenile)	11.1 %
VIII.	A	University Press Trade Editions	11.1 %
IX.	S/X/N (Text, Technical, or Reference Editions) L (Hardcover Editions from Small, Specialty Publishers or Titles of Limited Demand)** M (Paperback Editions from Small, Specialty Publishers or Titles of Limited Demand)** V/T (Returnable Specialty Textbooks)	Text, Technical, Reference, Small Press, and Titles of Limited Demand (May be of any binding and includes non-trade University Press titles and some spoken word audio)	S = 11.1 % X = 11.1 % N = 7.0% L = Sliding Scale 1 ** M = Sliding Scale 2 ** V = 0.0 % T = 0.0 % 5 = 7.0 % 6 = 11.1 % 8 = 11.1 %
X.	F/K/1/3	Imported English and Non-English Language Editions	F = 0.0 % K = 11.1 % 1 = 0.0 % 3 = 7.0 %
XI.	Y / Q	Enhanced Service Program**	Q = 7.0 % Y = 0.0 % *
XII.	H	Spoken Word Audio (primarily abridged)	n/a
Special Program	D E	- DEMCO Turtleback Editions - BT Bound Editions	D = 0.0 % E = 0.0 %

Sliding Scale 1

1-3 copies/title 44.5 %
4+ copies/title 45.0 %

Sliding Scale 2

1-3 copies/title 43.2 %
4+ copies/title 43.7 %

* Titles where Baker & Taylor receives no discount from the publisher or prepayment is required by the publisher or publishers whose titles have limited demand and/or non-commercial publishers will be invoiced at list price.

** Represents publishers with limited sales volume, based upon a semi-annual review and individual titles which qualify for preferred stock status, but have limited demand (calculated over a rolling 12 month period). Also represents individual titles which do not qualify for preferred stock status, based upon quarterly review. These titles may be of any binding type or publisher of origin.

Replica books will be invoiced at 5.0 % off of B&T advertised list price. PawPrints editions will be invoiced at advertised list price. "Special Program" titles will be discounted as shown, discount will be applied to the B&T advertised list price.

Please note that for some college textbook publishers where no publisher list price is assigned by the publisher, Baker & Taylor will assign a list price for these titles. In such instances, the applicable list price is based upon a standardized formula. Also, B&T will assign a US dollar list price for imported titles.

The discounts outlined within this proposal are applied to the publisher's current list price at the time of shipment. Please note that the publisher's list price is subject to change without notice. Note: Price Indicator is subject to change based upon changes in relationships with publishers.

ACORD CERTIFICATE OF LIABILITY INSURANCE

06/30/2007

DATE (MM/DD/YY)
06/30/2006

PRODUCER
LOCKTON COMPANIES
525 W. Monroe, Suite 600
CHICAGO IL 60661
(312) 669-6900

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
1048572 Baker & Taylor, Inc.
***See Attachment for Additional Named Insureds
2550 West Tynola Road
Suite 300
Charlotte, NC 28217

INSURER A: Zurich American Insurance Company
INSURER B: Federal Insurance Company
INSURER C:
INSURER D:
INSURER E:

COVERAGES XZ THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER AND THE CERTIFICATE HOLDER.

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSURANCE TYPE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	GLO 9378076-02	06/30/2006	06/30/2007	EACH OCCURRENCE	\$ 1,000,000
					FIRE DAMAGE (Any one fire)	\$ 300,000
					MED EXP (Any one person)	\$ 10,000
					PERSONAL & ADV INJURY	\$ 1,000,000
					GENERAL AGGREGATE	\$ 2,000,000
					PRODUCTS - COMP/OP AGG	\$ 1,000,000
GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BAP 9378075-02	06/30/2006	06/30/2007	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
					BODILY INJURY (Per person)	\$ XXXXXXXX
					BODILY INJURY (Per accident)	\$ XXXXXXXX
					PROPERTY DAMAGE (Per accident)	\$ XXXXXXXX
	LIABILITY <input type="checkbox"/> ANY AUTO	NOT APPLICABLE			AUTO ONLY - EA ACCIDENT	\$ XXXXXXXX
					OTHER THAN AUTO ONLY: EA ACC	\$ XXXXXXXX
					AGG	\$ XXXXXXXX
B	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> RETENTION \$	79838538	06/30/2006	06/30/2007	EACH OCCURRENCE	\$ 5,000,000
					AGGREGATE	\$ 5,000,000
						\$ XXXXXXXX
						\$ XXXXXXXX
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	NOT APPLICABLE			WC STATUTORY LIMITS	OTH-ER
					E.L. EACH ACCIDENT	\$ XXXXXXXX
					E.L. DISEASE - EA EMPLOYEE	\$ XXXXXXXX
					E.L. DISEASE - POLICY LIMIT	\$ XXXXXXXX
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

CERTIFICATE HOLDER: _____ ADDITIONAL INSURED: INSURER LETTER: _____ CANCELLATION [M28703]

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

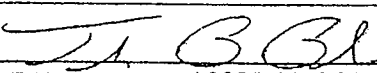
AUTHORIZED REPRESENTATIVE 

EXHIBIT D

Certification of Nondiscrimination

As suppliers of goods or services to the City of Palo Alto, the firm and individuals listed below certify that they do not discriminate in employment of any person because of race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person; that they are in compliance with all Federal, State and local directives and executive orders regarding nondiscrimination in employment.

4. If Proposer is **INDIVIDUAL**, sign here:

Date: _____

Proposer's Signature

Proposer's typed name and title

5. If Proposer is **PARTNERSHIP** or **JOINT VENTURE**, at least (2) Partners or each of the Joint Venturers shall sign here:

Partnership or Joint Venture Name (type or print)

Date: _____

Member of the Partnership or Joint Venture signature

Date: _____

Member of the Partnership or Joint Venture signature

6. If Proposer is a **CORPORATION**, the duly authorized officer(s) shall sign as follows:

The undersigned certify that they are respectively:

Director-Pricing Services _____

and

Senior Pricing Analyst _____

Title

Title

Of the corporation named below; that they are designated to sign the Proposal Cost Form by resolution (attach a certified copy, with corporate seal, if applicable, notarized as to its authenticity or Secretary's certificate of authorization) for and on

behalf of the below named CORPORATION, and that they are authorized to execute same for and on behalf of said CORPORATION.

Please see Tab 10, Exhibit M, for Authority Designation.

Baker & Taylor, Inc.

Corporation Name (type or print)

By: Lee Ann Queen Lee Ann Queen Date: June 1, 2007

Title: Director - Pricing Services

By: Jennifer Rhyne Jennifer Rhyne Date: June 1, 2007

Title: Senior Pricing Analyst

ACCEPTANCE/AGREEMENT: City of Palo Alto (City) reserves the right to reject any and all quotations, to waive any informalities, and, unless otherwise specified by Seller, to accept any item in a quotation. By accepting or filing this Purchase Order (P.O.), Seller agrees to the terms and conditions herein which shall prevail over any inconsistent provision in any form or other paper submitted by Seller. All shipments or services performed shall be deemed to have been made pursuant hereto. No other terms are acceptable. This P.O., including all specifications and drawings, shall constitute the entire agreement between the parties unless modified in writing by City.

CITY'S PROPERTY: Seller agrees that the information, tools, jigs, dies, or materials, and drawings, patterns, and specification supplied or paid for by City shall be and remain City property and shall be held by Seller for City unless directed otherwise. Seller shall account for such items and keep them protected, insured, and in good working conditions without expense to City.

DELIVERY: The terms of delivery are as stated on the attachment hereof. The obligation of Seller to meet the delivery dates, specifications, and quantities set forth herein is of the essence of this P.O. No boxing, packing, or cartage charge will be allowed unless authorized by this P.O. Deliveries are to be made both in quantities and at times specified herein or, if not, such quantities and times are specified pursuant to City's written instruction. Items not delivered may be canceled without penalty to City. Shipments in greater or lesser quantity than ordered may be returned at Seller's expense unless written authorization is issued by City.

PRICES: The price which Seller charges in filling this P.O. shall not be higher than Seller's most recent quote or charge to City for such materials, supplies, services and/or installations unless City expressly agrees otherwise in writing. Notwithstanding the prices set forth the P.O. City shall receive the benefit of any general reduction in the price of any item(s) listed herein which may be made by Seller at any time prior to the last delivery of goods or services covered by this P.O.

TERMINATION: City shall have the right to terminate this P.O. or any part thereof upon ten (10) days notice in writing to Seller.

(1) Without Cause. City may terminate all or any part of this P.O. without cause. Any claim by Seller for damages due to termination without cause must be submitted to City within thirty (30) days after effective date of termination.

(2) For Cause. If Seller fails to make any delivery in accordance with the agreed delivery date, delivery schedule, or otherwise fails to observe or comply with any of the other instructions, terms, conditions or warranties applicable to this P.O., City may, in addition to any other right or remedy provided by this P.O. or by law, terminate all or any part of this P.O. in writing without any liability of City with respect to Seller at any time during the term of this P.O. In the event of termination for cause, City may purchase supplies or services elsewhere on such terms or in such manner as City may deem appropriate and Seller shall be liable to City for any cost and other expenses incurred by City which is charged to City.

CHANGES: City shall have the right at any time by written notice via P.O. Change Order to Seller to make changes in the specifications, the quantity of items called for, delivery schedules, and requirements covering testing, packaging, or destination. Any claim by Seller for adjustment under this clause shall be deemed waived unless made in writing within ten (10) days after receipt by Seller of notice of such change. Price increases or extensions of time for delivery shall not be binding on City unless evidenced by a P.O. Change Order issued by City's Purchasing Manager.

INSPECTION: City shall have the right to inspect and approve or reject any materials, supplies, services and/or installations upon arrival of notice of completion prior to payment without regard to the manner of shipment, completion, or any shipping or price terms contained in this P.O. All materials, supplies, services and/or installations must be furnished as specified.

(1) Defective, damaged, and nonconforming materials and/or supplies may be returned for credit or refund, at Seller's expense. City may charge Seller for all expenses of unpacking, examining, repacking and reshipping of such materials and/or supplies.

(2) Defective, incorrect and nonconforming services and/or installations may be returned for credit or refund, at Seller's expense. All of the above notwithstanding prior payment by City.

(3) Seller's obligations to waive defects that exist.

WARRANTY: Seller expressly warrants that all materials, supplies, services and/or installations covered by this P.O. shall:

(1) conform to the specifications, drawings, samples, or other descriptions specified by City or if none are so specified, to Seller's standard specification or the standards of the ASTM or ANSI or other national standard organizations;

(2) be new and unless specified to the contrary on the face hereof, will be free from defects in material and workmanship and will be free of all liens and encumbrances and will conform to any affirmation of facts made on the container or label;

(3) be adequately contained, packaged, marked, labeled and/or provided in compliance with all applicable federal and state laws and regulations (including materials deemed hazardous);

(4) be performed within the rules and regulations of the Occupational Safety and Health Act of 1970 (as amended);

(5) be produced or transferred or disposed of as required by federal and state laws and regulation under the conditions of the Toxic Substances Control Act; the Hazardous Materials Control and Hazardous Waste Regulations; and other toxic laws and programs.

Seller further expressly agrees to protect, indemnify, and hold harmless City, its employees and agents for any loss, damage, fine, liability, fee (including reasonable charges and fees) or expense arising in connection with or resulting from Seller's failure to furnish materials or supplies or perform services that conform with any warranty contained herein.

(6) have good marketable title.

GOVERNING LAW: This P.O. shall be governed by the laws of the State of California.

INDEPENDENT CONTRACTOR, INSURANCE: Seller certifies, by acceptance, that he/she is an independent contractor. Seller shall protect, defend, and indemnify and hold City harmless against all damages, liability, claims, losses and expenses (including attorney's fees) arising out of, or resulting in any way from Seller's negligence in providing the goods or services purchased hereunder or from any act or omission of Seller, its agents, employees, or subcontractors. Seller shall maintain such public liability insurance, including contractual liability, automobile and general public liability, (including non-owned automobile liability) Worker's Compensation, and employer's liability insurance as well adequately protect City against such damage, liabilities, claims, losses, and expenses (including attorneys' fees). Seller agrees to submit certificates of insurance, evidencing its insurance coverage when requested by City.

EQUAL OPPORTUNITY CLAUSE: By acceptance of this P.O., Seller certifies it is in compliance with the Equal Opportunity Clause required by Executive Order 11246, as amended, and the Palo Alto Municipal Code, as amended, including Affirmative Action Compliance Programs for Veterans; Handicapped; and Minority Business, and other equal opportunity programs.

FORCE MAJEURE: City may delay delivery or acceptance occasioned by causes beyond its control. Seller shall hold such material supplies, services and/or installations at the direction of City and shall deliver them when the cause affecting the delay has been removed. City shall be responsible only for Seller's direct additional costs in holding the goods or delaying performance of this P.O. and City's request. Seller shall also be excused if delivery is delayed by unforeseen events beyond its reasonable control, provided Seller notifies City as soon as they occur. City may cancel this P.O. if such delay exceeds thirty (30) days from the original delivery date. Seller shall use its best efforts to grant preference to this P.O. over those of other customers which were placed after this P.O.

AUTHORITY OF AGENT OR FACTOR: Seller represents that, whenever it executes this P.O. on behalf of a third party as an agent or factor, it shall disclose the existence of the agency or factor relationship to City. Seller shall be deemed to have the legal authority to enter into this P.O. with City on behalf of the third party.

INTERPRETATION OF CONTRACT DOCUMENTS: In the event of a conflict between the terms of this P.O. and the attached specification with respect to any obligation of Seller, the provision which impose the greater obligations upon Seller shall prevail.

CITY OF PALO ALTO CONTRACT NO. C08121819A

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND
BAKER & TAYLOR, INC.
FOR PROFESSIONAL SERVICES
PROVISION OF LIBRARY MATERIALS (AUDIO VISUAL) & RELATED
SERVICES

This AGREEMENT is entered into September 17, 2007, by and between the CITY OF PALO ALTO, a chartered city and a municipal corporation of the State of California ("CITY"), and Baker & Taylor Inc., a Delaware Corporation, authorized to do business in California, located at 2550 West Tyvola road, Suite 300, Charlotte, NC 28217 (PH) 800-775-7930 ("CONSULTANT").

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to procure Audio Visual Materials and related services for its various CITY Libraries and desires to engage a consultant to provide these Audio Visual Materials and services for the libraries, collectively referred to as ("Services").

B. CONSULTANT has represented that it and any subconsultants have the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Services as more fully described in Exhibit "A", Scope of Services, attached to and made a part of this Agreement.

D. CONSULTANT has agreed to perform the Services on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, this Agreement, the parties agree:

AGREEMENT

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall provide the Audio Visual Materials, as listed in Exhibit B, and perform

the Services described in Exhibit "A", Scope of Services, in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be consistent with the Purchase Order Terms and Conditions listed in Exhibit E and to the reasonable satisfaction of CITY.

SECTION 2. TERM. The term of this Agreement shall be from the date of its full execution to September 30, 2008, unless terminated earlier pursuant to Section 20 of this Agreement. CITY has the option to renew for up to two additional one year periods.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for provision of the materials ordered, as listed in Exhibit B, and for the performance of the Services described in Exhibit "A", including both payment for materials and services, including shipping and freight, shall not exceed eighty thousand Dollars (\$80,000) in the first year of this Agreement. The applicable Costs for Audio Visual Materials and related services are set out in Exhibit "B", entitled "COSTS," which is attached to and made a part of this Agreement.

If the CITY exercises its option to renew for additional years, the compensation to be paid CONSULTANT, shall not exceed eighty thousand dollars (\$80,000.00) per year for Year 2 and/or Year 3.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit invoices to the CITY describing the materials purchased and the services performed and the applicable charges. CONSULTANT shall be paid for materials received by CITY. CITY's payment terms are net 30 days upon receipt of goods. The information in CONSULTANT's payment requests shall be subject to verification by CITY.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All of the Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it possesses the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subconsultants have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services.

All of the services to be furnished by CONSULTANT under this agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

CONSULTANT shall report immediately to the CITY's project manager, in writing, any discrepancy or inconsistency it discovers in the laws, ordinances, regulations, orders, and/or guidelines in relation to the Project of the performance of the Services.

All documentation prepared by CONSULTANT shall provide for a completed project that conforms to all applicable codes, rules, regulations and guidelines that are in force at the time such documentation is prepared.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all errors, omissions, or ambiguities in the work product submitted to CITY, provided CITY gives notice to CONSULTANT.

SECTION 9. INDEPENDENT CONTRACTOR. It is understood and agreed that in performing the Services under this Agreement CONSULTANT; and any person employed by or contracted with CONSULTANT to furnish labor and/or materials under this Agreement, shall act as and be an independent contractor and not an agent or employee of the CITY. The manner and means of conducting the Services are the responsibility of and under the control of CONSULTANT, except to the extent they are limited by applicable law and the express terms of this Agreement.

CONSULTANT will be responsible for employing or engaging all persons necessary to perform the Services. All contractors and employees of CONSULTANT are deemed to be under CONSULTANT'S exclusive direction and control. CONSULTANT shall be responsible for their performance.

SECTION 10. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT'S obligations hereunder without the prior written consent of the city manager. Consent to one assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the city manager will be void.

SECTION 11. SUBCONTRACTING.

CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the prior written authorization of the city manager or designee.

SECTION 12. PROJECT MANAGEMENT. CONSULTANT will assign Jennifer Rhyne, Senior Pricing Analyst, as the project director to have supervisory responsibility for the performance, progress, and execution of the Services. If circumstances or conditions subsequent to the execution of this Agreement cause the substitution of the project director or any other key personnel for any reason, the appointment of a substitute project director and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY'S project manager. CONSULTANT, at CITY'S request, shall promptly remove personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a

threat to the adequate or timely completion of the Project or a threat to the safety of persons or property.

The city manager will represent CITY for all purposes under this Agreement. Mary Minto is designated as the project manager for the CITY. The project manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. The CITY may designate an alternate project manager from time to time.

SECTION 13. DUTIES of CITY. To assist CONSULTANT in the performance of the Services, CITY will furnish or cause to be furnished the specified services and/or documents described in Exhibit "A" and such other available information as may be reasonably requested by CONSULTANT.

