



**PHH**

## **Request for Proposal # FLT13997**

PREPARED FOR

**State of West Virginia**

**Technical Proposal**

**May 15, 2013**

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West Virginia Purchasing Division

**PHH**

The art and science of fleet management<sup>SM</sup>

**PHH Arval**

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**PHH**

May 13, 2013

Krista S. Ferrell  
Buyer Supervisor  
State of West Virginia  
Department of Administration, Purchasing Division  
2019 Washington Street East  
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RE: FLT 13997 Maintenance & Repair Management

Dear Krista,

PHH is pleased to provide our response to the State of West Virginia Maintenance and Repair RFQ. Our response is designed to provide the State's agency supervisors and drivers with maintenance and repair programs that are easy to utilize and provide the cost control and savings a fleet of this size demands.

In addition, all governmental fleets are concerned about their agencies' satisfaction with the services they provide. PHH conducts annual surveys with its governmental entities, and our latest survey showed that PHH's customer's satisfaction with our maintenance program was 95%.

We believe that this type of result and competitive pricing are the hallmarks upon which to build a strong relationship with our customers, whether governmental or commercial. PHH looks forward to working with the State of West Virginia to build such a relationship with your fleet staff, agencies, and drivers.



Philip H. Fitzgerald  
PHH National Director Government Sales



**PHH**



# **Request for Proposal for State of West Virginia Technical Proposal**

**Presented by PHH Arval**

**May 15, 2013**



**PHH**

## **PHH Technical Proposal for the State of West Virginia**

This document includes PHH Arval's response to the State of West Virginia Request for Quotation FLT 13997 Vehicle Maintenance Services, Section 4: Mandatory Requirements.

For each section in Section 4.1, we have indicated our ability to meet the State's Mandatory Contract Services Requirements and Deliverables.

In addition, we have provided highlights of our maintenance services and the value we will create for the State in managing costs and supporting fleet efficiency and driver productivity.

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### **Section 4.1.1: Maintenance and Repair Services Program General Requirements**

PHH can meet or exceed all general requirements listed in this section.

#### **Program highlights**

PHH's flexible card-based maintenance management program gives your drivers easy access to PHH diagnostic experts, customized reports and a network of over 428 quality-assured service centers in West Virginia working together to keep your vehicles roadworthy, while avoiding unnecessary or overpriced maintenance or repairs.

PHH can provide a coupon program; however, PHH does not recommend the use of coupon books for purchasing maintenance services. It has been PHH's experience that coupon books result in unnecessary repairs and increased maintenance costs. PHH recommends that drivers follow manufacturer-recommended service intervals and call a PHH ASE-certified Service Technician to authorize all repairs exceeding the card limit.

This process ensures that only the necessary repairs are performed, this service is included in or Maintenance Program for the State, and warranty recovery opportunities are taken advantage of fully. In addition, PHH ensures that other maintenance and warranty items are repaired at the same time, maximizing the driver's productivity.

In our experience with government clients, we know all governmental fleets are concerned about their agencies' satisfaction with the services they provide. PHH conducts annual surveys with our governmental entities, and our latest survey showed that PHH's customer's satisfaction with our maintenance program was 95%.

Key components of our Vehicle Maintenance Assistance program for the State of West Virginia include:

- **Dedicated ASE-certified/licensed Case Manager, Jason Roberts:** provides overall maintenance policy consultation and management, and cost management recommendations.
- **ASE-certified/licensed technicians:** help diagnose problems and negotiate repair work at an extensive network of quality-rated service and repair facilities, and authorize all transactions according to your policy. PHH currently has over 428 maintenance providers in West Virginia and approximately 6,900 in the states contiguous to West Virginia.
- **Cost control and policy enforcement:** repairs exceeding your pre-established maintenance guidelines will be reviewed with your fleet manager to determine the appropriate course of action. PHH recommends a guide of \$1,500 for review by PHH and over \$250 for your drivers. PHH has found these guidelines to work well with large state fleets, such as Maryland.

- Emergency roadside assistance any hour of any day (24/7/365).
- Audited, centralized billing: saves administrative time and costs and minimizes drivers' out-of-pocket expenses
- PHH InterActive: complete, real-time reporting and maintenance information enables you to effectively manage and monitor your maintenance costs. Fleet Notifications on your PHH InterActive home page enable you to view specific maintenance transaction and event data.
- Warranty and post-warranty recovery and manufacturer recall management, including notification, tracking and monitoring
- Online Supplier Locator and maintenance assistance for drivers through [www.phharval.com](http://www.phharval.com)

PHH's Vehicle Maintenance Assistance (VMA) flexible card-based maintenance management program gives your drivers easy access to PHH diagnostic experts, customized reports and a network of quality-assured service centers working together to keep your vehicles roadworthy, while avoiding unnecessary or overpriced maintenance or repairs.

To establish the guidelines and parameters for PHH and your drivers, an ASE-certified Case Manager **Jason Roberts** will be assigned to the State of West Virginia. During implementation, your Case Manager will work with the State's team to integrate your policy into PHH's systems. During this process, you can identify the level of control you wish to have over individual repairs, tires, and other approval thresholds. Policy can be customized down to the unit level if necessary. In addition, your Case Manager will work with your individual agencies to establish PM schedules that meet their individual requirements.

PHH can assist in communicating your policies to drivers through Maintenance Kits and other communications that may be appropriate in your environment. In addition, PHH's Service Technicians capture the odometer reading of each vehicle at the time of service.

When authorizing repairs, PHH's maintenance technicians can view your policy while they are on the phone with your drivers and service suppliers. This access to your policy ensures that the recommendations and approvals our technicians provide are consistent with and fully support your policy. PHH's objective is to provide the greatest flexibility within the administrative framework that best suits your fleet organization.

### **Cost Control Processes**

PHH has several processes and controls in place to ensure that only required maintenance is performed, thereby controlling costs and providing information for savings metrics and reporting.

- Mitchell Audit Software, Chilton and Motors manuals and OEM websites and publications provide average labor times, part requirements and part prices for comparison.
- The repair history is reviewed by an automated process during each supplier authorization request. This repair history documents all maintenance transactions performed under the PHH Vehicle Maintenance Assistance program for each vehicle.
- The authorization process compares the vehicle repair history to real-time supplier requests, avoiding duplication and warranty or resubmission under warranty.
- Another process compares the supplier request to the recommended maintenance schedule. Deviations from the client-specified maintenance schedule will systematically "flag" the individual authorization request for further review by PHH's ASE-certified Service Technicians.
- During each supplier authorization request for repair, PHH's Service Technician confirms several vehicle details, including the make, model, vehicle identification number, and current odometer, as controls against unauthorized use of service.
- Additional controls include comparison of driver and service card information in the PHH system

against the driver and service card being presented to the supplier. The PHH InterActive Dashboard for maintenance provides detailed information at the business level related to driver behavior, overall vehicle maintenance spend, cost savings, and fleet spend by component for current and previous year. In addition, the pre-formatted maintenance reports in the Report Catalog provide performance measures utilizing multiple parameters and measurement benchmarks.

- PHH's systems audit supplier invoices to compare the invoice with our authorizations for the repair. Invoices not matching our authorization are rejected and referred to the appropriate PHH service area for review and resolution with the shop. PHH pays the supplier for all invoices passing the audit review on a timely basis, in accordance with terms and conditions agreed to by the shop. Paid invoices are included on PHH's monthly bill. All transactions reference the PHH "incident ID" and are tied to a vehicle. Payment detail is available through PHH InterActive.

4.1.1.1 PHH can furnish maintenance and repair services programs for each vehicle.

4.1.1.2 As review above, the PHH Service Technician will deal directly with the maintenance and repair provider and negotiate the repair and its cost. Recommended approval levels are listed above but can be set at time of award.

4.1.1.3 Maintenance packets will be provided for each vehicle within the 5 business days as required.

4.1.1.4 Purchase of tires on an emergency basis can be accommodated.

4.1.1.5 Odometer readings are captured at the time of service and our system is updated to reflect the new reading for reporting purposes.

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## **Section 4.1.2: Data Management**

PHH can meet or exceed all general requirements listed in this section, with the exception of 4.1.2.15. PHH does not currently have a garage management solution in place. However, our Maintenance Cost Capture program can assist in integrating information from the State's in-house garages with your other fleet data. Information on the program is included in this section.

### **Program highlights**

PHH's data management architecture is supported by our extensive and nationally recognized data warehouse, which consolidates and integrates data across many transaction systems into a single database designed specifically for reporting and analysis. On this foundation, we are able to develop and deploy new capabilities quickly and with unsurpassed quality, depth and breadth of data, and functionality. Once data is loaded into PHH's systems, it becomes available via the Internet through PHH InterActive.

PHH InterActive provides complete, real-time reporting and maintenance information to enable the State to effectively manage and monitor your maintenance costs. From consolidated inventory management (vehicle, driver and coding information), to maintenance transaction data in real time, to benchmarking and trend analysis, PHH InterActive enables users to manage the entire fleet from one online database, with state-of-the-art access and extensive reporting capabilities.

Key PHH InterActive functionality that supports effective maintenance for the State includes:

- Reports: Transaction and exception reports; dashboard summary reports to track metrics and trends; Custom Reporting at no additional charge. All reports can be exported In Microsoft Excel 2010.
- Vehicle Analyzer: Life cycle cost model with maintenance costs based on predictive modeling, as well as actual experience of our fleet clients from our data warehouse. This is a critical element, as it allows PHH to dynamically update maintenance cost expectations whenever the user changes assumptions.
- Drivers: Update driver information

- Consulting Tools: Fleet Best Practices; Plan Your Selector; Price and Spec Vehicles; Calculate Lease Payments; Compare Operating Costs
- News: PHH Hotline; State Information; Vehicle Updates; Other Useful Links
- Service Cards: Review Transactions; View Service Card Summary Update Service Cards.
- Billing and Reporting: Billing Summary; Monthly Invoices; Run or Schedule Reports; View Dashboard; Custom Reporting.

Maintenance data is updated within minutes of entering it into our system, giving you real time access to information through PHH InterActive. State users can establish Fleet Notifications on the PHH InterActive home page to view specific maintenance transactions by type or repair, by driver, or by cost levels that each user specifies.

PHH InterActive includes the maintenance history of every vehicle enrolled in PHH's maintenance programs. This comprehensive online information enables users to view overall maintenance by major repair components or review specific vehicle transactions.

PHH offers real-time repair and maintenance authorization through email, text, and direct phone contact. All repair and maintenance transaction detail, at ATA code level as well as repair narrative, is available in virtual real-time through PHH InterActive.

PHH will integrate the State's current vehicle history from your current provider so there is a continuum of maintenance history available to our technicians and your supervisors.

#### **Business Reviews and Scorecards**

Periodic formal business reviews are designed and scheduled according to each client's specific business cycle and requirements. Your business review will be conducted by your Account Executive **Phil Fitzgerald** and will include a comprehensive update of your fleet program, progress toward current initiatives, and discussion of future objectives and opportunities aligned with your overall company goals. Performance metrics are reviewed in the form of a scorecard.

In addition to mutually established goals, PHH compares your fleet costs against three (or more) benchmarks:

- Industry composites and other fleets. Information is available in PHH InterActive and also through policy surveys. The State of West Virginia will be able to compare your fleet to other governmental agencies such as the State of Maryland.
- Your budget. You will know where you are tracking against projected costs.
- Your own fleet costs from year to year and business unit to business unit. Identify whether your cost items are stable, or going up and down, and take the right actions at the right time to influence the numbers.

#### **Preventive Maintenance Notification**

PHH's Preventive Maintenance Notification program proactively informs your drivers of scheduled maintenance and inspection needs for their vehicles. Drivers receive notifications via email when preventive maintenance is due. PHH's PM Notification program provides flexibility in tailoring driver notification timeframes according to your specific requirements. For example, you may wish notifications to go to drivers 10 days before PM is due, or 15 days may be more appropriate for your drivers. You can select any notification timeframe between 0-365 days.

The PM Notification program predicts PM for each vehicle according to its historical data for more accurate PM. This capability is particularly important when transitioning your fleet to PHH, since it enables us to provide PM services based on your vehicles' past maintenance history.

The PM Notification program is flexible enough to direct PM notification reports to whatever management

level appropriate for your organization. Notifications can be viewed on PHH InterActive on a unit-specific level or by total fleet. PHH InterActive also includes a compliance report and information about follow-ups with a specific unit number or driver.