SECTION 14. OWNERSHIP OF MATERIALS. All drawings, plans, reports, specifications, calculations, documents, other materials and copyright interests developed or discovered by CONSULTANT or any other person engaged directly or indirectly by CONSULTANT to perform the services required hereunder shall be and remain the property of CITY without restriction or limitation upon their use. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization without the prior written approval of the city manager or designee.

SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT's records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts fees, court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees,

agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

The acceptance of CONSULTANT's services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Agreement, or of the provisions of any ordinance or law, will not be deemed to be a waiver of any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, provision, ordinance or law.

SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit "C". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming the City of Palo Alto as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with Best's Key Rating Guide ratings of A:-VII or higher which are admitted to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice

of the cancellation or modification, CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Purchasing Manager during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. WORKERS' COMPENSATION. CONSULTANT, by executing this Agreement, certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and certifies that it will comply with such provisions, as applicable, before commencing and during the performance of the Services.

SECTION 20. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

20.1. The city manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days' prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.

20.2. CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving ten (10) days prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY.

20.3. Upon such suspension or termination, CONSULTANT shall deliver to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed,

prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of CITY.

20.4. Upon such suspension or termination by CITY, CONSULTANT will be paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to CITY as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion

20.5. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement.

SECTION 21. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager.

To CONSULTANT: Attention of the project director
at the address of CONSULTANT
recited above

SECTION 22. CONFLICT OF INTEREST

22.1. In accepting this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

22.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subconsultants, contractors or persons having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

22.3. If the Project Manager determines that CONSULTANT is a "Consultant" as that term is defined by the Regulations of the Fair Political Practices Commission, CONSULTANT shall be required and agrees to file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act.

SECTION 23. NONDISCRIMINATION. As set forth in Palo Alto Municipal Code section 2.30.510, CONSULTANT agrees that in the performance of this Agreement, it shall not discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Chapter 2.28 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Chapter 2.28 pertaining to nondiscrimination in employment, including completing the form furnished by CITY and set forth in Exhibit "D".

SECTION 24. MISCELLANEOUS PROVISIONS.

24.1. This Agreement will be governed by the laws of the State of California.

24.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California or in the United States District Court for the Northern District of California in the County of Santa Clara, State of California.

24.3. The prevailing party in any action brought to enforce the provisions of this Agreement may

recover its reasonable costs and attorneys' fees expended in connection with that action.

24.4. This document represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This document may be amended only by a written instrument, which is signed by the parties.

24.5. The covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators, assignees, and CONSULTANTS, as the case may be, of the parties.

24.6. If a court of competent jurisdiction finds or rules that any provision of this Agreement or any amendment thereto is void or unenforceable, the unaffected provisions of this Agreement and any amendments thereto will remain in full force and effect.

24.7. All exhibits referred to in this Agreement and any addenda, appendices, attachments, and schedules to this Agreement which, from time to time, may be referred to in any duly executed amendment hereto are by such reference incorporated in this Agreement and will be deemed to be a part of this Agreement.

24.8. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section 24.8 shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

BAKER & TAYLOR, INC.

APPROVED AS TO FORM:

By: Jennifer Rhyne

Name: Jennifer Rhyne

Senior Asst. City Attorney.

Title: Sr. Pricing Analyst
(If corporation: President or Vice-President)

APPROVED:

By: Lee Ann Queen

Name: Lee Ann Queen

Assistant City Manager

Title: Director - Pricing Services
(If corporation: Secretary or Treasurer)

Director of Administrative Services

Taxpayer Identification No.

56-1761729

Insurance Review

(Compliance with Corp. Code § 313 is required if the entity on whose behalf this contract is signed is a corporation. In the alternative, a certified corporate resolution attesting to the signatory authority of the individuals signing in their respective capacities is acceptable)

Attachments:

EXHIBIT "A":	SCOPE OF WORK
EXHIBIT "B":	COST SHEETS-TERMS OF SALE
EXHIBIT "C":	INSURANCE
EXHIBIT "D":	NONDISCRIMINATION COMPLIANCE FORM
EXHIBIT "E":	TERMS AND CONDITIONS

EXHIBIT A SCOPE OF SERVICES

Baker & Taylor offers various levels of service depending upon the requirements of the Library. The following response provides both a standard service approach (BTMARC) and a customized approach (Customized Services).

Baker & Taylor's Customized Library Services (CLS) division has been providing customized cataloging and processing to libraries since 1989. Should the PACL opt for system and shelf ready material, CLS has the experience and the expertise to exceed the library's expectations.

Standard Services

Your orders are important to us, and we strive to produce accurate shipments with quality cataloging and processing services. Following is a brief description of our product receipt and order fulfillment workflow.

Inventory / Order Fulfillment

As titles are received in our service center, they are "scanned in" by barcode or UPC number. This creates a unique identifier for each title. This identifier will always be associated with the title, and helps to ensure accuracy at each point in the order fulfillment process. As a book is physically selected from our inventory shelves, the title is scanned and compared against the barcode number associated with your ordered title.

Multiple Checkpoints

Your title order is checked and re-checked for accuracy as it flows through our various departments. As titles are selected for your order, they are checked against your original order. As these same titles move through our sortation process, they are again checked against the original order.

Processing Services

Any orders requiring processing services are circulated through our Processing Department. Here, the order is checked against processing specification sheets. These sheets detail the cataloging /processing requested for the titles ordered on an account, as well as any special instructions associated with the order. Processing sheets are developed only after the appropriate Library contact has reviewed and approved the specification for the account.

Packing / Shipping

After titles have been properly processed to specifications, they move forward to be packaged. Items are boxed in new cartons, to protect against any damage during shipment.

The destination address of the boxed order is now verified against our shipping label. Our enhanced shipping label includes the pack date, freight carrier, account number, B&T picklist number, carton number and individual carton weight. Each carton in a shipment is numbered, and the final carton also indicates total carton count (e.g. 1,2,3, and 4 of 4).

Customized Library Services

Our Project Team

Baker & Taylor will work with the PACL library and its staff to develop and determine the required service specifications at no additional cost. Our project management approach is described below.

Baker & Taylor's Customized Library Services utilizes a team approach to working with libraries to help manage projects in the areas of Collection Development, Ongoing Cataloging and Processing, and Opening Day Collections. The core of this team approach is our project management philosophy. Our project managers and support staff will work with the library to insure that all requirements are

documented and understood, necessary resources are available, and that a proper framework for communication is in place.

All CLS project teams consist of the library staff, and a minimum of a project manager, an automation specialist/cataloging/processing manager, and an account coordinator. Collection development managers are included on an as needed basis. Team members are responsible for managing their assigned resources to complete the project. In turn, each team member works closely with the project manager to ensure compliance to all requirements.

As a current customer, PACL has an established CLS Project Team as outlined below. Upon award, CLS will work with the library to review your account structure, cataloging profiles, and processing profiles. Based on this review, we will make any updates necessary. Your project manager will work with you, your Sales Consultant, and the CLS Regional sales manager, to determine what steps the CLS project team needs to take.

Pat Bishop	Asst. CLS Project Manager
Scott Crawford	CLS Director of Sales
Anthony Halstead	Sales Consultant
Penny Ginn	Cataloging Manager

Our Service

Customized Library Services' custom cataloging is BAKER & TAYLOR's premier service. CLS has performed on-line cataloging, editing and maintenance for Libraries since 1989. Our preferred method is to access the Library's ILS using the Z39.50 protocol. Customized Library Services has partnered with The Library Corporation (TLC) to create a state of the art cataloging methodology that leverages Z39.50 protocol for accessing the library's database and a resource pool of records from the Library of Congress and any Baker & Taylor created records. This technology allows our CLS catalogers to have access to the most current version of the library's cataloging records without the overhead of being directly online. Records obtained from the Library's database are saved to a library specific work file located in our secure cataloging utility. The records in the work file are used in the creation of spine labels and as a vehicle for providing item-linking information.

CLS has created a unique workflow in support of the customized services we provide for our customers. This workflow follows a very specific sequence: the front audit area, the cataloging department, the processing department, and the back audit area. The CLS department has over 200 trained professionals staffed to handle the library's customized requirements. These staff members are dedicated to meeting the library's requirements and exceeding your expectations. Our commitment to excellence and doing the job right the first time is unmatched in our industry.

Front Audit

Once materials reach the CLS department, the front audit team reviews the processing instructions gathered at the site visit for the library's accounts. These instructions include the location of the processing components and the rules governing acceptable material and formats. The front auditors check all materials for publisher defects or damaged books. This is the first step in our quality process. The front auditors apply customer-supplied barcodes and any labels required under the book jacket.

Cataloging

The next step in the CLS process is the cataloging department. In the cataloging department, the cataloger reviews the cataloging instructions gathered at the site visit. The cataloger uses the CLS cataloging utility to search the library's database as described in the CLS methodology,

and performs the required level of cataloging service. When the order is completed, the CLS cataloger prints the spine and bibliographic label. The cataloger's work is reviewed by the Senior Cataloger to ensure that all library specifications are followed.

Major Features of the CLS Preferred Cataloging Methodology (Z39.50):

Only authorized CLS catalogers have access to the library's database and work file. The cataloger will process material first by searching for a matching record in the library's database and work file simultaneously.

A successful search occurs when our cataloger matches the data elements found in the appropriate record tags with product in hand. CLS considers the title, author, imprint/publisher, edition and date of publication when matching a record to product in hand. During the CLS site visit, the project team will document the appropriate attributes for matching records. When a matching record is found, the appropriate item tag is keyed and the record is saved to the library's work file.

If a record is not found in the library's database or work file, the CLS Bibliographic Database is searched, followed by LC MARC and the resource databases of TLC. The CLS Bibliographic Database contains all CIP records upgraded to full MARC standards by CLS catalogers, as well as new records created by CLS original catalogers.

If the record is not found in the above resources, the Library may also choose to have CLS search OCLC on their behalf for records not found in the library's catalog. Once a record is located in OCLC it is saved to the Library's work file and the record is updated to the Library's specifications. The option of utilizing OCLC will also help to minimize the Library's need for original cataloging. Please note that the process of using OCLC is available upon CLS' receipt of a signed third party agreement which grants permission to our catalogers to access OCLC on the library's behalf. There are no additional charges from CLS for this service. However, it should be noted that all corresponding OCLC charges will be the responsibility of the Library. On a weekly basis, an electronic file is sent to OCLC to update the library's holdings for all contributed records.

When a full matching record is found in one of the resource databases, it is upgraded to meet the library's specifications and the appropriate item tag is keyed. The record is then saved to the library's work file.

If the matching record found is not a full level record, the record is upgraded to meet LC standards and is saved to the CLS Bibliographic Database. The record is then further edited to meet the library's specifications and the appropriate item record is keyed. The record is then saved to the library's work file. The exception to a full level record would be that some AV pre-pub records are not upgraded to full MARC standards. However, these records are upgradeable to the Library's local standards. If a matching record cannot be found in the multi-database search string, the product in hand is forwarded to an original cataloger in the CLS department. Our original catalogers will create a record according to AACR2 rules. LC authority files are used to validate author and subject headings. Once the record is created, it is saved into the CLS Bibliographic Review File. Once the record has been reviewed and approved, it is saved in the CLS Bibliographic Database. The product is returned to the cataloger and the process continues. Once in the library's work file, the record will be edited to meet the library's specification and appropriate item tag is keyed. The sample records enclosed Tab 10, Exhibit K represent the minimum level of cataloging for AV materials.

Every title sent to the library will have a full MARC record with the appropriate item tag. The records will either be new additions to the library's catalog, edited and modified to the library's standards, or existing records from the library's catalog.

When the cataloger has completed the order, spine and bibliographic labels as required by the library are printed. Call number and bibliographic information is extracted directly from the MARC record to ensure accuracy. After the labels are printed, a file of MARC records corresponding to the titles in the order is created. Released records are flagged so they cannot be selected again.

The file of records will be put on the B&T FTP server for the library to retrieve and load. The records are maintained on the Library's work file for historical reference.

Processing

The processing department completes the physical processing of each item. The processors review the processing instructions gathered at the site visit. Following these instructions, the processor attaches the spine label and any special labels required by the library. After the application of all physical components, the library's materials move to the jacket selection area. Experienced technicians size the books so the appropriate Mylar jacket can be applied to the dust cover of the book. After the material is fully processed, it is ready for the final and most important stage in our CLS process, back audit.

Back Audit

The back audit team is the final step in ensuring the material we ship to the library is of the highest quality and is in compliance with the library's profiled specifications. The CLS back auditors inspect each order by cross referencing the completed processing and the processing instructions gathered at the site visit. Once the library's material passes this stage, the order is ready to be staged for delivery to the library.

Terms and Conditions of Sale
Books and Spoken Word Audio

Baker & Taylor is pleased to offer to Palo Alto City Library discounts from the current publisher's list price. The discounts extended by Baker & Taylor are discounts from the current publisher's list price, however, publisher's list price is subject to change without notice. Your discount will be applied to the publisher's list price at the time of shipment.

Additionally, please find enclosed a brief description of Baker & Taylor's category types and their definitions (Exhibit A-1). This will clarify to the Library the criteria used to classify a particular binding category.

"Baker & Taylor's Enhanced Services Program" (Exhibit C) describes in detail a valuable service that will save time and money when procuring titles from small and hard to find publishers. By utilizing B&T's vast publisher and title database, the Library can purchase a wide variety of low demand and small print run titles from associations and limited edition, prepayment, and non-returnable publishers. These titles will be invoiced at list price.

This agreement affords the provision of books based upon stated discounts from the current publisher's list price. The discounts vary based on the classification of books into general categories, some of which are determined by general marketing criteria. Baker & Taylor has utilized its best efforts to categorize titles for pricing purposes by considering the binding, cost of acquisition, general marketing categories, publisher's discount, customer demand, returnability to publishers, preferred stock status, and other factors. Baker & Taylor reserves the sole right to be the final determinant of the pricing category. Please be advised that Baker & Taylor provides a detailed invoice that identifies the publisher's current suggested list price, the discount offered, and the exact price charged for each title ordered.

The discounts outlined within this proposal will be applied to the publisher's current list price at the time of shipment. Please note that the publisher's list price is subject to change without notice. In addition, please note that for some college textbook publishers where no publisher list price is assigned by the publisher, Baker & Taylor will assign a list price for these titles. B&T will also assign a US dollar list price for imported titles. In such instances, the applicable list price is based upon a standardized formula.

The exceptions to the discounts quoted would be those books considered as proprietary media or falling under Baker & Taylor special programs. DEMCO Turtleback, Replica Book Services, and BT Bound titles are also excluded from quoted discounts. DEMCO Turtleback editions and PawPrints editions will be invoiced at Baker & Taylor's net advertised catalog price. Replica Books will receive a 5.0% discount and BT Bound titles will receive the discount noted on Exhibit A, from advertised list price. Imported foreign language titles noted as non-returnable will be billed at our advertised list price. Further information and pricing regarding such services are available upon request.

The Library is a subscriber to our Title Source 3 bibliographic database product. Please use your existing id in conjunction with the discount information listed in Exhibit A to assist in the evaluation of our proposal.

Category Definitions

- I. Adult Trade Hardcover Editions (O, C) (may include some spoken word audio materials)
High demand, materials from widely distributed publishers designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles are typically released in hardback and can be either fiction or current non-fiction. Publisher promotional/media expenditures and print runs are customarily higher for these titles than for most others. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a trade edition would be: The Broker by John Grisham, ISBN: 0385510454.
- II. Juvenile Trade Hardcover Editions (J)
High demand, juvenile materials from widely distributed publishers designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles are typically released in hardback and can be either fiction or current non-fiction. Publisher promotional/media expenditures and print runs are customarily higher for these titles than for most others. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a trade edition would be: A Light in the Attic by Shel Silverstein, ISBN: 0060256737.
- III. Adult Quality Paperback Editions (B, C)
High demand paperback materials from widely distributed publishers, other than the standard rack size paperback, typically found in bookstores and other retail outlets. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a quality paperback would be: Bridget Jones's Diary by Helen Fielding, ISBN: 014028009X.
- IV. Juvenile Quality Paperback Editions (G)
High demand, juvenile paperback materials from widely distributed publishers, other than the standard rack size paperback, typically found in bookstores and other retail outlets. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a quality paperback would be: Charlotte's Web by E.B. White, ISBN: 0064400557.
- V. Mass Market Paperback Editions (P)
A standard rack size paperback typically found in bookstores or other retail outlets. An example of a mass market paperback would be: The Girl Who Loved Tom Gordon by Stephen King, ISBN: 0671042858.
- VI. Single Edition Reinforced (R)
A high quality binding designed to provide a long shelf life in a heavy use environment. Although the binding is fanned and glued it may not be sewn, which is typically found in the publisher library edition. Subject content can include both fictional and non-fiction works appealing to juveniles as well as adults. These bindings are identified by the publisher to Baker & Taylor. An example of a single edition reinforced binding would be: Watch Out! Big Brothers Coming by Jev Alborough, ISBN: 0763601306.
- Publisher Library Editions (Z)
Fiction as well as non-fiction materials appealing to both juveniles and adults, designed with the rugged durability required of the environment typically found in a library setting. Publisher Library Editions are traditionally of the highest quality, usually fanned, sewn and glued to provide the greatest possible shelf life of any binding. These bindings are identified by the publisher to Baker & Taylor. An example of a publisher library edition would be: If You Give A Pig A Pancake by Laura Joffe Numeroff, ISBN: 0060266872.
- VIII. University Press Trade Editions (A) (may include some spoken word audio materials)
This category would include any University Press Trade Editions, both adult and juvenile, and are subject to publisher reclassification. An example of a university press trade edition would be: The Art of Teaching by Oxford University Press, ISBN: 0195169697.
- IX. Text, Technical, Reference, Small Press, and Titles of Limited Demand (5, 6, 8, L, M, N, S, T, V, X)
Category of materials includes, but is not limited to, text, technical, reference, professional medical, small press, and some university press titles (excluding University Press Trade Editions). It includes titles purchased from publishers on a non-returnable basis, those publishers that extend little discount to Baker & Taylor, and publishers whose titles have limited sales volume based upon a semi-annual review. It includes individual titles which do not qualify for preferred stock status (based upon a quarterly review) and individual titles which qualify for preferred stock status, but have limited demand (calculated over a rolling 12 month period). Additionally, any publisher which is not in compliance with some of Baker & Taylor's purchasing requirements could be in this category. Materials in this category are both adult and juvenile and may be of any binding. Examples within this category would be: The Merck Index, ISBN: 0911910131, Strategies That Work, ISBN: 1571103104 and Beauty and the East ISBN: 1566563879
- X. Imported English and Non-English Language Editions (F, K, 1, 3)
Titles produced and distributed outside of the domestic US. These titles may be of any binding type and represent various publishers. Baker & Taylor will assign a US dollar list price for these editions based upon a standardized formula.
- XI. Enhanced Service Program Titles (Q, Y)
This category includes materials where Baker & Taylor receives no discount from the publisher, or prepayment is required by the publisher, or publishers which have restrictions on returns, or books of small or non-commercial publishers with limited sales volume based upon a semi-annual review. Any publisher which is not in compliance with Baker & Taylor's purchasing requirements would be in this category. Materials in this category may be of any binding. These titles will receive no discount. An example within this category would be: Paths to Recovery, ISBN: 0910034311.
- .I. Spoken Word Audio (H)
Primarily abridged materials designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles can be either fiction or current non-fiction. An example of a primarily abridged spoken word audio would be: The Broker by John Grisham, ISBN: 0739316443.



BAKER & TAYLOR

Information and Entertainment Services

Institutional Returns Policy (Revised July 2006)

The following guidelines are required to ensure prompt handling of your return. All product returns (excluding Book Leasing programs) require prior authorization from a Customer Service Representative. *You may contact your appropriate representative via the toll-free number listed on your packing list.*

How to Obtain Return Authorization

Please use the Return Authorization Form from your shipment's packing list to make all returns. Contact your Customer Service Representative for return authorization. ***All claims must be made within 45 days from the date of invoice.***

1. When calling for return authorization, please have the following information available:
 - A. Return Authorization Form
 - B. Your account number and ATS# from the shipment's packing list (located mid-page under the Return Authorization Form explanation)
 - C. Reason for the claim/return
 - D. Action being requested -
 1. Replacement of product
 2. Credit to your account; no replacement product necessary
2. Your Customer Service Representative will assign your return an authorization number (RTA#). To expedite the process, please clearly mark the RTA# on the Return Authorization Form and on the outside of the carton in the upper right corner from the shipping label.
3. Make your return via an insured and traceable carrier; Baker & Taylor is not liable for returns lost in transit.
4. ***Products incorrectly shipped by Baker & Taylor may be returned with authorization within 45 days of the product's date of invoice.*** Product(s) meeting the definition of Publisher defective may be returned with prior authorization within six months of the product's date of invoice. Products purchased with value-added processing services which have been shipped as ordered are considered non-returnable.

DAMAGED SHIPMENTS: If you receive a damaged carton(s) which resulted in damaged product(s), please hold the product(s) and save the carton for Carrier inspection. If the damage is visible at the time of delivery, bring it to the Carrier's attention and note it on the Bill of Lading. Then, contact your Baker & Taylor Customer Service Representative via the toll-free number listed on the packing list.

CLAIMING SHORTAGES: Please check your packing list or invoice before claiming shortages. ***All claims must be made within 45 days from the product's invoice date.*** Please ensure you have received all cartons of a shipment prior to signing for receipt from the Carrier. Cartons you have signed for as received from the Carrier are not claimable as shortages from Baker & Taylor.

INTERNATIONAL CUSTOMERS ONLY: For information on making returns of damaged, defective, or incorrect products, please contact your local International Sales Office or our International Customer Service Department in Momence, Illinois (FAX: 815-472-9886). You may also refer to the website at <http://www.btol.com/international/return>.

All returns should be sent to:

Baker & Taylor
Department R
251 Mt. Olive Church Road
Commerce, GA 30599

Enhanced Services Program (book and spoken word audio material)

Baker & Taylor is pleased to provide a service that will save your library time and money when procuring titles from small and hard to find publishers. By utilizing B&T's vast publisher and title database, the library can purchase a wide variety of low demand and small print run titles from associations and limited edition, prepayment, and non-returnable publishers.

The ESP program builds on Baker & Taylor's already outstanding publisher relations by:

- Expanding our vendor relations team responsible for the follow-up of all publisher orders, improving the speed of delivery of all titles to the library;
- Widening our publisher base to include hundreds of small non-commercial publishers formerly considered apply direct by the book industry; and
- Increasing our reporting capabilities by providing order status reports for 100% of all titles not yet published, and by supplying anticipated publication release dates for all out-of-stock items.

Material where Baker & Taylor receives no discount from the publisher, or where prepayment is required by the publisher, or publishers whose titles have limited demand, and/or non-commercial publishers will be invoiced at list price. For Libraries concerned about purchasing these types of titles, B&T's Title Source for Windows can assist the librarian in researching a particular item's category and format. These titles will appear with a Y or Q in the discount code field. Additionally, you may contact your Customer Service representative or Information Services via phone, fax, or e-mail (btinfo@btol.com) to inquire about these titles before placing an order.

As a convenience to the library, B&T can exclude these titles from all orders by adjusting the library's account profile setup. Please contact your Customer Service Representative for additional information.

Exhibit B

Baker & Taylor, Inc.'s
Terms and Conditions of Sale (DVD/Music CD Product)
Palo Alto City Library

	<u>Discount from Manufacturer's Current List Price</u>
DVD	27.0%
Music CD	27.0%
Games	5.0%

Titles receiving minimal supplier discount, or which are under supplier restriction, or titles produced by small, specialty vendors will be invoiced at Manufacturer's Suggested Retail Price.

List prices are manufacturer's suggested list prices, where available. In instances where no list price is supplied by the manufacturer, a list price will be assigned by Baker & Taylor.

Baker & Taylor Entertainment, Video and Accessory Return Policy

General Guidelines

1. All returns must be requested by calling your Customer Service Representative to receive a Return Authorization (RA) number. Please have your invoice number ready - all products must refer to a specific invoice number.
2. All returns must be shipped prepaid to the designated regional returns center with the RA number clearly marked on the outside of the box. BTE cannot assume any liability for returns lost in transit. Shipment of return product should be insured and you should retain the insurance receipt until credit is received from BTE.
3. All returns must have packing slip enclosed which provides customer number, customer name, RA number, reason for return, and lists each title, name, item number and quantity returned.
4. RA numbers are not reusable. Each new return must have a separate RA number.
5. RA numbers are only valid for 30 days. Product returned on expired RAs is subject to refusal by BTE.
6. Product must be returned with the original manufacturer shrink-wrap intact (defective returns excluded). Furthermore, it must be free of all customer-applied materials (stickers, hang tabs, etc.). Returns not complying with this requirement will be subject to a refurbishing charge of .40 per unit for removal of such materials. We reserve the right to refuse to accept any product that we cannot restore to a fully saleable condition.
7. Product returned that does not comply with the above guidelines will be refused.
8. BTE does not allow deductions to be taken without the issuance of an appropriate credit memo.

Overstock Returns

1. Overstock returns of unopened, factory sealed, active VHS product that was purchased from BTE may be returned for credit. No overstock returns are allowed on videogame software or systems, videolaserdiscs, accessory items, moratorium product or final sale product.

2. During the months of January, April, July and October you may submit, for approval, a list of tapes purchased from us up to a total value not to exceed 3% of your net purchases in the previous quarter.
3. The 3% return allowance amount is noncumulative and must be used under one quarterly RA number and return shipment.
4. **Due to manufacturer policies, we are unable to price-protect tapes that have been reduced in price. Credit will be issued at the purchase price or current selling price, whichever is lower.**
5. All overstock returns are subject to a 5% restocking charge.
6. Any product over 60 days old must be accompanied by a copy of the original invoice.
7. Tapes that have been deleted from our active catalog cannot be returned.

Defective Returns

1. We will replace all defective returns on a one-for-one basis with identical product.
2. RAs for defective rental-priced videotapes must be issued within 15 days of purchase, otherwise the product will be considered nonreturnable. **NOTE: Certain manufacturers have longer return windows for defective product. Please contact your customer service representative for details.**
3. You must initiate a claim with the carrier for all product that is damaged in transit. We suggest that you retain the original shipping container and notify the carrier (UPS, USPS, etc.) immediately upon receipt of damaged goods. BTE cannot issue credit for carrier-damaged goods.
4. All defectives must be accompanied by a note describing the nature of the defect. Videotapes must be stopped at the point of defect.
5. Defectives must be returned with original manufacturer sleeves, cases or cartons. In the case of a defective on a multicassette title, all cassettes must be returned.
6. Due to manufacturer guidelines, product that exhibits any of the following characteristics is not acceptable for return as defective:
 - Not in original packaging
 - Cracked/crushed cassettes or cartridges

NOTE: Certain manufacturers have no-fault defective return policies. Your customer service representative can provide you with a listing of these.

7. A true acceptable defective is a tape that has been played once and displayed one of the following:
 - The tape does not transport or rewind.
 - There is loss of audio or video on the tape, i.e., drop-outs, etc.
 - Lines through the tape that cannot be corrected with tracking.
 - Poor quality in video picture or low or garbled soundtrack.
 - No audio, low noise, static audio, color fades, picture jumps, picture rolls, static picture, warped, won't start, stops for no reason, lines in picture, film contents incomplete, different title on tape.
8. Any product rejected by the manufacturer for nonfactory defects will be returned and rebilled to you.

Misship Returns

1. Misships are products shipped to you as a result of our error. Overbuys by you or special orders that are not accepted by your customers do not constitute misships.
2. All requests for misship RA numbers must be called in within seven days of receipt of goods. Have your invoice number ready and the reason for misship (picking error, never ordered, etc.).
3. Only new, unopened, factory shrink-wrapped product may be returned as misships. Prior to breaking the seal or shrinkage on any product, it is your responsibility to review the validity of the shipment received.

Refusals

1. In the case of multiple refusals, BTE retains the right to limit or cancel all future shipments.

Your cooperation in following these procedures will help ensure speedy processing of returned merchandise.

Thank you.
Reprinted 7/99.

Baker & Taylor Entertainment Audio Return Policy

General Guidelines

1. All returns must be requested by calling your Customer Service Representative to receive a Return Authorization (RA) number. Please have your account number ready.
2. All returns must be shipped prepaid to the designated regional audio return center with the RA number clearly marked outside the box. BTE cannot assume any liability for returns lost in transit. Shipment of return product should be insured and you should retain the insurance receipt until credit is received from BTE.
3. All returns must have a packing slip enclosed which provides customer number, customer name, RA number, reason for return, and lists each title, by manufacturer, item number and quantity returned.
4. RA numbers are not reusable. Each new return must have a separate RA number.
5. RA numbers are only valid for 30 days. Product returned on an expired RA is subject to refusal by BTE.
6. Product must be returned with the original manufacturer shrink-wrap in tact (defective returns excluded). Furthermore, it must be free of all customer-applied materials (stickers, hang tabs, etc.). Returns not complying with this requirement will be subject to a refurbishing charge of .40 per unit for removal of such materials. We reserve the right to refuse to accept any product any product that we cannot restore to a fully saleable condition.
7. Product returned that does not comply with the above guidelines will be refused.
8. BTE does not allow deductions to be taken without the issuance of an appropriate credit memo.

Overstock Returns

1. Overstock returns can be requested on a monthly basis. Return allowances are 10% of the previous monthly audio net purchases. For further details, contact your Baker & Taylor Audio sales representative.
2. The 10% return allowance amount is noncumulative and must be used under one monthly RA number and return shipment.
3. Due to manufacturer policies, we are unable to price-protect product that has been reduced in price.

Credit will be issued at the lower purchase price or the current selling price.

4. All overstock returns are subject to a 7.5% restocking charge.
5. Each audio configuration requires a separate RA number from BTE. Example: compact disc, cassette and cassette singles.
6. Product that has been deleted from our active catalog cannot be returned.

Defective Returns

1. You must initiate a claim with the carrier for all product that is damaged in transit. We suggest that you retain the original shipping container and notify the carrier (UPS, USPS, etc.) immediately upon receipt of damaged goods. BTE cannot issue credit for carrier-damaged goods.
2. All defectives must be accompanied by a note (sample attached) describing the nature of the defect.
3. Defectives must be returned with original manufacturer sleeves, cases or cartons. In the case of a defective on a multipiece title, all pieces must be returned.
4. Due to manufacturer guidelines, product that exhibits any of the following characteristics is *not* acceptable for return as a defective:
 - Excessive use/abuse
 - Evidence of tampering
 - Not in original packaging
5. Any product rejected by the manufacturer for nonfactory defects will be returned and rebilled to you.

Misship Returns

1. Misships are products shipped to you as a result of our error. Overbuys by you of special orders that are not accepted by your customers do not constitute misships.
2. All requests for misship RA numbers must be called in *within seven days* of receipt of goods. Have your invoice number ready and the reason for misship (picking error, never ordered, etc.).
3. Only new, unopened, factory shrink-wrapped product may be returned as misships. Prior to breaking the seal or shrinkage on any product, it is your responsibility to review the validity of the shipment received.

Refusals

1. In the case of multiple refusals, BTE retains the right to limit or cancel all future shipments.

Your cooperation in following these procedures will help ensure speedy processing of returned merchandise.

Thank you.

ACORD CERTIFICATE OF LIABILITY INSURANCE

06/30/2007

DATE (MM/DD/YY)
06/30/2006

PRODUCER
LOCKTON COMPANIES
525 W. Monroe, Suite 600
CHICAGO IL 60661
(312) 669-6900

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
1043578 Baker & Taylor, Inc.
***See Attachment for Additional Named Insureds
2550 West Tyvola Road
Suite 300
Charlotte, NC 28217

INSURER A: Zurich American Insurance Company
INSURER B: Federal Insurance Company
INSURER C:
INSURER D:
INSURER E:

COVERAGES XZ THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER AND THE CERTIFICATE HOLDER.

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

SR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	GLO 9378076-02	06/30/2006	06/30/2007	EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BAP 9378075-02	06/30/2006	06/30/2007	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX
	TRUCK LIABILITY <input type="checkbox"/> ANY AUTO	NOT APPLICABLE			AUTO ONLY - EA ACCIDENT \$ XXXXXXXX OTHER THAN AUTO ONLY: EA ACC \$ XXXXXXXX AGG \$ XXXXXXXX
B	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> RETENTION \$	79838538	06/30/2006	06/30/2007	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ XXXXXXXX \$ XXXXXXXX \$ XXXXXXXX
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	NOT APPLICABLE			WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ XXXXXXXX E.L. DISEASE - EA EMPLOYEE \$ XXXXXXXX E.L. DISEASE - POLICY LIMIT \$ XXXXXXXX
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

CERTIFICATE HOLDER: _____ ADDITIONAL INSURED; INSURER LETTER: _____ CANCELLATION (M28703)

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.


AUTHORIZED REPRESENTATIVE 

EXHIBIT D

Certification of Nondiscrimination

As suppliers of goods or services to the City of Palo Alto, the firm and individuals listed below certify that they do not discriminate in employment of any person because of race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person; that they are in compliance with all Federal, State and local directives and executive orders regarding nondiscrimination in employment.

4. If Proposer is **INDIVIDUAL**, sign here:

Date: _____

Proposer's Signature

Proposer's typed name and title

5. If Proposer is **PARTNERSHIP** or **JOINT VENTURE**, at least (2) Partners or each of the Joint Venturers shall sign here:

Partnership or Joint Venture Name (type or print)

Date: _____

Member of the Partnership or Joint Venture signature

Date: _____

Member of the Partnership or Joint Venture signature

6. If Proposer is a **CORPORATION**, the duly authorized officer(s) shall sign as follows:

The undersigned certify that they are respectively:

Director-Pricing Services

and

Senior Pricing Analyst

Title

Title

Of the corporation named below; that they are designated to sign the Proposal Cost Form by resolution (attach a certified copy, with corporate seal, if applicable, notarized as to its authenticity or Secretary's certificate of authorization) for and on

behalf of the below named CORPORATION, and that they are authorized to execute same for and on behalf of said CORPORATION.

Please see Tab 10, Exhibit M, for Authority Designation.

Baker & Taylor, Inc.

Corporation Name (type or print)

By: Lee Ann Queen Lee Ann Queen Date: June 1, 2007

Title: Director - Pricing Services

By: Jennifer Rhyne Jennifer Rhyne Date: June 1, 2007

Title: Senior Pricing Analyst

ACCEPTANCE/AGREEMENT: City of Palo Alto (City) reserves the right to reject any and all quotations, to waive any informalities, and, unless otherwise specified by Seller, to accept any item in a quotation. By accepting or filing this Purchase Order (P.O.), Seller agrees to the terms and conditions herein which shall prevail over any inconsistent provision in any form or other paper submitted by Seller. All shipments or services performed shall be deemed to have been made pursuant hereto. No other terms are acceptable. This P.O., including all specifications and drawings, shall constitute the entire agreement between the parties unless modified in writing by City.

CITY'S PROPERTY: Seller agrees that the information, tools, jigs, dies, or materials, and drawings, patterns, and specification supplied or paid for by City shall be and remain City property and shall be held by Seller for City unless directed otherwise. Seller shall account for such items and keep them protected, insured, and in good working conditions without expense to City.

DELIVERY: The terms of delivery are as stated on the attachment hereof. The obligation of Seller to meet the delivery dates, specifications, and quantities set forth herein is of the essence of this P.O. No boxing, packing, or cartage charge will be allowed unless authorized by this P.O. Deliveries are to be made both in quantities and at times specified herein or, if not, such quantities and times are specified pursuant to City's written instruction. Items not delivered may be canceled without penalty to City. Shipments in greater or lesser quantity than ordered may be returned at Seller's expense unless written authorization is issued by City.

PRICES: The price which Seller charges in filling this P.O. shall not be higher than Seller's most recent quote or charge to City for such materials, supplies, services and/or installations unless City expressly agrees otherwise in writing. Notwithstanding the prices set forth the P.O. City shall receive the benefit of any general reduction in the price of any item(s) listed herein which may be made by Seller at any time prior to the last delivery of goods or services covered by this P.O.

TERMINATION: City shall have the right to terminate this P.O. or any part thereof upon ten (10) days notice in writing to Seller.