Your PHH Case Manager Jason Roberts consults with you to customize the Preventive Maintenance Notification service to fit your specific maintenance policies and schedules; the system is flexible enough to allow a custom-designed schedule for every vehicle if needed. Comprehensive reporting, available online through PHH InterActive, helps determine compliance with the Preventive Maintenance program and review upcoming maintenance needs.

For trucks, which have legal and regulatory requirements around vehicle maintenance, PHH's PM Service enables precise scheduling and reporting. Annual U.S. Department of Transportation inspection requirements can also be included.

### **Driver Support**

To obtain services from our maintenance service technicians, your drivers simply call the toll-free number for our Customer Contact Center, 7 days a week, 24 hours a day. Drivers with mobile devices can also reach the maintenance Customer Contact Center using PHH's mobile applications. The State of West Virginia will be provided with your own toll free dedicated line for your drivers.

PHH also makes it easy for drivers to find a convenient repair facility. Drivers in the U.S. and Canada can use PHH InterActive for Drivers and [www.phharval.com](http://www.phharval.com) to locate repair facilities by entering a 5-digit ZIP code. The application will display the 50 closest repair facilities in order of driving distance. Users can obtain driving directions to a specific repair facility by clicking on the map link and can customize their search based on vehicle type.

Drivers can also use PHH's mobile applications to locate repair facilities by entering a 5-digit ZIP code. The application will display the 15 closest repair facilities in order of driving distance.

Drivers can also enter non-emergency service requests through the Internet by accessing [www.phharval.com/driverServices/unitedStates/maintenanceOnline/index.html](http://www.phharval.com/driverServices/unitedStates/maintenanceOnline/index.html).

When drivers need maintenance-related roadside assistance, they call the maintenance assistance Customer Contact Center. Drivers with mobile devices can also reach the maintenance Customer Contact Center using PHH's mobile applications. The PHH Service Technician will assess the situation and authorize roadside assistance or a tow as needed. Tow requirements such as mechanical failures, flat tires, etc., are dispatched through our preferred supplier, RoadAmerica. We also utilize a secondary provider to meet peak seasonal demands.

### **Maintenance Cost Capture**

The Maintenance Cost Capture program allows clients that have in-house garages or that use both in-house garages and external suppliers to consolidate vehicle repair data in a single system, capturing the true cost of their fleet maintenance.

Maintenance Cost Capture consolidates this maintenance data into PHH InterActive, which serves as a centralized repository for all vehicle repair data and allows clients to leverage comprehensive expense tracking and reporting through PHH InterActive.

Either by utilizing our dedicated intranet site for data entry or by utilizing the client's existing data capture methods, the data is transmitted to PHH, translated to the PHH Vehicle Maintenance Assistance platform using American Trucking Association (ATA)/Vehicle Maintenance Reporting Standard (VMRS) repair codes, and migrated to PHH InterActive for easy reporting on consolidated vehicle maintenance activity.

4.1.2.1 All reports can be exported in Microsoft Excel 2010.

4.1.2.2 Data analytical service can be provide for the entire requirement in 4.1.2.2.1 thru 4.1.2.2.8.



4.1.2.3 The data can be provided on an annual basis along with our Annual Business Review.

4.1.2.4 General National Highway Transportation Safety Administrative safety data can be provided by vehicle type along with recall information via PHH InterActive.

4.1.2.5 PHH prefers to utilize its Service Card but can provide a coupon if required for PM Service that is pre authorized.

4.1.2.6 The PM program that will be utilized by the State can be setup with parameters including time, calendar, power take off and operational hours.

4.1.2.7 The PM program for the state is capable of sending reminders to the drives and will notify supervisor when PMs are out of policy.

4.1.2.8 Light trucks will have PM parameters and repair thresholds set. Repairs can be viewed on PHH InterActive as well as the Service Technician's notes.

4.1.2.9 Parameters within the State's repair policy can be set to meet its time, calendar odometer and other requirements.

4.1.2.10 PHH's supplier network can meet all of the requirements of 4.1.2.10.1 thru 4.1.2.10.6 by setting policy parameters for the State's various vehicles and agencies.

4.1.2.11 PHH currently has three call center locations in the US which are open 24/7/365.

4.1.2.12 PHH currently provides a Roadside Assistance Program which meets all of the requirements of 4.1.2.12.1 thru 4.1.2.12.5.

4.1.2.13 PHH currently provides a system for reporting repairs completed in agency garages but does not have a management system for the garage.

4.1.2.14 PHH has the ability to utilize email to notify drivers and supervisors of vehicle status.

4.1.2.15 PHH can provide labor hours and parts cost for all suppliers within our network, but can only provide repair invoices for internal garages. 4.1.2.15.1 thru 4.1.2.15.8 states in House "if applicable." PHH does not believe this information is required to control cost and reduce repairs.

4.1.2.16 See Vehicle Analyzer above.

4.1.2.17 PHH has the ability to interface with numerous vendors. Once we have the requirements from CGI and Agile Assets we will strive to communicate.

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### **Section 4.1.3: Reporting**

PHH can meet or exceed all general requirements listed in this section.

#### **Program highlights**

PHH InterActive enables PHH Service Technicians to capture detailed repair information related to parts and labor units and costs, as well as narrative information related to discussions with drivers and vendors. The system captures the maintenance history of the vehicle at incident level and allows the Service Technician to instantly retrieve this data. The system supports enforcement of client business rules and PHH best practices at the transaction level and captures vendor and billing details, client contact information, asset details, driver details, and vehicle replacement details.

PHH InterActive includes extensive maintenance data, including transactions by ATA code, driver participation report, vehicle savings history, lifetime history summary or detail for all vehicles or one unit, and more. In addition, you can use PHH InterActive to create customized information queries.

PHH InterActive includes more than 20 comprehensive maintenance exception reports, including Driver

Participation, Maintenance Repairs Over Amount, Preventive Maintenance Exceptions, and Driver Zero Use.

The PHH InterActive Dashboard for maintenance provides detailed information at the business level related to driver behavior, overall vehicle maintenance spend, cost savings, and fleet spend by component for current and previous year. In addition, the pre-formatted maintenance reports in the Report Catalog provide performance measures utilizing multiple parameters and measurement benchmarks.