(1) Without Cause. City may terminate all or any part of this P.O. without cause. Any claim by Seller for damages due to termination without cause must be submitted to City within thirty (30) days after effective date of termination.

(2) For Cause. If Seller fails to make any delivery in accordance with the agreed delivery date, delivery schedule, or otherwise fails to observe or comply with any of the other instructions, terms, conditions or warranties applicable to this P.O., City may, in addition to any other right or remedy provided by this P.O. or by law, terminate all or any part of this P.O. in writing without any liability of City with respect to Seller at any time during the term of this P.O. In the event of termination for cause, City may purchase supplies or services elsewhere on such terms or in such manner as City may deem appropriate and Seller shall be liable to City for any cost and other expenses incurred by City which is charged to City.

CHANGES: City shall have the right at any time by written notice via P.O. Change Order to Seller to make changes in the specifications, the quantity of items called for, delivery schedules, and requirements covering testing, packaging, or destination. Any claim by Seller for adjustment under this clause shall be deemed waived unless made in writing within ten (10) days after receipt by Seller of notice of such change. Price increases or extensions of time for delivery shall not be binding on City unless evidenced by a P.O. Change Order issued by City's Purchasing Manager.

INSPECTION: City shall have the right to inspect and approve or reject any materials, supplies, services and/or installations upon arrival of notice of completion prior to payment without regard to the manner of shipment, completion, or any shipping or price terms contained in this P.O. All materials, supplies, services and/or installations must be furnished as specified.

(1) Defective, damaged, and nonconforming materials and/or supplies may be returned for credit or refund, at Seller's expense. City may charge Seller for all expenses of unpacking, examining, repacking and reshipping of such materials and/or supplies.

(2) Defective, incorrect and nonconforming services and/or installations may be returned for credit or refund, at Seller's expense. All of the above notwithstanding prior payment by City.

(3) Seller's obligations to waive defects that exist.

WARRANTY: Seller expressly warrants that all materials, supplies, services and/or installations covered by this P.O. shall:

(1) conform to the specifications, drawings, samples, or other descriptions specified by City or if none are so specified, to Seller's standard specification or the standards of the ASTM or ANSI or other national standard organizations;

(2) be new and unless specified to the contrary on the face hereof, will be free from defects in material and workmanship and will be free of all liens and encumbrances and will conform to any affirmation of facts made on the container or label;

(3) be adequately contained, packaged, marked, labeled and/or provided in compliance with all applicable federal and state laws and regulations (including materials deemed hazardous);

(4) be performed within the rules and regulations of the Occupational Safety and Health Act of 1970 (as amended);

(5) be produced or transferred or disposed of as required by federal and state laws and regulation under the conditions of the Toxic Substances Control Act; the Hazardous Materials Control and Hazardous Waste Regulations; and other toxic laws and programs.

Seller further expressly agrees to protect, indemnify, and hold harmless City, its employees and agents for any loss, damage, fine, liability, fee (including reasonable charges and fees) or expense arising in connection with or resulting from Seller's failure to furnish materials or supplies or perform services that conform with any warranty contained herein.

(6) have good marketable title.

GOVERNING LAW: This P.O. shall be governed by the laws of the State of California.

INDEPENDENT CONTRACTOR, INSURANCE: Seller certifies, by acceptance, that he/she is an independent contractor. Seller shall protect, defend, and indemnify and hold City harmless against all damages, liability, claims, losses and expenses (including attorney's fees) arising out of, or resulting in any way from Seller's negligence in providing the goods or services purchased hereunder or from any act or omission of Seller, its agents, employees, or subcontractors. Seller shall maintain such public liability insurance, including contractual liability, automobile and general public liability, (including non-owned automobile liability) Worker's Compensation, and employer's liability insurance as well adequately protect City against such damage, liabilities, claims, losses, and expenses (including attorneys' fees). Seller agrees to submit certificates of insurance, evidencing its insurance coverage when requested by City.

EQUAL OPPORTUNITY CLAUSE: By acceptance of this P.O., Seller certifies it is in compliance with the Equal Opportunity Clause required by Executive Order 11246, as amended, and the Palo Alto Municipal Code, as amended, including Affirmative Action Compliance Programs for Veterans; Handicapped; and Minority Business, and other equal opportunity programs.

FORCE MAJEURE: City may delay delivery or acceptance occasioned by causes beyond its control. Seller shall hold such material supplies, services and or installations at the direction of City and shall deliver them when the cause affecting the delay has been removed. City shall be responsible only for Sellers' direct additional costs in holding the goods or delaying performance of this P.O. and City's request. Seller shall also be excused if delivery is delayed by unforeseen events beyond its reasonable control, provided Seller notifies City as soon as they occur. City may cancel this P.O. if such delay exceeds thirty (30) days from the original delivery date. Seller shall use its best efforts to grant preference to this P.O. over those of other customers which were placed after this P.O.

AUTHORITY OF AGENT OR FACTOR: Seller represents that, whenever it executes this P.O. on behalf of a third party as an agent or factor, it shall disclose the existence of the agency or factor relationship to City. Seller shall be deemed to have the legal authority to enter into this P.O. with City on behalf of the third party.

INTERPRETATION OF CONTRACT DOCUMENTS: In the event of a conflict between the terms of this P.O. and the attached specification with respect to any obligation of Seller, the provision which impose the greater obligations upon Seller shall prevail.

CITY OF PALO ALTO CONTRACT NO. C08121819B

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND
BAKER & TAYLOR, INC.
FOR PROFESSIONAL SERVICES
PROVISION OF LIBRARY CONTINUATION SERVICES

This AGREEMENT is entered into September 17, 2007, by and between the CITY OF PALO ALTO, a chartered city and a municipal corporation of the State of California ("CITY"), and Baker & Taylor Inc., a Delaware Corporation, authorized to do business in California, located at 2550 West Tyvola road, Suite 300, Charlotte, NC 28217 (PH) 800-775-7930 ("CONSULTANT").

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to procure Library Continuation Services for its various CITY Libraries and desires to engage a consultant to provide these services for the libraries, referred to as ("Services").

B. CONSULTANT has represented that it and any subconsultants have the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Services as more fully described in Exhibit "A", Scope of Services, attached to and made a part of this Agreement.

D. CONSULTANT has agreed to perform the Services on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, this Agreement, the parties agree:

AGREEMENT

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall provide the Continuation Services, as listed in Exhibit B, and perform

the Services described in Exhibit "A", Scope of Services, in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be consistent with the Purchase Order Terms and Conditions listed in Exhibit E and to the reasonable satisfaction of CITY.

SECTION 2. TERM. The term of this Agreement shall be from the date of its full execution to September 30, 2008, unless terminated earlier pursuant to Section 20 of this Agreement. CITY has the option to renew for up to two additional one year periods.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for provision of the materials ordered, as listed in Exhibit B, and for the performance of the Services described in Exhibit "A", including both payment for materials and services, including shipping and freight, shall not exceed fifty thousand Dollars (\$50,000) in the first year of this Agreement. The applicable Costs for Continuation Services and related services are set out in Exhibit "B", entitled "COSTS," which is attached to and made a part of this Agreement.

If the CITY exercises its option to renew for additional years, the compensation to be paid CONSULTANT, shall not exceed fifty thousand dollars (\$50,000.00) per year for Year 2 and/or Year 3.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit invoices to the CITY describing the materials purchased and the services performed and the applicable charges. CONSULTANT shall be paid for materials received by CITY. CITY's payment terms are net 30 days

upon receipt of goods. The information in CONSULTANT's payment requests shall be subject to verification by CITY.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All of the Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it possesses the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subconsultants have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services.

All of the services to be furnished by CONSULTANT under this agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

CONSULTANT shall report immediately to the CITY's project manager, in writing, any discrepancy or inconsistency it discovers in the laws, ordinances, regulations, orders, and/or guidelines in relation to the Project of the performance of the Services.

All documentation prepared by CONSULTANT shall provide for a completed project that conforms to all applicable codes, rules, regulations and guidelines that are in force at the time such documentation is prepared.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all errors, omissions, or

ambiguities in the work product submitted to CITY, provided CITY gives notice to CONSULTANT.

SECTION 9. INDEPENDENT CONTRACTOR. It is understood and agreed that in performing the Services under this Agreement CONSULTANT, and any person employed by or contracted with CONSULTANT to furnish labor and/or materials under this Agreement, shall act as and be an independent contractor and not an agent or employee of the CITY. The manner and means of conducting the Services are the responsibility of and under the control of CONSULTANT, except to the extent they are limited by applicable law and the express terms of this Agreement.

CONSULTANT will be responsible for employing or engaging all persons necessary to perform the Services. All contractors and employees of CONSULTANT are deemed to be under CONSULTANT'S exclusive direction and control. CONSULTANT shall be responsible for their performance.

SECTION 10. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT'S obligations hereunder without the prior written consent of the city manager. Consent to one assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the city manager will be void.

SECTION 11. SUBCONTRACTING.

CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the prior written authorization of the city manager or designee.

SECTION 12. PROJECT MANAGEMENT. CONSULTANT will assign Jennifer Rhyne, Senior Pricing Analyst, as the project director to have supervisory responsibility for the performance, progress, and execution of the Services. If circumstances or conditions subsequent to the execution of this Agreement cause the substitution of the project director or any other key personnel for any reason, the appointment of a substitute project director and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY'S project

manager. CONSULTANT, at CITY's request, shall promptly remove personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property.

The city manager will represent CITY for all purposes under this Agreement. Mary Minto is designated as the project manager for the CITY. The project manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. The CITY may designate an alternate project manager from time to time.

SECTION 13. DUTIES of CITY. To assist CONSULTANT in the performance of the Services, CITY will furnish or cause to be furnished the specified services and/or documents described in Exhibit "A" and such other available information as may be reasonably requested by CONSULTANT.

SECTION 14. OWNERSHIP OF MATERIALS. All drawings, plans, reports, specifications, calculations, documents, other materials and copyright interests developed or discovered by CONSULTANT or any other person engaged directly or indirectly by CONSULTANT to perform the services required hereunder shall be and remain the property of CITY without restriction or limitation upon their use. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization without the prior written approval of the city manager or designee.

SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT's records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts fees,

court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

The acceptance of CONSULTANT's services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Agreement, or of the provisions of any ordinance or law, will not be deemed to be a waiver of any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, provision, ordinance or law.

SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit "C". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming the City of Palo Alto as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with Best's Key Rating Guide ratings of A-:VII or higher which are admitted to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage

and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification, CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Purchasing Manager during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. WORKERS' COMPENSATION. CONSULTANT, by executing this Agreement, certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and certifies that it will comply with such provisions, as applicable, before commencing and during the performance of the Services.

SECTION 20. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

20.1. The city manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days' prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.

20.2. CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving ten (10) days prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY.

20.3. Upon such suspension or termination, CONSULTANT shall deliver to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of CITY.

20.4. Upon such suspension or termination by CITY, CONSULTANT will be paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to CITY as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion

20.5. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement.

SECTION 21. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager.

To CONSULTANT: Attention of the project director
at the address of CONSULTANT
recited above

SECTION 22. CONFLICT OF INTEREST

22.1. In accepting this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or

otherwise, which would conflict in any manner or degree with the performance of the Services.

22.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subconsultants, contractors or persons having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

22.3. If the Project Manager determines that CONSULTANT is a "Consultant" as that term is defined by the Regulations of the Fair Political Practices Commission, CONSULTANT shall be required and agrees to file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act.

SECTION 23. NONDISCRIMINATION. As set forth in Palo Alto Municipal Code section 2.30.510, CONSULTANT agrees that in the performance of this Agreement, it shall not discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Chapter 2.28 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Chapter 2.28 pertaining to nondiscrimination in employment, including completing the form furnished by CITY and set forth in Exhibit "D".

SECTION 24. MISCELLANEOUS PROVISIONS.

24.1. This Agreement will be governed by the laws of the State of California.

24.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California or in the United States District Court for the Northern District of California in the County of Santa Clara, State of California.

24.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action.

24.4. This document represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This document may be amended only by a written instrument, which is signed by the parties.

24.5. The covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators, assignees, and CONSULTANTS, as the case may be, of the parties.

24.6. If a court of competent jurisdiction finds or rules that any provision of this Agreement or any amendment thereto is void or unenforceable, the unaffected provisions of this Agreement and any amendments thereto will remain in full force and effect.

24.7. All exhibits referred to in this Agreement and any addenda, appendices, attachments, and schedules to this Agreement which, from time to time, may be referred to in any duly executed amendment hereto are by such reference incorporated in this Agreement and will be deemed to be a part of this Agreement.

24.8. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section 24.8 shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

BAKER & TAYLOR, INC.

APPROVED AS TO FORM:

BY: Jennifer Rhyme
Name: Jennifer Rhyme

Senior Asst. City Attorney

Title: Sr. Pricing Analyst
(If corporation: President or Vice-President)

APPROVED:

BY: Lee Ann Queen
Name: Lee Ann Queen

Purchasing Manager

Name: Director - Pricing Services

Title: Director - Pricing Services
(If corporation: Secretary or Treasurer)

Insurance Review

Taxpayer Identification No.

56-1761729

(Compliance with Corp. Code § 313 is required if the entity on whose behalf this contract is signed is a corporation. In the alternative, a certified corporate resolution attesting to the signatory authority of the individuals signing in their respective capacities is acceptable)

Attachments:

EXHIBIT "A":	SCOPE OF WORK
EXHIBIT "B":	COST SHEETS-TERMS OF SALE
EXHIBIT "C":	INSURANCE
EXHIBIT "D":	NONDISCRIMINATION COMPLIANCE FORM
EXHIBIT "E":	TERMS AND CONDITIONS

EXHIBIT A SCOPE OF SERVICES

Baker & Taylor offers various levels of service depending upon the requirements of the Library. The following response provides both a standard service approach (BTMARC) and a customized approach (Customized Services).

Baker & Taylor's Customized Library Services (CLS) division has been providing customized cataloging and processing to libraries since 1989. Should the PACL opt for system and shelf ready material, CLS has the experience and the expertise to exceed the library's expectations.

Standard Services

Your orders are important to us, and we strive to produce accurate shipments with quality cataloging and processing services. Following is a brief description of our product receipt and order fulfillment workflow.

Inventory / Order Fulfillment

As titles are received in our service center, they are "scanned in" by barcode or UPC number. This creates a unique identifier for each title. This identifier will always be associated with the title, and helps to ensure accuracy at each point in the order fulfillment process. As a book is physically selected from our inventory shelves, the title is scanned and compared against the barcode number associated with your ordered title.

Multiple Checkpoints

Your title order is checked and re-checked for accuracy as it flows through our various departments. As titles are selected for your order, they are checked against your original order. As these same titles move through our sortation process, they are again checked against the original order.

Processing Services

Any orders requiring processing services are circulated through our Processing Department. Here, the order is checked against processing specification sheets. These sheets detail the cataloging /processing requested for the titles ordered on an account, as well as any special instructions associated with the order. Processing sheets are developed only after the appropriate Library contact has reviewed and approved the specification for the account.

Packing / Shipping

After titles have been properly processed to specifications, they move forward to be packaged. Items are boxed in new cartons, to protect against any damage during shipment.

The destination address of the boxed order is now verified against our shipping label. Our enhanced shipping label includes the pack date, freight carrier, account number, B&T picklist number, carton number and individual carton weight. Each carton in a shipment is numbered, and the final carton also indicates total carton count (e.g. 1,2,3, and 4 of 4).

Customized Library Services

Our Project Team

Baker & Taylor will work with the PACL library and its staff to develop and determine the required service specifications at no additional cost. Our project management approach is described below.

Baker & Taylor's Customized Library Services utilizes a team approach to working with libraries to help manage projects in the areas of Collection Development, Ongoing Cataloging and Processing, and Opening Day Collections. The core of this team approach is our project management philosophy. Our project managers and support staff will work with the library to insure that all requirements are

documented and understood, necessary resources are available, and that a proper framework for communication is in place.

All CLS project teams consist of the library staff, and a minimum of a project manager, an automation specialist/cataloging/processing manager, and an account coordinator. Collection development managers are included on an as needed basis. Team members are responsible for managing their assigned resources to complete the project. In turn, each team member works closely with the project manager to ensure compliance to all requirements.

As a current customer, PACL has an established CLS Project Team as outlined below. Upon award, CLS will work with the library to review your account structure, cataloging profiles, and processing profiles. Based on this review, we will make any updates necessary. Your project manager will work with you, your Sales Consultant, and the CLS Regional sales manager, to determine what steps the CLS project team needs to take.

Pat Bishop	Asst. CLS Project Manager
Scott Crawford	CLS Director of Sales
Anthony Halstead	Sales Consultant
Penny Ginn	Cataloging Manager

Our Service

Customized Library Services' custom cataloging is BAKER & TAYLOR's premier service. CLS has performed on-line cataloging, editing and maintenance for Libraries since 1989. Our preferred method is to access the Library's ILS using the Z39.50 protocol. Customized Library Services has partnered with The Library Corporation (TLC) to create a state of the art cataloging methodology that leverages Z39.50 protocol for accessing the library's database and a resource pool of records from the Library of Congress and any Baker & Taylor created records. This technology allows our CLS catalogers to have access to the most current version of the library's cataloging records without the overhead of being directly online. Records obtained from the Library's database are saved to a library specific work file located in our secure cataloging utility. The records in the work file are used in the creation of spine labels and as a vehicle for providing item-linking information.

CLS has created a unique workflow in support of the customized services we provide for our customers. This workflow follows a very specific sequence: the front audit area, the cataloging department, the processing department, and the back audit area. The CLS department has over 200 trained professionals staffed to handle the library's customized requirements. These staff members are dedicated to meeting the library's requirements and exceeding your expectations. Our commitment to excellence and doing the job right the first time is unmatched in our industry.

Front Audit

Once materials reach the CLS department, the front audit team reviews the processing instructions gathered at the site visit for the library's accounts. These instructions include the location of the processing components and the rules governing acceptable material and formats. The front auditors check all materials for publisher defects or damaged books. This is the first step in our quality process. The front auditors apply customer-supplied barcodes and any labels required under the book jacket.