Client access to PHH's systems uses ICOSA-certified 128-bit encryption technology using SSL. SSL encryption helps restrict access to client web sessions, thereby helping maintain a safe environment for our clients to view their information. PHH InterActive is a password-protected website that will allow only authorized State users to view company data. As an added measure, access can be restricted to certain areas of PHH InterActive to limit the accessibility of certain data by any user.

PHH InterActive has been designed to accommodate business growth, so there are no limitations placed on the maximum number of concurrent logins.

### **Maintenance Savings Report**

The State will receive regular maintenance Savings Reports as part of your ongoing fleet reviews. Studies by PHH's Strategic Consulting team found that clients using the recommended managed maintenance program realize an average savings of \$30 per transaction over \$100 in maintenance and repair services, or between \$120 to \$150 per vehicle per year. Savings typically result from negotiated savings through repair management consulting, policy compliance, timely preventive maintenance, and use of national accounts.

In addition, online Maintenance Savings Reports are available in PHH InterActive.

### **Recall and Warranty Management**

Many times, drivers who handle their own vehicle maintenance and repairs are unaware that a certain repair is covered under warranty and an unnecessary cost of repair is incurred by your company. PHH's Service Technicians have documentation on each vehicle, know immediately if the repair is covered under warranty, and, in conjunction with the Warranty group, ensure you receive the appropriate savings both for warranty repairs and post warranty claims.

PHH's Vehicle Maintenance Assistance (VMA) program ensures 100% enforcement of OEM warranties. When authorizing repairs, PHH Service Technicians identify repairs that are covered under warranty and document the repair in the vehicle's maintenance history. This provides clients with complete repair cost avoidance on those repairs covered under manufacturer's warranty programs.

In addition to warranty management and recovery, PHH manages all aspects of manufacturer recalls, including notification, tracking and monitoring.

4.1.3.1 PHH can provide the standardized reports. Most reports and formats are already developed in PHH InterActive.

4.1.3.2 PHH can provide on a quarterly basis once the parameters of the reports have been setup.

4.1.3.3 PHH will ensure all reports are mathematically correct and will not round costs off.

4.1.3.4 PHH InterActive is password protected and allows access for "viewing only" if required.

4.1.3.5 PHH has a reporting tool to receive in-house maintenance and repair reports for record keeping purposes.

4.1.3.6 PHH can provide recall and warranty notification if the State provides the information required to receive the information. See above Recall and Warranty management.

4.1.3.7 This record keeping is done as a matter of course. See the Program Highlights above. All records are the State's and will be provided to the State at the end of the contract and/or a vehicles life.

4.1.3.8 PHH can provide but will require the help of the State in providing the non-exempt inventory to setup the report.

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#### **Section 4.1.4 Management/Administration**

PHH can meet or exceed all general requirements listed in this section.

##### **Program highlights**

An individually designated account team will be assigned to manage the State's account. During the implementation phase, we identify a team with the skills and experience that align most effectively to the State's needs. Your team will include an Account Executive Phil Fitzgerald who brings a consultative approach to strategic account management to ensure that your fleet operates at the lowest possible cost and meets and exceeds your fleet objectives and overall business goals.

Your Account Consultant **Janet Blizzard** provides day-to-day support, partnering with you to implement your fleet-related goals, provide reports and other measurement tools, work through any problems or issues, and guide you to the many resources available through PHH. Our Account Consultants, with an average of 18 years with the company, are among PHH's most seasoned professionals and work in partnership with all operations areas to ensure consistent, quality service for their clients.

Your customer service team also includes an assigned Maintenance Case Manager **Jason Roberts** who provides overall maintenance consultation to help you keep costs down while enhancing driver productivity. During implementation, your Case Manager will work with you to integrate your policy into PHH's systems. During this process, you can identify the level of control you wish to have over individual repairs. For example, you can select a dollar threshold for approvals. Policy can be customized down to the unit level if necessary.

Other accessible subject matter experts will be assigned as required by your program to ensure that all PHH services, programs, and processes are aligned with your overall fleet plans and objectives. All tasks are tracked through completion via our workflow management system.

##### **Identifying and Communicating Best Practices and Trend Information**

Your Account Team and PHH's Strategic Consulting team continually monitor the economic landscape to identify trends and provide information to help our clients make the best decisions for their fleet operations. Your PHH team will provide recommendations and communication to ensure the State has information on the latest economic factors, business trends, and fleet industry data from a wide variety of sources, including the following:

- Review of the practices of successful organizations and the views of today's business and economic leaders.
- Fleet policy surveys and composite fleet information
- Transaction and cost information gathered in PHH's data warehouse, which provides meaningful benchmarks for both internal measurement and comparison with like organizations.
- Customer satisfaction surveys that gather and analyze feedback from clients, drivers, suppliers, and PHH employees.

PHH also maintains a significant presence in the fleet management industry to make sure our managers and account teams are up-to-date on the latest best practices and industry trends. PHH is affiliated with various fleet industry organizations, including National Association of Fleet Administrators; American Fleet Leasing Association; American Automotive Leasing Association; National Private Truck Council; American Truck Association; Technology and Maintenance Council; and Risk & Insurance Management

Society.

### **Online access to trends and best practices**

PHH InterActive gives the State a convenient, online way to access communicate best practice information and fleet trends online. Trend information is made available to you and your PHH Account Team through PHH InterActive resources, including Fleet Best Practices, Price and Spec Vehicles, Compare Operating Costs, and Plan Your Selector.

Your Account Team also uses models in the Desktop Toolkit and summary reports in PHH InterActive Dashboard provide additional insight and analysis to help you make the best decisions for your fleet.

### **Unique Open Network Maintenance Solution**

A list of maintenance suppliers in West Virginia, Virginia, Kentucky, Ohio, Maryland and Pennsylvania is provided with our response. This listing is confidential and proprietary.

PHH also offers an Open Network Maintenance solution, a unique alternative to meet the State's needs that may not fit into a traditional managed maintenance program. This solution allows you to retain control over your maintenance spend and shop selection, while PHH assumes the administrative tasks of collecting transaction data, making supplier payments and providing consolidated billing. PHH's Open Network's flexible services include:

- Use the shops you know and trust. You can continue to use your preferred suppliers. PHH will pay the supplier in full at the point of sale and capture the detailed repair data.
- Comprehensive online reporting captures data and translates it into actionable reports. Reports include maintenance transaction detail for each unit, summary and detailed maintenance histories, preventive maintenance exceptions reports, glass repair reports, and email notifications when a transaction exceeds a certain threshold.
- PHH representatives are available 24 hours a day, 7 days a week to collect your data and pay your suppliers.
- PHH consolidates all maintenance and repair charges into your monthly invoice.
- Post Warranty Review. PHH manages out-of-warranty negotiations to ensure that you receive the appropriate savings.
- Preventive Maintenance Notification. PHH sends proactive email notification to drivers when preventive maintenance is due.

Should the state choose this alternative maintenance solution, PHH would work with the state on appropriate pricing.

### **24/7 Driver Call Center**

To provide convenient assistance to the State drivers, PHH operates Customer Contact Centers in Sparks, MD; Houston, TX, Plantation, FL; in the US for maintenance services. The Maintenance Management Customer Contact Center is staffed with PHH Service Technicians 24 hours a day, 7 days a week, with the exception of a limited holiday schedule on Thanksgiving and Christmas Day, during which calls are automatically referred to our roadside assistance partner.

To support our Customer Experience objectives and ensure our call center initiatives are focused on issues important to drivers, PHH is the only fleet management company that partners with the Fraser Group, an independent call center quality consultant, to measure customer satisfaction. The Fraser Group's monitoring process is recognized worldwide and helps ensure that PHH call centers are focused on the issues that make the biggest impact on the your drivers.

According to Fraser's research, knowledge and issue resolution are the highest correlated measures to

customer satisfaction of all call center measurements. That's why one of the most important metrics PHH tracks in our Customer Contact Centers is First Call Resolution. In 2012, PHH First Contact Resolution (FCR) was 84.5% on over one million calls; Fraser's research indicates 80% FCR is considered world-class call center performance.

Overall, PHH's call center metrics include 36 customer service criteria that are tailored to the specific operations of our call centers. This level of call monitoring gives PHH supervisors and management the necessary specific, actionable areas on which to focus improvement and training.

The PHH Arval Vehicle Maintenance Assistance (VMA) Team recently was awarded The Fraser Group's "Outstanding Customer Support Performance Award" for 2012. The Fraser Group sets rigorous standards that must be met in order to achieve an "outstanding" level of performance.

4.1.4.1 PHH can comply and will send an employee upon request. Normally, the employee will be **Phil Fitzgerald**, the Account Executive for the State.

4.1.4.2 Upon award a full team of principal contacts will be provided. Currently, **Janet Blizzard** will be you Account Consultant and **Jason Roberts** will be you maintenance Case Manager.

4.1.4.3 PHH can comply. PHH currently holds seminars and training programs onsite and at our Sparks, MD headquarters for our government entities. In addition, PHH will conduct an Annual Executive Review of the State's performance and compare it against the State's benchmarks and other government entities performance.

4.1.4.4 PHH can comply and will setup an email box just for the State of West Virginia and its users.

4.1.4.5 PHH InterActive provides this type of information on a daily basis.

4.1.4.6 The State of West Virginia is more than welcome to come to our home office in Sparks, Maryland.

4.1.4.7 Vendor list has been provided on separate disc with this RFQ. Because it is propriety we have marked it propriety and confidential.

4.1.4.8 PHH is going to provide a 1-800 toll free line exclusively for the State of West Virginia, its agencies and drivers into our call center(s). The line will be staffed 24/7/365.

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### **Section 4.1.5: Invoicing**

PHH can meet or exceed all general requirements listed in this section.

#### **Program highlights**

PHH's flexible billing formats enable us to provide billing data according to the State's preferences and requirements, including client level, cost center and unit level items. PHH supports EDI, FTP and email for billing.

Specific details for EDI format are available on PHH InterActive and on our EDI website (<http://www.phharval.com/edi/>). PHH's Information Technology Services will work with your company's system professionals to provide a format that can be passed into the receiving system. PHH's preferred format is ACH/CTX format to allow for full remittance details.

PHH can support an enhanced alphanumeric breakdown or billing structure. Twelve levels of coding and up to 30 total characters (alpha, numeric, special) including delimiters are available. We require a dash as a delimiter. Only one structure can be defined per client number. Billing can be set at any of the 12 levels. PHH billing supports invoicing to separate cost centers and/or divisions.

PHH InterActive allows bill reviewers designated by the State to review billing summaries and download monthly invoices in either PDF or Excel format.

4.1.5.1 PHH can invoice individual agencies and, although we can accept a P-card, we prefer to receive

payment via electronic means.

4.1.5.2 All invoices to the State will be net tax except for out of state repairs and possibly federal excise taxes on tires.

4.1.5.3 PHH will reimburse for all warranty recovery and vendor rebates and discounts based on the following:

Independent Vendors and Dealers- For services completed by this group of non-chain repair facilities, PHH will pay the repair bill in full as billed. If there are any discounts or rebates they will be passed on to the State.

National Accounts- Defined as large chain operations (if required a listing can be provided) with numerous owned stores and franchises; examples of National Account vendors are Goodyear, Firestone, Jiffy Lube, Road America, etc.... In the normal course of business, PHH receives a consolidated billing file for all repair activity completed during a certain period of time which is billed and paid in full. Based on the overall repair activity completed at National Account vendors and billed through the consolidated billing process, PHH receives rebates, re-billers fees and/or volume and prompt pay discounts from these National Accounts. PHH will not be passing on this revenue as it is not possible to segregate out individual client activity.

4.1.5.4 PHH will seek warranty recovery from the OEMs on behalf of the State.

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#### **Section 4.1.6: Qualifications and Experience**

PHH has implemented similar programs with the following governmental entities:

- State of Maryland
- Maryland Metropolitan Transportation Authority
- County of Baltimore

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#### **Section 4.1.7: Optional Services**

PHH can meet or exceed all general requirements listed in this section, with the exception of 4.1.7.3. As outlined in Section 4.1.2, PHH does not currently have a garage management solution in place. However, our Maintenance Cost Capture program can assist in integrating information from the State's in-house garages with your other fleet data. Information on the program is included in Section 4.1.2.

#### **Program highlights**

##### **4.1.7.1 Monitor driving patterns and behavior**

PHH's "How's My Driving?" program reinforces your ability to keep a closer watch on your drivers' driving behaviors while they're on the road. The program and procedures are customized to fit your specific policies. You're provided easy-to-read decals to be placed on each vehicle, providing a toll-free number to call 24/7 if members of the public want to report a problem with a vehicle or to compliment a State driver.