Cataloging

The next step in the CLS process is the cataloging department. In the cataloging department, the cataloger reviews the cataloging instructions gathered at the site visit. The cataloger uses the CLS cataloging utility to search the library's database as described in the CLS methodology,

and performs the required level of cataloging service. When the order is completed, the CLS cataloger prints the spine and bibliographic label. The cataloger's work is reviewed by the Senior Cataloger to ensure that all library specifications are followed.

Major Features of the CLS Preferred Cataloging Methodology (Z39.50):

Only authorized CLS catalogers have access to the library's database and work file. The cataloger will process material first by searching for a matching record in the library's database and work file simultaneously.

A successful search occurs when our cataloger matches the data elements found in the appropriate record tags with product in hand. CLS considers the title, author, imprint/publisher, edition and date of publication when matching a record to product in hand. During the CLS site visit, the project team will document the appropriate attributes for matching records. When a matching record is found, the appropriate item tag is keyed and the record is saved to the library's work file.

If a record is not found in the library's database or work file, the CLS Bibliographic Database is searched, followed by LC MARC and the resource databases of TLC. The CLS Bibliographic Database contains all CIP records upgraded to full MARC standards by CLS catalogers, as well as new records created by CLS original catalogers.

If the record is not found in the above resources, the Library may also choose to have CLS search OCLC on their behalf for records not found in the library's catalog. Once a record is located in OCLC it is saved to the Library's work file and the record is updated to the Library's specifications. The option of utilizing OCLC will also help to minimize the Library's need for original cataloging. Please note that the process of using OCLC is available upon CLS' receipt of a signed third party agreement which grants permission to our catalogers to access OCLC on the library's behalf. There are no additional charges from CLS for this service. However, it should be noted that all corresponding OCLC charges will be the responsibility of the Library. On a weekly basis, an electronic file is sent to OCLC to update the library's holdings for all contributed records.

When a full matching record is found in one of the resource databases, it is upgraded to meet the library's specifications and the appropriate item tag is keyed. The record is then saved to the library's work file.

If the matching record found is not a full level record, the record is upgraded to meet LC standards and is saved to the CLS Bibliographic Database. The record is then further edited to meet the library's specifications and the appropriate item record is keyed. The record is then saved to the library's work file. The exception to a full level record would be that some AV pre-pub records are not upgraded to full MARC standards. However, these records are upgradeable to the Library's local standards. If a matching record cannot be found in the multi-database search string, the product in hand is forwarded to an original cataloger in the CLS department. Our original catalogers will create a record according to AACR2 rules. LC authority files are used to validate author and subject headings. Once the record is created, it is saved into the CLS Bibliographic Review File. Once the record has been reviewed and approved, it is saved in the CLS Bibliographic Database. The product is returned to the cataloger and the process continues. Once in the library's work file, the record will be edited to meet the library's specification and appropriate item tag is keyed. The sample records enclosed Tab 10, Exhibit K represent the minimum level of cataloging for AV materials.

Every title sent to the library will have a full MARC record with the appropriate item tag. The records will either be new additions to the library's catalog, edited and modified to the library's standards, or existing records from the library's catalog.

When the cataloger has completed the order, spine and bibliographic labels as required by the library are printed. Call number and bibliographic information is extracted directly from the MARC record to ensure accuracy. After the labels are printed, a file of MARC records corresponding to the titles in the order is created. Released records are flagged so they cannot be selected again.

The file of records will be put on the B&T FTP server for the library to retrieve and load. The records are maintained on the Library's work file for historical reference.

Processing

The processing department completes the physical processing of each item. The processors review the processing instructions gathered at the site visit. Following these instructions, the processor attaches the spine label and any special labels required by the library. After the application of all physical components, the library's materials move to the jacket selection area. Experienced technicians size the books so the appropriate Mylar jacket can be applied to the dust cover of the book. After the material is fully processed, it is ready for the final and most important stage in our CLS process, back audit.

Back Audit

The back audit team is the final step in ensuring the material we ship to the library is of the highest quality and is in compliance with the library's profiled specifications. The CLS back auditors inspect each order by cross referencing the completed processing and the processing instructions gathered at the site visit. Once the library's material passes this stage, the order is ready to be staged for delivery to the library.

Baker & Taylor is pleased to offer to Palo Alto City Library discounts from the current publisher's list price. The discounts extended by Baker & Taylor are discounts from the current publisher's list price, however, publisher's list price is subject to change without notice. Your discount will be applied to the publisher's list price at the time of shipment.

Additionally, please find enclosed a brief description of Baker & Taylor's category types and their definitions (Exhibit A-1). This will clarify to the Library the criteria used to classify a particular binding category.

"Baker & Taylor's Enhanced Services Program" (Exhibit C) describes in detail a valuable service that will save time and money when procuring titles from small and hard to find publishers. By utilizing B&T's vast publisher and title database, the Library can purchase a wide variety of low demand and small print run titles from associations and limited edition, prepayment, and non-returnable publishers. These titles will be invoiced at list price.

This agreement affords the provision of books based upon stated discounts from the current publisher's list price. The discounts vary based on the classification of books into general categories, some of which are determined by general marketing criteria. Baker & Taylor has utilized its best efforts to categorize titles for pricing purposes by considering the binding, cost of acquisition, general marketing categories, publisher's discount, customer demand, returnability to publishers, preferred stock status, and other factors. Baker & Taylor reserves the sole right to be the final determinant of the pricing category. Please be advised that Baker & Taylor provides a detailed invoice that identifies the publisher's current suggested list price, the discount offered, and the exact price charged for each title ordered.

The discounts outlined within this proposal will be applied to the publisher's current list price at the time of shipment. Please note that the publisher's list price is subject to change without notice. In addition, please note that for some college textbook publishers where no publisher list price is assigned by the publisher, Baker & Taylor will assign a list price for these titles. B&T will also assign a US dollar list price for imported titles. In such instances, the applicable list price is based upon a standardized formula.

The exceptions to the discounts quoted would be those books considered as proprietary media or falling under Baker & Taylor special programs. DEMCO Turtleback, Replica Book Services, and BT Bound titles are also excluded from quoted discounts. DEMCO Turtleback editions and PawPrints editions will be invoiced at Baker & Taylor's net advertised catalog price. Replica Books will receive a 5.0% discount and BT Bound titles will receive the discount noted on Exhibit A, from advertised list price. Imported foreign language titles noted as non-returnable will be billed at our advertised list price. Further information and pricing regarding such services are available upon request.

The Library is a subscriber to our Title Source 3 bibliographic database product. Please use your existing id in conjunction with the discount information listed in Exhibit A to assist in the evaluation of our proposal.

Category Definitions

I. Adult Trade Hardcover Editions (O, C) (may include some spoken word audio materials)

High demand, materials from widely distributed publishers designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles are typically released in hardback and can be either fiction or current non-fiction. Publisher promotional/media expenditures and print runs are customarily higher for these titles than for most others. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a trade edition would be: The Broker by John Grisham, ISBN: 0335510454.

II. Juvenile Trade Hardcover Editions (J)

High demand, juvenile materials from widely distributed publishers designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles are typically released in hardback and can be either fiction or current non-fiction. Publisher promotional/media expenditures and print runs are customarily higher for these titles than for most others. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a trade edition would be: A Light in the Attic by Shel Silverstein, ISBN: 0060256737.

III. Adult Quality Paperback Editions (B, C)

High demand paperback materials from widely distributed publishers, other than the standard rack size paperback, typically found in bookstores and other retail outlets. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a quality paperback would be: Bridget Jones's Diary by Helen Fielding, ISBN: 014028009X.

IV. Juvenile Quality Paperback Editions (G)

High demand, juvenile paperback materials from widely distributed publishers, other than the standard rack size paperback, typically found in bookstores and other retail outlets. Inventory for these titles is maintained with preferred stock status (regularly stocked in three to four major warehouses). An example of a quality paperback would be: Charlotte's Web by E.B. White, ISBN: 0064400557.

V. Mass Market Paperback Editions (P)

A standard rack size paperback typically found in bookstores or other retail outlets. An example of a mass market paperback would be: The Girl Who Loved Tom Gordon by Stephen King, ISBN: 0671042858.

VI. Single Edition Reinforced (R)

A high quality binding designed to provide a long shelf life in a heavy use environment. Although the binding is fanned and glued it may not be sewn, which is typically found in the publisher library edition. Subject content can include both fictional and non-fiction works appealing to juveniles as well as adults. These bindings are identified by the publisher to Baker & Taylor. An example of a single edition reinforced binding would be: Watch Out! Big Brothers Coming by Jev Alborough, ISBN: 0763601306.

Publisher Library Editions (Z)

Fiction as well as non-fiction materials appealing to both juveniles and adults, designed with the rugged durability required of the environment typically found in a library setting. Publisher Library Editions are traditionally of the highest quality, usually fanned, sewn and glued to provide the greatest possible shelf life of any binding. These bindings are identified by the publisher to Baker & Taylor. An example of a publisher library edition would be: If You Give A Pig A Pancake by Laura Joffe Numeroff, ISBN: 0060266872.

VIII. University Press Trade Editions (A) (may include some spoken word audio materials)

This category would include any University Press Trade Editions, both adult and juvenile, and are subject to publisher reclassification. An example of a university press trade edition would be: The Art of Teaching by Oxford University Press, ISBN: 0195169697.

IX. Text, Technical, Reference, Small Press, and Titles of Limited Demand (5, 6, 8, L, M, N, S, T, V, X)

Category of materials includes, but is not limited to, text, technical, reference, professional medical, small press, and some university press titles (excluding University Press Trade Editions). It includes titles purchased from publishers on a non-returnable basis, those publishers that extend little discount to Baker & Taylor, and publishers whose titles have limited sales volume based upon a semi-annual review. It includes individual titles which do not qualify for preferred stock status (based upon a quarterly review) and individual titles which qualify for preferred stock status, but have limited demand (calculated over a rolling 12 month period). Additionally, any publisher which is not in compliance with some of Baker & Taylor's purchasing requirements could be in this category. Materials in this category are both adult and juvenile and may be of any binding. Examples within this category would be: The Merck Index, ISBN: 0911910131, Strategies That Work, ISBN: 1571103104 and Beauty and the East ISBN: 1566563879

X. Imported English and Non-English Language Editions (F, K, 1, 3)

Titles produced and distributed outside of the domestic US. These titles may be of any binding type and represent various publishers. Baker & Taylor will assign a US dollar list price for these editions based upon a standardized formula.

XI. Enhanced Service Program Titles (Q, Y)

This category includes materials where Baker & Taylor receives no discount from the publisher, or prepayment is required by the publisher, or publishers which have restrictions on returns, or books of small or non-commercial publishers with limited sales volume based upon a semi-annual review. Any publisher which is not in compliance with Baker & Taylor's purchasing requirements would be in this category. Materials in this category may be of any binding. These titles will receive no discount. An example within this category would be: Paths to Recovery, ISBN: 0910034311.

.I. Spoken Word Audio (H)

Primarily abridged materials designed for the general consumer, usually dealing with a subject matter having broad mass appeal. These titles can be either fiction or current non-fiction. An example of a primarily abridged spoken word audio would be: The Broker by John Grisham, ISBN: 0739316443.



BAKER & TAYLOR

Information and Entertainment Services

Institutional Returns Policy (Revised July 2006)

The following guidelines are required to ensure prompt handling of your return. All product returns (excluding Book Leasing programs) require prior authorization from a Customer Service Representative. *You may contact your appropriate representative via the toll-free number listed on your packing list.*

How to Obtain Return Authorization

Please use the Return Authorization Form from your shipment's packing list to make all returns. Contact your Customer Service Representative for return authorization. *All claims must be made within 45 days from the date of invoice.*

1. When calling for return authorization, please have the following information available:
 - A. Return Authorization Form
 - B. Your account number and ATS# from the shipment's packing list (located mid-page under the Return Authorization Form explanation)
 - C. Reason for the claim/return
 - D. Action being requested -
 1. Replacement of product
 2. Credit to your account; no replacement product necessary
2. Your Customer Service Representative will assign your return an authorization number (RTA#). To expedite the process, please clearly mark the RTA# on the Return Authorization Form and on the outside of the carton in the upper right corner from the shipping label.
3. Make your return via an insured and traceable carrier; Baker & Taylor is not liable for returns lost in transit.
4. *Products incorrectly shipped by Baker & Taylor may be returned with authorization within 45 days of the product's date of invoice.* Product(s) meeting the definition of Publisher defective may be returned with prior authorization within six months of the product's date of invoice. Products purchased with value-added processing services which have been shipped as ordered are considered non-returnable.

DAMAGED SHIPMENTS: If you receive a damaged carton(s) which resulted in damaged product(s), please hold the product(s) and save the carton for Carrier inspection. If the damage is visible at the time of delivery, bring it to the Carrier's attention and note it on the Bill of Lading. Then, contact your Baker & Taylor Customer Service Representative via the toll-free number listed on the packing list.

CLAIMING SHORTAGES: Please check your packing list or invoice before claiming shortages. *All claims must be made within 45 days from the product's invoice date.* Please ensure you have received all cartons of a shipment prior to signing for receipt from the Carrier. Cartons you have signed for as received from the Carrier are not claimable as shortages from Baker & Taylor.

INTERNATIONAL CUSTOMERS ONLY: For information on making returns of damaged, defective, or incorrect products, please contact your local International Sales Office or our International Customer Service Department in Momence, Illinois (FAX: 815-472-9886). You may also refer to the website at <http://www.btol.com/international/return>.

All returns should be sent to:

Baker & Taylor
Department R
251 Mt. Olive Church Road
Commerce, GA 30599

Enhanced Services Program (book and spoken word audio material)

Baker & Taylor is pleased to provide a service that will save your library time and money when procuring titles from small and hard to find publishers. By utilizing B&T's vast publisher and title database, the library can purchase a wide variety of low demand and small print run titles from associations and limited edition, prepayment, and non-returnable publishers.

The ESP program builds on Baker & Taylor's already outstanding publisher relations by:

- Expanding our vendor relations team responsible for the follow-up of all publisher orders, improving the speed of delivery of all titles to the library;
- Widening our publisher base to include hundreds of small non-commercial publishers formerly considered apply direct by the book industry; and
- Increasing our reporting capabilities by providing order status reports for 100% of all titles not yet published, and by supplying anticipated publication release dates for all out-of-stock items.

Material where Baker & Taylor receives no discount from the publisher, or where prepayment is required by the publisher, or publishers whose titles have limited demand, and/or non-commercial publishers will be invoiced at list price. For Libraries concerned about purchasing these types of titles, B&T's Title Source for Windows can assist the librarian in researching a particular item's category and format. These titles will appear with a Y or Q in the discount code field. Additionally, you may contact your Customer Service representative or Information Services via phone, fax, or e-mail (btinfo@btol.com) to inquire about these titles before placing an order.

As a convenience to the library, B&T can exclude these titles from all orders by adjusting the library's account profile setup. Please contact your Customer Service Representative for additional information.

Baker & Taylor, Inc.'s
Terms and Conditions of Sale (Continuation Services)
Palo Alto City Library

Category Definition	Price Indicator	Definition	Discount
I.	0 (zero) (Hardcover Trade Editions) C (Hardcover Computer Books)	Adult Trade Hardcover Editions (Popular Fiction & Non-Fiction)	Sliding Scale 1
II.	J	Juvenile Trade Hardcover Editions (Popular Fiction & Non-Fiction)	Sliding Scale 1
III.	B (Paperback Trade Editions) C (Paperback Computer Books)	Adult Quality Paperback Editions (Popular Fiction & Non-Fiction)	Sliding Scale 2
IV.	G	Juvenile Quality Paperback Editions (Popular Fiction & Non-Fiction)	Sliding Scale 2
V.	P	Mass Market Paperback Editions	Sliding Scale 2
VI.	R	Single Edition Reinforced (Juvenile)	11.1 %
VII.	Z	Publisher's Library Edition (Juvenile)	11.1 %
VIII.	A	University Press Trade Editions	11.1 %
IX.	S/X/N (Text, Technical, or Reference Editions) L (Hardcover Editions from Small, Specialty Publishers or Titles of Limited Demand)** M (Paperback Editions from Small, Specialty Publishers or Titles of Limited Demand)** V/T (Returnable Specialty Textbooks)	Text, Technical, Reference, Small Press, and Titles of Limited Demand (May be of any binding and includes non-trade University Press titles and some spoken word audio)	S = 11.1 % X = 11.1 % N = 7.0% L = Sliding Scale 1 ** M = Sliding Scale 2 ** V = 0.0 % T = 0.0 % 5 = 7.0 % 6 = 11.1 % 8 = 11.1 %
X.	F/K/1/3	Imported English and Non-English Language Editions	F = 0.0 % K = 11.1 % 1 = 0.0 % 3 = 7.0 %
XI.	Y / Q	Enhanced Service Program**	Q = 7.0 % Y = 0.0 % *
XII.	H	Spoken Word Audio (primarily abridged)	n/a
Special Program	D E	- DEMCO Turtleback Editions - BT Bound Editions	D = 0.0 % E = 0.0 %

Sliding Scale 1

1-3 copies/title 44.5 %
4+ copies/title 45.0 %

Sliding Scale 2

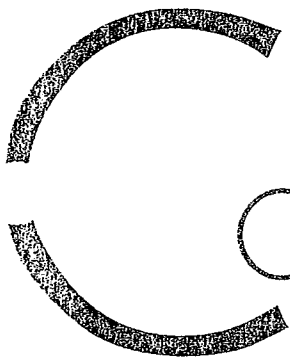
1-3 copies/title 43.2 %
4+ copies/title 43.7 %

* Titles where Baker & Taylor receives no discount from the publisher or prepayment is required by the publisher or publishers whose titles have limited demand and/or non-commercial publishers will be invoiced at list price.

** Represents publishers with limited sales volume, based upon a semi-annual review and individual titles which qualify for preferred stock status, but have limited demand (calculated over a rolling 12 month period). Also represents individual titles which do not qualify for preferred stock status, based upon quarterly review. These titles may be of any binding type or publisher of origin.

Replica books will be invoiced at 5.0 % off of B&T advertised list price. PawPrints editions will be invoiced at advertised list price. "Special Program" titles will be discounted as shown, discount will be applied to the B&T advertised list price.

Please note that for some college textbook publishers where no publisher list price is assigned by the publisher, Baker & Taylor will assign a list price for these titles. In such instances, the applicable list price is based upon a standardized formula. Also, B&T will assign a US dollar list price for imported titles. The discounts outlined within this proposal are applied to the publisher's current list price at the time of shipment. Please note that the publisher's list price is subject to change without notice. Note: Price Indicator is subject to change based upon changes in relationships with publishers.



CONTINUATION SERVICES

FROM BAKER & TAYLOR ↑

STANDING-ORDER CANCELLATION AND RETURN POLICY

(Effective 01/04)

Baker & Taylor Continuation Services is a customized standing-order program designed for public, academic and school libraries. Customers may sign up for series on a standing-order basis, and will automatically receive every publication as they become available from publishers. Due to the nature of this program, only the exact amount of required books is ordered from each publisher on behalf of profiled customers. It is therefore necessary to adhere to a firm cancellation/return policy.

CANCELLATION POLICY

The customer must notify Continuation Services (800) 775-3600 at least 30 DAYS PRIOR TO PUBLICATION DATE to request the cancellation of a title or the deletion of a series from their profile.

To keep customers informed of their backordered titles, Continuation Services shipments include a Backorder Status Report. This report lists titles, which a customer can expect to receive within the next three months. NOTE: Backorder Status Reports should be reviewed immediately upon receipt of shipment. Also, Master Profile Reports, a listing of all series on a customer's standing-order profile, are available upon request. Registered users may also view/maintain their standing order profiles and backordered titles via <http://compass.btol.com>.

RETURN POLICY

*The following guidelines are required to ensure prompt handling of your return.
All Continuation Services product returns require authorization from your Continuation Services Customer Account Representative in Bridgewater, New Jersey (800)-775-3600.*

- Products incorrectly shipped by Baker & Taylor may be returned with authorization within 45 days of the product's date of invoice.
- Product(s) meeting the definition of Publisher defective may be returned with prior authorization within six months of the product's date of invoice.
- Products purchased with value-added processing services, that have been shipped as ordered or properly stamped by your library, are considered non-returnable.
- A title, which is ordered and received through Baker & Taylor Continuation Services, cannot be returned if a duplicate is received from another source. These books should be returned to the other supplier.

HOW TO OBTAIN RETURN AUTHORIZATION

*Please use the Return Authorization Form from your shipment's packing list to make all returns.
Contact your Continuation Services Customer Account Representative at (800) 775-3600 for return authorization.
All claims for damages and shortages must be made within 45 days from the date of invoice.*

1. When calling for return authorization, please have the following information available:
 - A. Return Authorization Form- attached to the carton packing list
 - B. Your Continuation Services "C" account number, invoice and/or ATS# from the shipment's packing list
 - C. Reason for claim/return
 - D. Action being requested:
 - a. Replacement of product
 - b. Credit to your account; no replacement product necessary
2. Your Customer Account Representative will assign your return an authorization number (RTA#). To expedite the process, please clearly mark the RTA number on the Return Authorization Form and on the outside of the carton in the upper right corner of the shipping label.
Ship Returns to: Baker & Taylor Books Attn: Department - R, Commerce Service Center, 251 Mt. Olive Church Rd, Commerce, GA 30599-1100
3. Make your return via an insured and traceable carrier; Baker & Taylor is not liable for returns lost in transit.

DAMAGED SHIPMENTS

If you receive a damaged carton(s), which resulted in a damaged product(s), please hold the product(s) and save the carton for Carrier inspection. If the damage is visible at the time of delivery, bring it to the Carrier's attention and note it on the Bill of Lading. Then, contact your Baker & Taylor Continuation Services Customer Account Representative via the toll-free number listed above.

CLAIMING SHORTAGES

Please check your packing list or invoice before claiming shortages. All shortage claims must be made within 45 days from the product's invoice date. Please ensure you have received all cartons of a shipment prior to signing for receipt from the Carrier. Cartons you have signed for as received from the carrier are not liable as shortages from Baker & Taylor.

ACORD. CERTIFICATE OF LIABILITY INSURANCE

06/30/2007

DATE (MM/DD/YYYY)

06/30/2006

PRODUCER
 LOCKTON COMPANIES
 525 W. Monroe, Suite 600
 CHICAGO IL 60651
 (312) 669-6900

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
 10-2578 Baker & Taylor, Inc.
 ***See Attachment for Additional Named Insureds
 2550 West Tyvola Road
 Suite 300
 Charlotte, NC 28217

INSURER A: Zurich American Insurance Company

INSURER B: Federal Insurance Company

INSURER C:

INSURER D:

INSURER E:

COVERAGES XZ THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER AND THE CERTIFICATE HOLDER.

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSURANCE TYPE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	GLO 9378076-02	06/30/2006	06/30/2007	EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000	
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					
	A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BAP 9378075-02	06/30/2006	06/30/2007	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX
		DAMAGE LIABILITY <input type="checkbox"/> ANY AUTO				
		NOT APPLICABLE				
		AUTO ONLY - EA ACCIDENT \$ XXXXXXXX OTHER THAN EA ACC \$ XXXXXXXX AUTO ONLY: AGG \$ XXXXXXXX				
	B	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE <input checked="" type="checkbox"/> UMBRELLA FORM RETENTION \$	79838538	06/30/2006	06/30/2007	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ XXXXXXXX \$ XXXXXXXX \$ XXXXXXXX
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						
NOT APPLICABLE						
WC STATUTORY LIMITS OTHER \$ XXXXXXXX E.L. EACH ACCIDENT \$ XXXXXXXX E.L. DISEASE - EA EMPLOYEE \$ XXXXXXXX E.L. DISEASE - POLICY LIMIT \$ XXXXXXXX						
OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

CERTIFICATE HOLDER: _____ ADDITIONAL INSURED: INSURER LETTER: _____ CANCELLATION(S) (28703)

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE *J. B. Bl*

EXHIBIT D

Certification of Nondiscrimination

As suppliers of goods or services to the City of Palo Alto, the firm and individuals listed below certify that they do not discriminate in employment of any person because of race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person; that they are in compliance with all Federal, State and local directives and executive orders regarding nondiscrimination in employment.

4. If Proposer is **INDIVIDUAL**, sign here:

Date: _____

Proposer's Signature

Proposer's typed name and title

5. If Proposer is **PARTNERSHIP** or **JOINT VENTURE**, at least (2) Partners or each of the Joint Venturers shall sign here:

Partnership or Joint Venture Name (type or print)

Date: _____

Member of the Partnership or Joint Venture signature

Date: _____

Member of the Partnership or Joint Venture signature

6. If Proposer is a **CORPORATION**, the duly authorized officer(s) shall sign as follows:

The undersigned certify that they are respectively:

Director-Pricing Services

and

Senior Pricing Analyst

Title

Title

Of the corporation named below; that they are designated to sign the Proposal Cost Form by resolution (attach a certified copy, with corporate seal, if applicable, notarized as to its authenticity or Secretary's certificate of authorization) for and on

behalf of the below named CORPORATION, and that they are authorized to execute same for and on behalf of said CORPORATION.

Please see Tab 10, Exhibit M, for Authority Designation.

Baker & Taylor, Inc.

Corporation Name (type or print)

By: Lee Ann Queen Lee Ann Queen Date: June 1, 2007

Title: Director - Pricing Services

By: Jennifer Rhyne Jennifer Rhyne Date: June 1, 2007

Title: Senior Pricing Analyst

ACCEPTANCE/AGREEMENT: City of Palo Alto (City) reserves the right to reject any and all quotations, to waive any informalities, and, unless otherwise specified by Seller, to accept any item in a quotation. By accepting or filling this Purchase Order (P.O.), Seller agrees to the terms and conditions herein which shall prevail over any inconsistent provision in any form or other paper submitted by Seller. All shipments or services performed shall be deemed to have been made pursuant hereto. No other terms are acceptable. This P.O., including all specifications and drawings, shall constitute the entire agreement between the parties unless modified in writing by City.

CITY'S PROPERTY: Seller agrees that the information, tools, jigs, dies, or materials, and drawings, patterns, and specification supplied or paid for by City shall be and remain City property and shall be held by Seller for City unless directed otherwise. Seller on all account for such items and keep them protected, insured, and in good working conditions without expense to City.

DELIVERY: The terms of delivery are as stated on the attachment hereto. The obligation of Seller to meet the delivery dates, specifications, and quantities set forth herein is of the essence of this P.O. No boxing, packing, or cartage charge will be allowed unless authorized by this P.O. Deliveries are to be made both in quantities and at times specified herein or, if not, such quantities and times are specified pursuant to City's written instruction. Items not delivered may be canceled without penalty to City. Shipments in greater or lesser quantity than ordered may be returned at Seller's expense unless written authorization is issued by City.

PRICES: The price which Seller charges in filling this P.O. shall not be higher than Seller's most recent quote or charge to City for such materials, supplies, services and/or installations unless City expressly agrees otherwise in writing. Notwithstanding the prices set forth the P.O. City shall receive the benefit of any general reduction in the price of any item(s) listed herein which may be made by Seller at any time prior to the last delivery of goods or services covered by this P.O.

TERMINATION: City shall have the right to terminate this P.O. or any part thereof upon ten (10) days notice in writing to Seller.

(1) Without Cause. City may terminate all or any part of this P.O. without cause. Any claim by Seller for damages due to termination without cause must be submitted to City within thirty (30) days after effective date of termination.

(2) For Cause. If Seller fails to make any delivery in accordance with the agreed delivery date, delivery schedule, or otherwise fails to observe or comply with any of the other instructions, terms, conditions or warranties applicable to this P.O., City may, in addition to any other right or remedy provided by this P.O. or by law, terminate all or any part of this P.O. in writing without any liability of City with respect to Seller at any time during the term of this P.O. In the event of termination for cause, City may purchase supplies or services elsewhere on such terms or in such manner as City may deem appropriate and Seller shall be liable to City for any cost and other expenses incurred by City which is charged to City.

CHANGES: City shall have the right at any time by written notice via P.O. Change Order to Seller to make changes in the specifications, the quantity of items called for, delivery schedules, and requirements covering testing, packaging, or destination. Any claim by Seller for adjustment under this clause shall be deemed waived unless made in writing within (10) days after receipt by Seller of notice of such change. Price increases or extensions of time for delivery shall not be binding on City unless evidenced by a P.O. Change Order issued by City's Purchasing Manager.

INSPECTION: City shall have the right to inspect and approve or reject any materials, supplies, services and/or installations upon arrival of notice of completion prior to payment without regard to the manner of shipment, completion, or any shipping or price terms contained in this P.O. All materials, supplies, services and/or installations must be furnished as specified.

(1) Defective, damaged, and nonconforming materials and/or supplies may be returned for credit or refund, at Seller's expense. City may charge Seller for all expenses of unpacking, examining, repacking and reshipping of such materials and/or supplies.

(2) Defective, incorrect and nonconforming services and/or installations may be returned for credit or refund, at Seller's expense. All of the above notwithstanding prior payment by City.

(3) Seller's obligations to waive defects that exist.

WARRANTY: Seller expressly warrants that all materials, supplies, services and/or installations covered by this P.O. shall:

(1) conform to the specifications, drawings, samples, or other descriptions specified by City or if none are so specified, to Seller's standard specification or the standards of the ASTM or ANSI or other national standard organizations;

(2) be new and unless specified to the contrary on the face hereof, will be free from defects in material and workmanship and will be free of all liens and encumbrances and will conform to any affirmation of facts made on the container or label;

(3) be adequately contained, packaged, marked, labeled and/or provided in compliance with all applicable federal and state laws and regulations (including materials deemed hazardous);

(4) be performed within the rules and regulations of the Occupational Safety and Health Act of 1970 (as amended);

(5) be produced or transferred or disposed of as required by federal and state laws and regulation under the conditions of the Toxic Substances Control Act; the Hazardous Materials Control and Hazardous Waste Regulations; and other toxic laws and programs.

Seller further expressly agrees to protect, indemnify, and hold harmless City, its employees and agents for any loss, damage, fine, liability, fee (including reasonable charges and fees) or expense arising in connection with or resulting from Seller's failure to furnish materials or supplies or perform services that conform with any warranty contained herein.

(6) have good marketable title.

GOVERNING LAW: This P.O. shall be governed by the laws of the State of California.

INDEPENDENT CONTRACTOR, INSURANCE: Seller certifies, by acceptance, that he/she is an independent contractor. Seller shall protect, defend, and indemnify and hold City harmless against all damages, liability, claims, losses and expenses (including attorney's fees) arising out of, or resulting in any way from Seller's negligence in providing the goods or services purchased hereunder or from any act or omission of Seller, its agents, employees, or subcontractors. Seller shall maintain such public liability insurance, including contractual liability, automobile and general public liability, (including non-owned automobile liability) Worker's Compensation, and employer's liability insurance as well adequately protect City against such damage, liabilities, claims, losses, and expenses (including attorneys' fees). Seller agrees to submit certificates of insurance, evidencing its insurance coverage when requested by City.

EQUAL OPPORTUNITY CLAUSE: By acceptance of this P.O., Seller certifies it is in compliance with the Equal Opportunity Clause required by Executive Order 11246, as amended, and the Palo Alto Municipal Code, as amended, including Affirmative Action Compliance Programs for Veterans; Handicapped; and Minority Business, and other equal opportunity programs.

FORCE MAJEURE: City may delay delivery or acceptance occasioned by causes beyond its control. Seller shall hold such material supplies, services and/or installations at the direction of City and shall deliver them when the cause affecting the delay has been removed. City shall be responsible only for Seller's direct additional costs in holding the goods or delaying performance of this P.O. and City's request. Seller shall also be excused if delivery is delayed by unforeseen events beyond its reasonable control, provided Seller notifies City as soon as they occur. City may cancel this P.O. if such delay exceeds thirty (30) days from the original delivery date. Seller shall use its best efforts to grant preference to this P.O. over those of other customers which were placed after this P.O.

AUTHORITY OF AGENT OR FACTOR: Seller represents that, whenever it executes this P.O. on behalf of a third party as an agent or factor, it shall disclose the existence of the agency or factor relationship to City. Seller shall be deemed to have the legal authority to enter into this P.O. with City on behalf of the third party.

INTERPRETATION OF CONTRACT DOCUMENTS: In the event of a conflict between the terms of this P.O. and the attached specification with respect to any obligation of Seller, the provision which impose the greater obligations upon Seller shall prevail.

CITY OF PALO ALTO CONTRACT NO. C08121819C

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND
BAKER & TAYLOR, INC.
FOR PROFESSIONAL SERVICES
PROVISION OF LIBRARY CATALOGING AND PROCESSING SERVICES

This AGREEMENT is entered into September 17, 2007, by and between the CITY OF PALO ALTO, a chartered city and a municipal corporation of the State of California ("CITY"), and Baker & Taylor Inc., a Delaware Corporation, authorized to do business in California, located at 2550 West Tyvola road, Suite 300, Charlotte, NC 28217 (PH) 800-775-7930 ("CONSULTANT").

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to procure Library Cataloging and Processing Services for its various CITY Libraries and desires to engage a consultant to provide these services for the libraries, referred to as ("Services").

B. CONSULTANT has represented that it and any subconsultants have the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Services as more fully described in Exhibit "A", Scope of Services, attached to and made a part of this Agreement.

D. CONSULTANT has agreed to perform the Services on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, of this Agreement, the parties agree:

AGREEMENT

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall provide the Cataloging and Processing Services, as listed in Exhibit B,

and perform the Services described in Exhibit "A", Scope of Services, in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be consistent with the Purchase Order Terms and Conditions listed in Exhibit E and to the reasonable satisfaction of CITY.

SECTION 2. TERM. The term of this Agreement shall be from the date of its full execution to September 30, 2008, unless terminated earlier pursuant to Section 20 of this Agreement. CITY has the option to renew for up to two additional one year periods.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for provision of the Services provided, as listed in Exhibit B, and for the performance of the Services described in Exhibit "A", including both payment for materials and services, shall not exceed thirty eight thousand Dollars (\$38,000) in the first year of this Agreement. The applicable Costs for Cataloging and Processing Services and related services are set out in Exhibit "B", entitled "COSTS," which is attached to and made a part of this Agreement.

If the CITY exercises its option to renew for additional years, the compensation to be paid CONSULTANT, shall not exceed forty thousand dollars (\$40,000.00) per year for Year 2 and/or Year 3.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit invoices to the CITY describing the materials purchased and the services performed and the applicable charges. CONSULTANT shall be paid for materials received by CITY. CITY's payment terms are net 30 days

upon receipt of goods. The information in CONSULTANT's payment requests shall be subject to verification by CITY.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All of the Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it possesses the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subconsultants have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services.

All of the services to be furnished by CONSULTANT under this agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

CONSULTANT shall report immediately to the CITY's project manager, in writing, any discrepancy or inconsistency it discovers in the laws, ordinances, regulations, orders, and/or guidelines in relation to the Project of the performance of the Services.

All documentation prepared by CONSULTANT shall provide for a completed project that conforms to all applicable codes, rules, regulations and guidelines that are in force at the time such documentation is prepared.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all errors, omissions, or

ambiguities in the work product submitted to CITY, provided CITY gives notice to CONSULTANT.

SECTION 9. INDEPENDENT CONTRACTOR. It is understood and agreed that in performing the Services under this Agreement CONSULTANT, and any person employed by or contracted with CONSULTANT to furnish labor and/or materials under this Agreement, shall act as and be an independent contractor and not an agent or employee of the CITY. The manner and means of conducting the Services are the responsibility of and under the control of CONSULTANT, except to the extent they are limited by applicable law and the express terms of this Agreement.

CONSULTANT will be responsible for employing or engaging all persons necessary to perform the Services. All contractors and employees of CONSULTANT are deemed to be under CONSULTANT'S exclusive direction and control. CONSULTANT shall be responsible for their performance.

SECTION 10. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT'S obligations hereunder without the prior written consent of the city manager. Consent to one assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the city manager will be void.

SECTION 11. SUBCONTRACTING.

CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the prior written authorization of the city manager or designee.