##### **4.1.7.2 Driver safety training**

To reduce fleet risk and prevent accidents, driver training is a key component of any safety program. PHH offers a series of internet-based training programs that help you analyze drivers' attitudes and hazard recognition skills, reinforce defensive driving best practices, and improve driving habits. PHH's broad-based approach to fleet safety integrates consultative expertise and experience with training programs and other safety services to keep your drivers safe while cutting your expenses and risk.

In addition to this online training program, PHH can offer Behind-the-Wheel training through the Center for Transportation Safety (CTS), a PHH company, which is an industry leader in training drivers of

vehicles of all sizes, including cars and light trucks, police and rescue vehicles, delivery vehicles, straight trucks, tractor trailers, specialty tractor-trailers and forklifts.

CTS offers highly customizable programs that include mobile and fixed full-freedom simulators, classroom, behind-the-wheel and online training. Driving simulators are an excellent building block capable of providing students with the confidence required to enter the cab of a commercial motor vehicle for the first time or for refresher training on experienced drivers.

Students are able to experience operating a commercial vehicle in a safe, relaxed, non-threatening environment that supports a better understanding of the complexities of the vehicle. We can add scenarios that are too dangerous to do in real life, such as winter driving conditions, rain, animal crossings, and more to help drivers become more familiar with dangerous situations.

Should the state be interested in this Behind-the-Wheel training PHH can work with the state on appropriate pricing.

#### **4.1.7.3 Garage Management**

PHH does not have a system developed that will manage a garage and its parts inventory. PHH does have means of receiving repair information from a shop and integrating it into our data base of vehicle maintenance history,

#### **4.1.7.4 Vehicle Translator (VIN Decoder)**

Because the accuracy of inventory data is an essential element of a successful transition, PHH implemented the Vehicle Translator, provided through Black Book Commercial Value Guide and integrated with Black Book's vast vehicle database. The Vehicle Translator operates within PHH InterActive and compares and verifies inventory data based on VIN (vehicle identification number). This innovative tool provides significant benefits and opportunities:

- Reduced cycle time for unit activation speeds the entire implementation process.
- Standardized inventory data establishes an accurate foundation for business reviews, scorecards, and used vehicle quotes.
- Richer data means more accurate benchmarking and reporting at the name-plate level.
- This program is currently part of our standard program and there is no cost to the State.

#### **4.1.7.5 & 4.1.7.7 Environmental Support Services & Alternative Fuels**

To support our clients' corporate responsibility and sustainability objectives, PHH developed PHH GreenFleet, the first program in North America to focus on cost-effective ways to reduce the environmental impacts of fleet vehicles. PHH GreenFleet includes in-depth analysis and recommendations to improve efficiency and reduce greenhouse gas emissions; ongoing measurement and reporting of emissions; and resources to help clients offset remaining emissions.

On average, in their first year on the program, clients who implement the PHH GreenFleet program have achieved 14% emission reductions that represent 21,000 tons of greenhouse gas emissions, 16% improvement in fleet MPG, and 7% total lifecycle cost reductions totaling \$8.8 million. This combination of environmental benefits and cost savings is unique in the fleet management industry.

Recent enhancements to PHH GreenFleet include an online driver training program to teach drivers "green" driving behaviors. Studies have shown that the way drivers operate and maintain their vehicles affects fuel economy and the amount of GHG emissions their vehicles put into the atmosphere. PHH GreenFleet training is designed to teach drivers how their driving behaviors can impact the environment and provide simple strategies to reduce that impact. In addition, PHH can help develop incentive programs customized to each client's goals and objectives.

PHH can also provide strategic consulting to assist the State in evaluating alternative fuel vehicles. The

first step to making vehicle recommendations is to work with the client to get an in-depth understanding of how the vehicle is being used.

From an environmental perspective, PHH analyzes the specific vehicle needs of the client and develops recommendations for increasing the client's total fleet efficiency and reducing fleet GHG emissions through improved vehicle selection and use.

Vehicle selector analysis is performed in close collaboration with the client to ensure that vehicle selection is the best for the job, maximizes driver productivity, satisfies drivers' needs, and meets corporate goals such as minimizing total cost of ownership and reducing total GHG emissions. At the same time we collect data on preferred suppliers, safety requirements, and any other information to ensure that the vehicle will be appropriate for the client's needs. We then analyze vehicles specifically to determine:

- Does it meet the job need
- Is it within budget
- What is the environmental impact of the vehicle

Financial and environmental analysis includes a total lifecycle costs analysis to ensure that a client understand the true financial and environmental impact of selecting a particular vehicle.

Our goal is to recommend vehicles that meet the client's business needs, reduce environmental emissions and hopefully save the State money. Unless specifically requested to do so, we do not recommend any vehicles that will increase client's costs, even if they have a significant environmental benefit. Our methodology is designed to find and recommend vehicles that are both environmentally and financially advantageous to the client.

#### **4.1.7.6 Fuel Management Support**

PHH will strive to manage the State's current fuel program, as outlined in the RFP.

#### **4.1.7.8 & 4.1.7.9 Fringe & Trip Logging**

##### **Personal Use Taxable Benefit Reporting**

The PHH Personal Use Taxable Benefit Reporting program simplifies the administration of personal use by:

- Providing flexible, accurate driver mileage data collection methods
- Calculating and reporting annual individual taxable benefit according to the State's policy using the Annual Lease Value (ALV) method
- Supplying fair market value and annual lease value
- Tracking driver assignment dates
- Reconciling personal use credit
- Providing year-end payroll ready taxable benefit report

PHH InterActive for Drivers offers drivers the ease of reporting mileage at any time that is convenient for them. PHH accepts monthly, quarterly, semi-annual or annual statement for mileage. PHH also offers monthly mileage reporting via other means such as phone, hard copy forms such as an expense worksheet, postcard, or an Excel worksheet. Drivers with mobile devices can also report mileage using PHH's mobile applications.

The data collected includes driver name and identification, vehicle information, odometer, total miles, personal miles, and the employee's personal use charge (if applicable). The number of vehicle weeks reported and the number of days the vehicle was assigned to the individual driver also are tracked.



On the first day of each month, PHH's online mileage reporting system proactively sends an email requesting your drivers to report their personal mileage online. We can send a reminder and past-due email to those drivers who failed to report on a timely basis. Clients have access to various reports to assist with monitoring driver reporting compliance via PHH InterActive.