SECTION 12. PROJECT MANAGEMENT. CONSULTANT will assign Jennifer Rhyne, Senior Pricing Analyst, as the project director to have supervisory responsibility for the performance, progress, and execution of the Services. If circumstances or conditions subsequent to the execution of this Agreement cause the substitution of the project director or any other key personnel for any reason, the appointment of a substitute project director and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY'S project

manager. CONSULTANT, at CITY's request, shall promptly remove personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property.

The city manager will represent CITY for all purposes under this Agreement. Mary Minto is designated as the project manager for the CITY. The project manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. The CITY may designate an alternate project manager from time to time.

SECTION 13. DUTIES of CITY. To assist CONSULTANT in the performance of the Services, CITY will furnish or cause to be furnished the specified services and/or documents described in Exhibit "A" and such other available information as may be reasonably requested by CONSULTANT.

SECTION 14. OWNERSHIP OF MATERIALS. All drawings, plans, reports, specifications, calculations, documents, other materials and copyright interests developed or discovered by CONSULTANT or any other person engaged directly or indirectly by CONSULTANT to perform the services required hereunder shall be and remain the property of CITY without restriction or limitation upon their use. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization without the prior written approval of the city manager or designee.

SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT's records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts' fees,

court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

The acceptance of CONSULTANT's services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Agreement, or of the provisions of any ordinance or law, will not be deemed to be a waiver of any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, provision, ordinance or law.

SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit "C". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming the City of Palo Alto as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with Best's Key Rating Guide ratings of A-:VII or higher which are admitted to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage

and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification, CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Purchasing Manager during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. WORKERS' COMPENSATION. CONSULTANT, by executing this Agreement, certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and certifies that it will comply with such provisions, as applicable, before commencing and during the performance of the Services.

SECTION 20. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

20.1. The city manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days' prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.

20.2. CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving ten (10) days prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY.

20.3. Upon such suspension or termination, CONSULTANT shall deliver to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of CITY.

20.4. Upon such suspension or termination by CITY, CONSULTANT will be paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to CITY as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion

20.5. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement.

SECTION 21. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager.

To CONSULTANT: Attention of the project director
at the address of CONSULTANT
recited above

SECTION 22. CONFLICT OF INTEREST

22.1. In accepting this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or

otherwise, which would conflict in any manner or degree with the performance of the Services.

22.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subconsultants, contractors or persons having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

22.3. If the Project Manager determines that CONSULTANT is a "Consultant" as that term is defined by the Regulations of the Fair Political Practices Commission, CONSULTANT shall be required and agrees to file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act.

SECTION 23. NONDISCRIMINATION. As set forth in Palo Alto Municipal Code section 2.30.510, CONSULTANT agrees that in the performance of this Agreement, it shall not discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Chapter 2.28 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Chapter 2.28 pertaining to nondiscrimination in employment, including completing the form furnished by CITY and set forth in Exhibit "D".

SECTION 24. MISCELLANEOUS PROVISIONS.

24.1. This Agreement will be governed by the laws of the State of California.

24.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California or in the United States District Court for the Northern District of California in the County of Santa Clara, State of California.

24.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action.

24.4. This document represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This document may be amended only by a written instrument, which is signed by the parties.

24.5. The covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators, assignees, and CONSULTANTS, as the case may be, of the parties.

24.6. If a court of competent jurisdiction finds or rules that any provision of this Agreement or any amendment thereto is void or unenforceable, the unaffected provisions of this Agreement and any amendments thereto will remain in full force and effect.

24.7. All exhibits referred to in this Agreement and any addenda, appendices, attachments, and schedules to this Agreement which, from time to time, may be referred to in any duly executed amendment hereto are by such reference incorporated in this Agreement and will be deemed to be a part of this Agreement.

24.8. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section 24.8 shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

BAKER & TAYLOR, INC.

APPROVED AS TO FORM:

By: Jennifer Rhyne
Name: Jennifer Rhyne

Senior Asst. City Attorney

Title: Sr. Pricing Analyst
(If corporation: President or Vice-President)

APPROVED:

By: Lee Ann Queen
Name: Lee Ann Queen

Purchasing Manager

Name: Director - Pricing Services

Insurance Review

Title: Director - Pricing Services
(If corporation: Secretary or Treasurer)

Taxpayer Identification No.

56-1761729

(Compliance with Corp. Code § 313 is required if the entity on whose behalf this contract is signed is a corporation. In the alternative, a certified corporate resolution attesting to the signatory authority of the individuals signing in their respective capacities is acceptable)

Attachments:

EXHIBIT "A":	SCOPE OF WORK
EXHIBIT "B":	COST SHEETS-TERMS OF SALE
EXHIBIT "C":	INSURANCE
EXHIBIT "D":	NONDISCRIMINATION COMPLIANCE FORM
EXHIBIT "E":	TERMS AND CONDITIONS

EXHIBIT A SCOPE OF SERVICES

Baker & Taylor offers various levels of service depending upon the requirements of the Library. The following response provides both a standard service approach (BTMARC) and a customized approach (Customized Services).

Baker & Taylor's Customized Library Services (CLS) division has been providing customized cataloging and processing to libraries since 1989. Should the PACL opt for system and shelf ready material, CLS has the experience and the expertise to exceed the library's expectations.

Standard Services

Your orders are important to us, and we strive to produce accurate shipments with quality cataloging and processing services. Following is a brief description of our product receipt and order fulfillment workflow.

Inventory / Order Fulfillment

As titles are received in our service center, they are "scanned in" by barcode or UPC number. This creates a unique identifier for each title. This identifier will always be associated with the title, and helps to ensure accuracy at each point in the order fulfillment process. As a book is physically selected from our inventory shelves, the title is scanned and compared against the barcode number associated with your ordered title.

Multiple Checkpoints

Your title order is checked and re-checked for accuracy as it flows through our various departments. As titles are selected for your order, they are checked against your original order. As these same titles move through our sortation process, they are again checked against the original order.

Processing Services

Any orders requiring processing services are circulated through our Processing Department. Here, the order is checked against processing specification sheets. These sheets detail the cataloging /processing requested for the titles ordered on an account, as well as any special instructions associated with the order. Processing sheets are developed only after the appropriate Library contact has reviewed and approved the specification for the account.

Packing / Shipping

After titles have been properly processed to specifications, they move forward to be packaged. Items are boxed in new cartons, to protect against any damage during shipment.

The destination address of the boxed order is now verified against our shipping label. Our enhanced shipping label includes the pack date, freight carrier, account number, B&T picklist number, carton number and individual carton weight. Each carton in a shipment is numbered, and the final carton also indicates total carton count (e.g. 1,2,3, and 4 of 4).

Customized Library Services

Our Project Team

Baker & Taylor will work with the PACL library and its staff to develop and determine the required service specifications at no additional cost. Our project management approach is described below.

Baker & Taylor's Customized Library Services utilizes a team approach to working with libraries to help manage projects in the areas of Collection Development, Ongoing Cataloging and Processing, and Opening Day Collections. The core of this team approach is our project management philosophy. Our project managers and support staff will work with the library to insure that all requirements are

documented and understood, necessary resources are available, and that a proper framework for communication is in place.

All CLS project teams consist of the library staff, and a minimum of a project manager, an automation specialist/cataloging/processing manager, and an account coordinator. Collection development managers are included on an as needed basis. Team members are responsible for managing their assigned resources to complete the project. In turn, each team member works closely with the project manager to ensure compliance to all requirements.

As a current customer, PACL has an established CLS Project Team as outlined below. Upon award, CLS will work with the library to review your account structure, cataloging profiles, and processing profiles. Based on this review, we will make any updates necessary. Your project manager will work with you, your Sales Consultant, and the CLS Regional sales manager, to determine what steps the CLS project team needs to take.

Pat Bishop	Asst. CLS Project Manager
Scott Crawford	CLS Director of Sales
Anthony Halstead	Sales Consultant
Penny Ginn	Cataloging Manager

Our Service

Customized Library Services' custom cataloging is BAKER & TAYLOR'S premier service. CLS has performed on-line cataloging, editing and maintenance for Libraries since 1989. Our preferred method is to access the Library's ILS using the Z39.50 protocol. Customized Library Services has partnered with The Library Corporation (TLC) to create a state of the art cataloging methodology that leverages Z39.50 protocol for accessing the library's database and a resource pool of records from the Library of Congress and any Baker & Taylor created records. This technology allows our CLS catalogers to have access to the most current version of the library's cataloging records without the overhead of being directly online. Records obtained from the Library's database are saved to a library specific work file located in our secure cataloging utility. The records in the work file are used in the creation of spine labels and as a vehicle for providing item-linking information.

CLS has created a unique workflow in support of the customized services we provide for our customers. This workflow follows a very specific sequence: the front audit area, the cataloging department, the processing department, and the back audit area. The CLS department has over 200 trained professionals staffed to handle the library's customized requirements. These staff members are dedicated to meeting the library's requirements and exceeding your expectations. Our commitment to excellence and doing the job right the first time is unmatched in our industry.

Front Audit

Once materials reach the CLS department, the front audit team reviews the processing instructions gathered at the site visit for the library's accounts. These instructions include the location of the processing components and the rules governing acceptable material and formats. The front auditors check all materials for publisher defects or damaged books. This is the first step in our quality process. The front auditors apply customer-supplied barcodes and any labels required under the book jacket.

Cataloging

The next step in the CLS process is the cataloging department. In the cataloging department, the cataloger reviews the cataloging instructions gathered at the site visit. The cataloger uses the CLS cataloging utility to search the library's database as described in the CLS methodology,

and performs the required level of cataloging service. When the order is completed, the CLS cataloger prints the spine and bibliographic label. The cataloger's work is reviewed by the Senior Cataloger to ensure that all library specifications are followed.

Major Features of the CLS Preferred Cataloging Methodology (Z39.50):

Only authorized CLS catalogers have access to the library's database and work file. The cataloger will process material first by searching for a matching record in the library's database and work file simultaneously.

A successful search occurs when our cataloger matches the data elements found in the appropriate record tags with product in hand. CLS considers the title, author, imprint/publisher, edition and date of publication when matching a record to product in hand. During the CLS site visit, the project team will document the appropriate attributes for matching records. When a matching record is found, the appropriate item tag is keyed and the record is saved to the library's work file.

If a record is not found in the library's database or work file, the CLS Bibliographic Database is searched, followed by LC MARC and the resource databases of TLC. The CLS Bibliographic Database contains all CIP records upgraded to full MARC standards by CLS catalogers, as well as new records created by CLS original catalogers.

If the record is not found in the above resources, the Library may also choose to have CLS search OCLC on their behalf for records not found in the library's catalog. Once a record is located in OCLC it is saved to the Library's work file and the record is updated to the Library's specifications. The option of utilizing OCLC will also help to minimize the Library's need for original cataloging. Please note that the process of using OCLC is available upon CLS' receipt of a signed third party agreement which grants permission to our catalogers to access OCLC on the library's behalf. There are no additional charges from CLS for this service. However, it should be noted that all corresponding OCLC charges will be the responsibility of the Library. On a weekly basis, an electronic file is sent to OCLC to update the library's holdings for all contributed records.

When a full matching record is found in one of the resource databases, it is upgraded to meet the library's specifications and the appropriate item tag is keyed. The record is then saved to the library's work file.

If the matching record found is not a full level record, the record is upgraded to meet LC standards and is saved to the CLS Bibliographic Database. The record is then further edited to meet the library's specifications and the appropriate item record is keyed. The record is then saved to the library's work file. The exception to a full level record would be that some AV pre-pub records are not upgraded to full MARC standards. However, these records are upgradeable to the Library's local standards. If a matching record cannot be found in the multi-database search string, the product in hand is forwarded to an original cataloger in the CLS department. Our original catalogers will create a record according to AACR2 rules. LC authority files are used to validate author and subject headings. Once the record is created, it is saved into the CLS Bibliographic Review File. Once the record has been reviewed and approved, it is saved in the CLS Bibliographic Database. The product is returned to the cataloger and the process continues. Once in the library's work file, the record will be edited to meet the library's specification and appropriate item tag is keyed. The sample records enclosed Tab 10, Exhibit K represent the minimum level of cataloging for AV materials.

Every title sent to the library will have a full MARC record with the appropriate item tag. The records will either be new additions to the library's catalog, edited and modified to the library's standards, or existing records from the library's catalog.

When the cataloger has completed the order, spine and bibliographic labels as required by the library are printed. Call number and bibliographic information is extracted directly from the MARC record to ensure accuracy. After the labels are printed, a file of MARC records corresponding to the titles in the order is created. Released records are flagged so they cannot be selected again.

The file of records will be put on the B&T FTP server for the library to retrieve and load. The records are maintained on the Library's work file for historical reference.

Processing

The processing department completes the physical processing of each item. The processors review the processing instructions gathered at the site visit. Following these instructions, the processor attaches the spine label and any special labels required by the library. After the application of all physical components, the library's materials move to the jacket selection area. Experienced technicians size the books so the appropriate Mylar jacket can be applied to the dust cover of the book. After the material is fully processed, it is ready for the final and most important stage in our CLS process, back audit.

Back Audit

The back audit team is the final step in ensuring the material we ship to the library is of the highest quality and is in compliance with the library's profiled specifications. The CLS back auditors inspect each order by cross referencing the completed processing and the processing instructions gathered at the site visit. Once the library's material passes this stage, the order is ready to be staged for delivery to the library.

Baker & Taylor, Inc.'s
 Terms and Conditions of Sale
 Cataloging/Processing Services – Standard B&T MARC Services
 Palo Alto City Library

Book / Spoken Word Audio Cassette Material

Baker & Taylor's standard B&T MARC services (non-shelf ready) will provide a catalog record and printed spine label for any book title cataloged through Library of Congress or with an existing Baker & Taylor cataloging record. Cataloging data and printed spine labels are available for any spoken word audio cassette title annotated and advertised in our Forecast publication.

Cataloging and processing services are not available for spoken word audio CD material at this time.

Following are prices for selected components; we will be pleased to provide pricing information on additional components upon request

Spine Label	\$.10/label
MARC on diskette.	\$.25/record
MARC downloaded from website	FREE OF CHARGE
Library Supplied Barcode Label	\$.10/label
Library Supplied Stamp	\$.10/stamp
Library Supplied Label	\$.10/label
Taped Mylar Jacket	\$.59/unit

DVD/Music CD Products

Baker & Taylor is pleased to offer B&T MARC AV cataloging and processing service for your consideration. This service provides 100% cataloging of new, annotated, advertised, and recommended DVD and CD music titles listed in our monthly publication, The ALERT. Each monthly issue lists from 250 to 400 new release and sell-through titles for which cataloging is available on "street date". The Baker & Taylor original cataloging is a pre-publication level MARC record that complies with AACRII and all national standards.

Please see the enclosed BTMARC AV price list (following page) for details on available components and services.

The prices on the following page reflect the use of standard cases. Please see below for prices for CheckPoint locking cases:

Single DVD #7593314 100/Case -	\$ 1.25
Double DVD #7117746 100Case -	\$ 1.79
Single CD #7286944 100/Case -	\$ 1.25
Double CD #7295129 100/Case	\$ 1.79

Also, affixing the donut barcode label (library supplied) is available for an additional \$.20 / unit.

Baker & Taylor, Inc.'s
Terms and Conditions of Sale
Cataloging/Processing Services – Customized Library Services
Palo Alto City Library

Exhibit B

The Library may opt to take advantage of the services offered by our Customized Library Services division (CLS). Please see the following pages for a description of the CLS process and pricing information for service packages.

PRINT MATERIAL PRICING PROPOSAL

Based on the information contained in RFP Number 121819, we are pleased to propose the following pricing for **print and spoken word material**. BAKER & TAYLOR/CLS reserves the right to adjust pricing if the Library's requirements change at any time throughout the project. Should the library require additional services in collection development, cataloging, processing, reporting, storage, or shipment, BAKER & TAYLOR/CLS may adjust pricing accordingly. If the library system cannot be accessed via our Z39.50 methodology, then CLS may discuss alternative methodologies for system and shelf ready material. It should be noted that the cost for an alternative methodology other than what is outlined within this proposal, would be different than the pricing quoted below. All items will be supplied by CLS unless otherwise noted:

ONGOING COLLECTION SERVICES.....\$3.90/UNIT

INCLUDES:

1. ADAPTIVE AND COPY CATALOGING WITH CIP UPGRADES WHERE NEEDED, UTILIZING Z39.50 PROTOCOL
2. ITEM LINKING
3. PROJECT MANAGEMENT SUPPORT
4. BARCODE (LIBRARY SUPPLIED)
5. LIBRARY STAMP
6. MYLAR JACKET
7. SPINE LABEL
8. "NEW" LABELS
9. BOOKPLATES WHEN REQUESTED

ADDITIONAL SERVICES AT THE LIBRARY'S REQUEST:

SPOKEN WORD CATALOGING AND PROCESSING (ADDITIONAL)\$2.25/UNIT
 VINABIND (ADDITIONAL)\$4.75/UNIT
 KAPCO (ADDITIONAL).....\$1.99/UNIT
 ORIGINAL CATALOGING\$10.00/TITLE

- ◆ BAKER & TAYLOR'S PAYMENT TERMS ARE NET 30 DAYS FROM THE DATE OF INVOICE. OWNERSHIP TRANSFER AND INVOICING WILL OCCUR ON THE DATE CATALOGING AND PROCESSING IS COMPLETED AND THE MATERIALS ARE EITHER SHIPPED, OR PLACED IN STORAGE AT A BAKER & TAYLOR FACILITY. IF STORAGE IS REQUIRED, BAKER & TAYLOR WILL STORE THE MATERIALS IN A FULLY INSURED AND CLIMATE CONTROLLED FACILITY UNTIL THE DESIRED SHIPMENT DATES. INVOICES ARE MAILED TO THE LIBRARY AT THE TIME INVOICING OCCURS.
- ◆ FOR THOSE RECORDS WHERE CATALOGING IS NOT AVAILABLE IN THE LIBRARY'S DATABASE OR B&T'S CATALOGING UTILITY, CLS WILL PROVIDE AN ORIGINAL CATALOGING RECORD FOR \$10.00/TITLE. TITLES REQUIRING ORIGINAL CATALOGING WILL BE PRICED SEPARATELY AT \$10.00/TITLE FOR THE FIRST COPY OF EVERY TITLE ORDERED. IF MULTIPLE COPIES OF A TITLE ARE ORDERED, THE \$10.00 CHARGE WILL ONLY APPLY ONCE, HOWEVER, THE COMPREHENSIVE CATALOGING AND PROCESSING CHARGE WILL APPLY TO EACH UNIT INCLUDING THE INITIAL UNIT THAT RECEIVES THE \$10.00 CHARGE.

A/V MATERIAL PRICING PROPOSAL

Based on the information provided, we are pleased to propose the following pricing for Audio Visual Material. *Please note:* Pricing is subject to change based on specifications or case changes. If the library requires alternate processing or cataloging requirements, it is at the discretion of CLS to adjust pricing accordingly.

A/V CATALOGING AND PROCESSING

DVD.....\$5.50/UNIT*

INCLUDES:

1. ADAPTIVE AND COPY CATALOGING UTILIZING Z39.50 PROTOCOL
2. ITEM LINKING
3. PROJECT MANAGEMENT SUPPORT
4. REPACKAGE ALL MATERIALS INTO (ZENITH PAK CLEAR VU)
5. BARCODE (LIBRARY SUPPLIED)
6. PROPERTY LABEL
7. SPINE LABELS
8. BARCODES
9. DONUT EYE-READABLE BARCODE
10. BOOKPLATE WHEN REQUESTED

CASES LISTED ARE CURRENTLY PROVIDED TO THE LIBRARY. CHECKPOINT LOCKING DVD CASES AS NOTED IN THE BID WILL BE AN ADDITIONAL \$1.30/UNIT (\$6.80/UNIT TOTAL)

A/V PROCESSING ONLY (SERVICE B&T IS CURRENTLY PROVIDING)

DVD.....\$2.85/UNIT*

INCLUDES:

1. PROJECT MANAGEMENT SUPPORT
2. REPACKAGE IN LIBRARY SPECIFIED CASES (ZENITH PAK CLEAR VU)
3. BAR CODE LABEL – LIBRARY SUPPLIED
4. PROPERTY LABEL – LIBRARY SUPPLIED
5. HUB LABEL PRINTED WITH BARCODE
6. "DO NOT CHECK IN..." LABEL ON MULTI-UNIT SETS

CASES LISTED ARE CURRENTLY PROVIDED TO THE LIBRARY. CHECKPOINT LOCKING DVD CASES AS NOTED IN THE BID WILL BE AN ADDITIONAL \$1.30/UNIT (\$4.15/UNIT TOTAL)

MUSIC CD..... \$5.50/UNIT*

INCLUDES:

1. ADAPTIVE AND COPY CATALOGING UTILIZING Z39.50 PROTOCOL
2. ITEM LINKING
3. PROJECT MANAGEMENT SUPPORT
4. REPACKAGE MATERIALS INTO STANDARD CASES
5. BARCODE (LIBRARY SUPPLIED)
6. PROPERTY LABEL
7. SPINE LABELS
8. BARCODES
9. DONUT EYE-READABLE BARCODE

MUSIC CD \$2.85/UNIT*

INCLUDES:

1. PROJECT MANAGEMENT SUPPORT
2. REPACKAGE INTO STANDARD CASES
3. BAR CODE LABEL (LIBRARY SUPPLIED)
4. PROPERTY LABEL – LIBRARY SUPPLIED
5. HUB LABEL PRINTED WITH BARCODE
6. “DO NOT CHECK IN...” LABEL ON MULTI-UNIT SETS

* TITLES REQUIRING ORIGINAL CATALOGING WILL BE PRICED SEPARATELY AT \$10.00/TITLE. THE COMPREHENSIVE CATALOGING AND PROCESSING CHARGE WILL APPLY TO EACH UNIT, INCLUDING THE INITIAL UNIT THAT RECEIVES THE \$10.00 CHARGE.

* AV CATALOGING AND PROCESSING PRICES FOR CDS AND DVDS ARE FOR BOTH SINGLE AND MULTIPLE DISC FORMAT.

BAKER & TAYLOR'S PAYMENT TERMS ARE NET 30 DAYS FROM THE DATE OF INVOICE. OWNERSHIP TRANSFER AND INVOICING WILL OCCUR ON THE DATE CATALOGING AND PROCESSING IS COMPLETED AND THE MATERIALS ARE EITHER SHIPPED, OR PLACED IN STORAGE AT A BAKER & TAYLOR FACILITY. INVOICES ARE MAILED TO THE LIBRARY AT THE TIME INVOICING OCCURS.

B&T MARC™

Control No.	001	16290202542
Date	005	200210251011210
Phys Description	007	50-8400000000
Fixed Data	008	0210251025107,001001
LCIN	010	546250220262
Std Res No.	020	1 546-646-07821
Publisher No.	028	02 SAC 507 8 84 Columbia Legacy
Cat Source	040	546B&T 65B&T
LC Call No.	060	1 546118644 46 10447 2002
Dewey Class	082	04 54701 65/5 8221
ANSCR Call No.	088	1 5461 65/HASC.54605 546 78
MF Desc Name	100	1 5460000 8 H.4.2. 11070

MUSIC • DVD

Baker & Taylor offers libraries a variety of standard cataloging & processing options. Enjoy the economies of Baker & Taylor's technical processing.

CATALOGING

UNIT PRICE

Baker & Taylor offers standard MARC records that meet national standards for Music CD and DVD products. Each record contains a Dewey and Library of Congress call number and Library of Congress subject headings. In addition, Music CD records include the ANSCR classification. All cataloging records conform to AACRII rules.

- | | |
|--|--------|
| 1. Standard edited record according to your B&T MARC AV Standard Profile
Via web download or floppy disk. | \$1.50 |
| 2. Unedited record only via web download or floppy disc | \$.75 |

PROCESSING

- | | |
|--|--------|
| 1. Remove shrink-wrap and security seals | \$.55 |
| 2. Remove shrink-wrap and repackage in standard plastic case | \$1.00 |
- We will be happy to customize your processing to include those components which meet your specifications – add only the options you need.

COMPONENT PROCESSING OPTIONS - CHOOSE ALL THAT APPLY

OPTION SELECTED	UNIT PRICE	OPTION SELECTED	UNIT PRICE
1. Bar Code Label	\$.25	9. Theft Detection Device: <i>(choose one)</i>	
2. Custom Label	\$.25	3M:	
3. Date Due Slip	\$.25	DCD - 2 <i>(for DVD, single-sided only)</i>	\$1.50
4. Label Protectors	\$.25	DCD - 2 <i>(for Music CDs)</i>	\$1.50
5. Ownership Label	\$.25	Checkpoint:	
6. Pocket	\$.35	Plain Label	\$.59
7. Spine Label	\$.25	Date Due Label	\$.59
8. Customer Supplied Stamping or Labeling <i>(per location)</i>	\$.15	Simulated Bar Code Label	\$.59
		10. Customer Supplied Unprogrammed RFID	\$.25

ADDITIONAL REQUIREMENTS

Do you have special needs or requirements that are not listed, such as hub labels, branch property labels or any other type of specialized cataloging or processing? We offer variations and pricing options to meet your library's specific needs. For more information contact your local Sales Consultant or call 1-800-775-2600, ext. 2666.

Baker & Taylor
Institutional MV Order Dept.
1000 Commerce Dr., Suite 400 • Pittsburgh, PA 15275
Fax: 888.285.8922



BAKER & TAYLOR
Information and Entertainment Services

ACORD - CERTIFICATE OF LIABILITY INSURANCE

06/30/2007

DATE (MM/DD/YY)
06/30/2006

PRODUCER

LOCKTON COMPANIES
525 W. Monroe, Suite 600
CHICAGO IL 60661
(312) 669-6900

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
048578 Baker & Taylor, Inc.
***See Attachment for Additional Named Insureds
2550 West Tyvola Road
Suite 300
Charlotte, NC 28217

INSURER A: Zurich American Insurance Company
INSURER B: Federal Insurance Company
INSURER C:
INSURER D:
INSURER E:

COVERAGES XZ THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER AND THE CERTIFICATE HOLDER.

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

SR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
1	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	GLO 9378076-02	06/30/2006	06/30/2007	EACH OCCURRENCE	\$ 1,000,000
					FIRE DAMAGE (Any one fire)	\$ 300,000
					MED EXP (Any one person)	\$ 10,000
					PERSONAL & ADV INJURY	\$ 1,000,000
					GENERAL AGGREGATE	\$ 2,000,000
					PRODUCTS - COMP/OP AGG	\$ 1,000,000
					GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	
2	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BAP 9378075-02	06/30/2006	06/30/2007	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
					BODILY INJURY (Per person)	\$ XXXXXXXX
					BODILY INJURY (Per accident)	\$ XXXXXXXX
					PROPERTY DAMAGE (Per accident)	\$ XXXXXXXX
3	TRUCK LIABILITY <input type="checkbox"/> ANY AUTO	NOT APPLICABLE			AUTO ONLY - EA ACCIDENT	\$ XXXXXXXX
					OTHER THAN AUTO ONLY: EA ACC	\$ XXXXXXXX
					AGG	\$ XXXXXXXX
4	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> RETENTION \$	79838538	06/30/2006	06/30/2007	EACH OCCURRENCE	\$ 5,000,000
					AGGREGATE	\$ 5,000,000
						\$ XXXXXXXX
						\$ XXXXXXXX
5	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	NOT APPLICABLE			WC STATUTORY LIMITS	OTHER
					E.L. EACH ACCIDENT	\$ XXXXXXXX
					E.L. DISEASE - EA EMPLOYEE	\$ XXXXXXXX
					E.L. DISEASE - POLICY LIMIT	\$ XXXXXXXX
6	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

CERTIFICATE HOLDER

ADDITIONAL INSURED; INSURER LETTER:

CANCELLATION(M28703)

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

J. B. Bl

EXHIBIT D

Certification of Nondiscrimination

As suppliers of goods or services to the City of Palo Alto, the firm and individuals listed below certify that they do not discriminate in employment of any person because of race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person; that they are in compliance with all Federal, State and local directives and executive orders regarding nondiscrimination in employment.

4. If Proposer is **INDIVIDUAL**, sign here:

Date: _____

Proposer's Signature

Proposer's typed name and title

5. If Proposer is **PARTNERSHIP** or **JOINT VENTURE**, at least (2) Partners or each of the Joint Venturers shall sign here:

Partnership or Joint Venture Name (type or print)

Date: _____

Member of the Partnership or Joint Venture signature

Date: _____

Member of the Partnership or Joint Venture signature

6. If Proposer is a **CORPORATION**, the duly authorized officer(s) shall sign as follows:

The undersigned certify that they are respectively:

Director-Pricing Services _____

and

Senior Pricing Analyst _____

Title

Title

Of the corporation named below; that they are designated to sign the Proposal Cost Form by resolution (attach a certified copy, with corporate seal, if applicable, notarized as to its authenticity or Secretary's certificate of authorization) for and on

behalf of the below named CORPORATION, and that they are authorized to execute same for and on behalf of said CORPORATION.

Please see Tab 10, Exhibit M, for Authority Designation.

Baker & Taylor, Inc.

Corporation Name (type or print)

By: Lee Ann Queen Lee Ann Queen Date: June 1, 2007

Title: Director - Pricing Services

By: Jennifer Rhyne Jennifer Rhyne Date: June 1, 2007

Title: Senior Pricing Analyst

ACCEPTANCE/AGREEMENT: City of Palo Alto (City) reserves the right to reject any and all quotations, to waive any informalities, and, unless otherwise specified by Seller, to accept any item in a quotation. By accepting or filing this Purchase Order (P.O.), Seller agrees to the terms and conditions herein which shall prevail over any inconsistent provision in any form or other paper submitted by Seller. All shipments or services performed shall be deemed to have been made pursuant hereto. No other terms are acceptable. This P.O., including all specifications and drawings, shall constitute the entire agreement between the parties unless modified in writing by City.

CITY'S PROPERTY: Seller agrees that the information, tools, jigs, dies, or materials, and drawings, patterns, and specification supplied or paid for by City shall be and remain City property and shall be held by Seller for City unless directed otherwise. Seller shall account for such items and keep them protected, insured, and in good working conditions without expense to City.

DELIVERY: The terms of delivery are as stated on the attachment hereof. The obligation of Seller to meet the delivery dates, specifications, and quantities set forth herein is of the essence of this P.O. No boxing, packing, or cartage charge will be allowed unless authorized by this P.O. Deliveries are to be made both in quantities and at times specified herein or, if not, such quantities and times are specified pursuant to City's written instruction. Items not delivered may be canceled without penalty to City. Shipments in greater or lesser quantity than ordered may be returned at Seller's expense unless written authorization is issued by City.

PRICES: The price which Seller charges in filling this P.O. shall not be higher than Seller's most recent quote or charge to City for such materials, supplies, services and/or installations unless City expressly agrees otherwise in writing. Notwithstanding the prices set forth the P.O. City shall receive the benefit of any general reduction in the price of any item(s) listed herein which may be made by Seller at any time prior to the last delivery of goods or services covered by this P.O.

TERMINATION: City shall have the right to terminate this P.O. or any part thereof upon ten (10) days notice in writing to Seller.

(1) Without Cause. City may terminate all or any part of this P.O. without cause. Any claim by Seller for damages due to termination without cause must be submitted to City within thirty (30) days after effective date of termination.

(2) For Cause. If Seller fails to make any delivery in accordance with the agreed delivery date, delivery schedule, or otherwise fails to observe or comply with any of the other instructions, terms, conditions or warranties applicable to this P.O., City may, in addition to any other right or remedy provided by this P.O. or by law, terminate all or any part of this P.O. in writing without any liability of City with respect to Seller at any time during the term of this P.O. In the event of termination for cause, City may purchase supplies or services elsewhere on such terms or in such manner as City may deem appropriate and Seller shall be liable to City for any cost and other expenses incurred by City which is charged to City.

CHANGES: City shall have the right at any time by written notice via P.O. Change Order to Seller to make changes in the specifications, the quantity of items called for, delivery schedules, and requirements covering testing, packaging, or destination. Any claim by Seller for adjustment under this clause shall be deemed waived unless made in writing within (10) days after receipt by Seller of notice of such change. Price increases or extensions of time for delivery shall not be binding on City unless evidenced by a P.O. Change Order issued by City's Purchasing Manager.

INSPECTION: City shall have the right to inspect and approve or reject any materials, supplies, services and/or installations upon arrival of notice of completion prior to payment without regard to the manner of shipment, completion, or any shipping or price terms contained in this P.O. All materials, supplies, services and/or installations must be furnished as specified.

(1) Defective, damaged, and nonconforming materials and/or supplies may be returned for credit or refund, at Seller's expense. City may charge Seller for all expenses of unpacking, examining; repacking and reshipping of such materials and/or supplies.

(2) Defective, incorrect and nonconforming services and/or installations may be returned for credit or refund, at Seller's expense. All of the above notwithstanding prior payment by City.

(3) Seller's obligations to waive defects that exist.

WARRANTY: Seller expressly warrants that all materials, supplies, services and/or installations covered by this P.O. shall:

(1) conform to the specifications, drawings, samples, or other descriptions specified by City or if none are so specified, to Seller's standard specification or the standards of the ASTM or ANSI or other national standard organizations;

(2) be new and unless specified to the contrary on the face hereof, will be free from defects in material and workmanship and will be free of all liens and encumbrances and will conform to any affirmation of facts made on the container or label;

(3) be adequately contained, packaged, marked, labeled and/or provided in compliance with all applicable federal and state laws and regulations (including materials deemed hazardous);

(4) be performed within the rules and regulations of the Occupational Safety and Health Act of 1970 (as amended);

(5) be produced or transferred or disposed of as required by federal and state laws and regulation under the conditions of the Toxic Substances Control Act; the Hazardous Materials Control and Hazardous Waste Regulations; and other toxic laws and programs.

Seller further expressly agrees to protect, indemnify, and hold harmless City, its employees and agents for any loss, damage, fine, liability, fee (including reasonable charges and fees) or expense arising in connection with or resulting from Seller's failure to furnish materials or supplies or perform services that conform with any warranty contained herein.

(6) have good marketable title.

GOVERNING LAW: This P.O. shall be governed by the laws of the State of California.

INDEPENDENT CONTRACTOR, INSURANCE: Seller certifies, by acceptance, that he/she is an independent contractor. Seller shall protect, defend, and indemnify and hold City harmless against all damages, liability, claims, losses and expenses (including attorney's fees) arising out of, or resulting in any way from Seller's negligence in providing the goods or services purchased hereunder or from any act or omission of Seller, its agents, employees, or subcontractors. Seller shall maintain such public liability insurance, including contractual liability, automobile and general public liability, (including non-owned automobile liability) Worker's Compensation, and employer's liability insurance as well adequately protect City against such damage, liabilities, claims, losses, and expenses (including attorneys' fees). Seller agrees to submit certificates of insurance, evidencing its insurance coverage when requested by City.

EQUAL OPPORTUNITY CLAUSE: By acceptance of this P.O., Seller certifies it is in compliance with the Equal Opportunity Clause required by Executive Order 11246, as amended, and the Palo Alto Municipal Code, as amended, including Affirmative Action Compliance Programs for Veterans; Handicapped; and Minority Business, and other equal opportunity programs.

FORCE MAJEURE: City may delay delivery or acceptance occasioned by causes beyond its control. Seller shall hold such material supplies, services and/or installations at the direction of City and shall deliver them when the cause affecting the delay has been removed. City shall be responsible only for Seller's direct additional costs in holding the goods or delaying performance of this P.O. and City's request. Seller shall also be excused if delivery is delayed by unforeseen events beyond its reasonable control, provided Seller notifies City as soon as they occur. City may cancel this P.O. if such delay exceeds thirty (30) days from the original delivery date. Seller shall use its best efforts to grant preference to this P.O. over those of other customers which were placed after this P.O.

AUTHORITY OF AGENT OR FACTOR: Seller represents that, whenever it executes this P.O. on behalf of a third party as an agent or factor, it shall disclose the existence of the agency or factor relationship to City. Seller shall be deemed to have the legal authority to enter into this P.O. with City on behalf of the third party.

INTERPRETATION OF CONTRACT DOCUMENTS: In the event of a conflict between the terms of this P.O. and the attached specification with respect to any obligation of Seller, the provision which impose the greater obligations upon Seller shall prevail.