At year end, PHH produces a final report that you can use to make any necessary payroll adjustments. If your organization uses payroll deduction to collect for personal use throughout the year, PHH accepts an Excel file of the actual payroll amounts deducted for each employee. We reconcile the actual amount to the benefit calculation, and the final report provides the reportable dollar benefit that your payroll department uses to prepare the W-2 form.

#### **4.1.7.10 Violations**

##### **Violations Management**

PHH offers violations management services that integrate information with other fleet data to provide a complete view of costs and transactions.

In the event PHH receives the violation notice, PHH will log the violation for tracking and mail the violation to the state contact for payment processing. PHH will bill the state the appropriate administration fee via the standard monthly invoice.

In the event the state is interested, PHH also offers a violations payment service. If the state is interested PHH will work with the state on appropriate pricing.

PHH also offers additional violation and toll services, descriptions of which are provided below. In the event the state is interested in any of these expanded services, PHH will work with the state on appropriate pricing.

##### **Electronic Toll violations**

Toll violations that are received at PHH are mailed back to the issuing authority to have liability transferred to the driver at the time of the violation. The driver will be officially responsible for the ticket and will receive notice from the state advising how to satisfy the ticket. For all the jurisdictions that do not accept our transfer paperwork, PHH will mail the tickets directly to the driver to handle. If a final or judgment notification is received, PHH will then pay the ticket to clear outstanding balances.

##### **Toll Invoices**

If drivers are driving on a cashless toll road and do not have an active toll account, all invoices will be mailed to the address on the registration registered owner for payment. In order to avoid late fees, if the notice is received at PHH, we will make payment on the invoice immediately once the notice is received.

##### **Expanded Violations Management Services**

As part of our suite of regulatory management services, PHH developed unique violations management capabilities to help manage and effectively reduce costs and keep your fleet legally on the road. In addition to end-to-end process management, PHH experts will consult with you to understand your fleet's current state and recommend programs and policies to reduce costs, help prevent violations, and mitigate costs that do occur.

PHH's **Violation Management Services** outlined below are available in the U.S.;

**Violations Recovery:** When your drivers incur traffic violations, the fines, charges, penalties and fees are often paid for by the State. PHH's Violations Recovery program facilitates the recovery of these costs from the at-fault driver, including use of a secure website through which drivers can reimburse the State.

- **Release Liability:** In participating states, PHH returns the violation (other than parking and photo violations) to the issuing authority and releases PHH/client liability onto the driver. The issuing authority then reissues the violation in the driver's name, and further communication is conducted

between the authority and driver.

- **Violations Forwarding:** For all speeding, red light and toll violations where PHH cannot release liability to the driver, PHH will mail the violation to the driver at the time of the violation. The driver is given the chance to satisfy the violation before we charge the State for the violation and administrative fee. When drivers are given access to PHH InterActive for Drivers, PHH has the ability to email violation notifications to the driver upon request as an alternate to the regular mailing service.
- **First Time Pay:** PHH pays all parking violations as soon as they are received, so you incur no late fee charges.
- **Stipulated NYC Fine Program:** The City of New York offers a program designed for commercially plated vehicles to manage parking violations. Under the program, violations are reduced or dismissed completely, depending on the type of violation. PHH enrolls your vehicles in this program and handles all associated administrative tasks.

In another industry first, PHH listened to clients and developed **E\*Toll Management** programs to manage account set-up, funding and maintenance to provide a uniform means of payment and tracking of toll expenses. E\*Toll Management services outlined below are available in the U.S Toll account management: PHH sets up individual E\*Toll accounts for your fleet vehicles with the respective toll agencies. This includes managing changes of address, as well as vehicle and/or license plate updates. The program is designed to eliminate violations due to inaccurate vehicle information and/or insufficient funds.

- **Transponder management:** PHH secures the appropriate E\*Toll transponder and forwards to your assigned driver or manager. This is typically mounted inside the windshield, providing account information as the vehicle passes through an E\*Toll facility.
- **Funds management:** PHH automatically replenishes and charges funds to a single MasterCard account. This reduces toll violations due to unfunded accounts. Drivers no longer need to do expense reporting for E\*Toll accounts or use their company travel and entertainment credit cards for E\*Toll expenses.
- **Violations imaging:** Violation copies are available on PHH InterActive and PHH InterActive for Drivers. This enables clients and drivers to view copies of tickets that were mailed, transferred and paid for your vehicles. Reporting capabilities enable you to better manage fleet violations.

Based on your needs and level of reporting desired, PHH can assign a restricted use MasterCard number at either a client level, breakdown level, or at the individual unit level. Fleets with drivers assigned to specific vehicles typically desire individual card accounts at the driver level, enabling detailed reporting on actual toll expense.

In addition, the State has access to an accurate representation of total toll expenses – a significant improvement over having to review multiple expense reports.



PHH

## PHH Technical Proposal for the State of West Virginia

This document includes PHH Arval's response to the State of West Virginia Request for Quotation FLT 13997 Vehicle Maintenance Services, Section 4: Mandatory Requirements.

For each section in Section 4.1, we have indicated our ability to meet the State's Mandatory Contract Services Requirements and Deliverables.

In addition, we have provided highlights of our maintenance services and the value we will create for the State in managing costs and supporting fleet efficiency and driver productivity.

### Section 4.1.1: Maintenance and Repair Services Program General Requirements

PHH can meet or exceed all general requirements listed in this section.

#### Program highlights

PHH's flexible card-based maintenance management program gives your drivers easy access to PHH diagnostic experts, customized reports and a network of over 428 quality-assured service centers in West Virginia working together to keep your vehicles roadworthy, while avoiding unnecessary or overpriced maintenance or repairs.

PHH can provide a coupon program; however, PHH does not recommend the use of coupon books for purchasing maintenance services. It has been PHH's experience that coupon books result in unnecessary repairs and increased maintenance costs. PHH recommends that drivers follow manufacturer-recommended service intervals and call a PHH ASE-certified Service Technician to authorize all repairs exceeding the card limit.

This process ensures that only the necessary repairs are performed, this service is included in or Maintenance Program for the State, and warranty recovery opportunities are taken advantage of fully. In addition, PHH ensures that other maintenance and warranty items are repaired at the same time, maximizing the driver's productivity.

In our experience with government clients, we know all governmental fleets are concerned about their agencies' satisfaction with the services they provide. PHH conducts annual surveys with our governmental entities, and our latest survey showed that PHH's customer's satisfaction with our maintenance program was 95%.

Key components of our Vehicle Maintenance Assistance program for the State of West Virginia include:

- Dedicated ASE-certified/licensed Case Manager, **Jason Roberts**: provides overall maintenance policy consultation and management, and cost management recommendations.
- ASE-certified/licensed technicians: help diagnose problems and negotiate repair work at an extensive network of quality-rated service and repair facilities, and authorize all transactions according to your policy. PHH currently has over 428 maintenance providers in West Virginia and approximately 6,900 in the states contiguous to West Virginia.
- Cost control and policy enforcement: repairs exceeding your pre-established maintenance guidelines will be reviewed with your fleet manager to determine the appropriate course of action. PHH recommends a guide of \$1,000 for review by PHH and over \$100 for your drivers. PHH has found these guidelines to work well with large state fleets, such as Maryland.

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**EXCEPTIONS AND CLARIFICATIONS TO STATE OF WEST VIRGINIA GENERAL TERMS AND  
CONDITIONS IN DEPARTMENT OF ADMINISTRATION, FLEET MANAGEMENT OFFICE, REQUEST  
FOR QUOTATION – FLT13997**

As an initial matter, we assume that the parties will negotiate specific terms that clearly outline the services to be provided in the event that we are the successful bidder for this RFP. Attached are our standard service descriptions for the State's review, which descriptions are incorporated into our response to this RFQ.

**Section 35, Warranty:** As a matter of clarification, we will warrant our own services, and will pass through to the State any warranties we receive from third-party service providers on the goods and services those entities provide.

**Section 45, Vendor Relationship:** This clause is fine as long as it is clear that "agents" does not include the third-party service providers actually providing maintenance, repairs, fuel, towing or other services contemplated under this contract. We would request some clarifying language to this point.

**Section 46, Indemnification:** We will indemnify the State for our own negligence in performing our direct obligations under this agreement. We cannot indemnify for the acts or omissions of third-party vendors, providing maintenance, repairs, fuel, towing and other services contemplated under this contract.

**Section 47, Purchasing Affidavit:** As a fleet leasing company, we do significant business with the State of West Virginia. From titling and registering vehicles, to the payments of tolls and tickets and other vehicle violations, to personal property and sales and use taxes, we may owe significant sums of money to the State at any given time in the ordinary course of business. While we do not believe that this Affidavit is designed to address these day-to-day ordinary course obligations, the strict interpretation of the language in the Affidavit caused us enough concern that we felt that we needed to take exception to the Affidavit. In addition, we are concerned that the broad definition of "Debtor" could be construed to include the third-party vendors that provide underlying services on the State's vehicles. As we have made clear in our response to this RFP, we cannot make any representations or warranties as to these service providers. Finally, we have a corporate parent and many other affiliated entities. While we do not believe that these entities would be included in the definition of "Debtor" since they will not be providing any services under this agreement, we would need to clarify this point. Thus, we are willing to say that to the best of our knowledge, we (and not any of our related entities) do not owe any Debt to the State of West Virginia that is delinquent and/or outside the ordinary course of business. We would like to discuss this further with the State, but anticipate that we will be in a position to execute this Affidavit by the time of award, per the RFQ requirements.

**10. MISCELLANEOUS:**

**10.1. Contract Manager:** During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

**Contract Manager:** Phil Fitzgerald

**Telephone Number:** 410-771-1560

**Fax Number:** 410-771-3676

**Email Address:** phil.fitzgerald@phh.com

**CERTIFICATION AND SIGNATURE PAGE**

By signing below, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this bid or proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

PHH Aryal

(Company)

(Authorized Signature)

Gary Anderson, Sr. Vice President, Business Development

(Representative Name, Title)

410-771-1560

(Phone Number)

410-771-3676

(Fax Number)

May 10, 2013

(Date)

**ADDENDUM ACKNOWLEDGEMENT FORM**  
**SOLICITATION NO.:** FLT13997

**Instructions:** Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

**Acknowledgment:** I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

**Addendum Numbers Received:**

(Check the box next to each addendum received)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1<br><br><input type="checkbox"/> Addendum No. 2<br><br><input type="checkbox"/> Addendum No. 3<br><br><input type="checkbox"/> Addendum No. 4<br><br><input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 6<br><br><input type="checkbox"/> Addendum No. 7<br><br><input type="checkbox"/> Addendum No. 8<br><br><input type="checkbox"/> Addendum No. 9<br><br><input type="checkbox"/> Addendum No. 10 |
|--|--|

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

PHH Arval

Company



Authorized Signature

May 10, 2013

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

STATE OF WEST VIRGINIA  
Purchasing Division

**PURCHASING AFFIDAVIT**

**MANDATE:** Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

**EXCEPTION:** The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

**DEFINITIONS:**

**"Debt"** means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

**"Employer default"** means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

**"Related party"** means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

**AFFIRMATION:** By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

**WITNESS THE FOLLOWING SIGNATURE:**

Vendor's Name: PHH Arval

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

State of Maryland

County of Baltimore, to-wit:

Taken, subscribed, and sworn to before me this \_\_\_ day of \_\_\_\_\_, 2013.

My Commission expires \_\_\_\_\_, 20   .

AFFIX SEAL HERE

NOTARY PUBLIC \_\_\_\_\_



**PHH VEHICLE MANAGEMENT SERVICES, LLC  
DIVERSIFIED SERVICES AGREEMENT**

AGREEMENT NO(S). \_\_\_\_\_

THIS DIVERSIFIED SERVICES AGREEMENT, dated as of \_\_\_\_\_, 20\_\_\_\_ ("Effective Date") ("this Agreement"), is entered into by and between PHH VEHICLE MANAGEMENT SERVICES, LLC, a Delaware Limited Liability Company, with offices at 940 Ridgebrook Road, Sparks, Maryland 21152-9390 ("PHH"), and \_\_\_\_\_, with offices at \_\_\_\_\_ ("Client").

WHEREAS, PHH provides various services to businesses that operate motor vehicles in the United States; and

WHEREAS, Client desires to use all or a portion of such other services provided by PHH and described in this Agreement, and PHH is willing to provide such services to Client, upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are acknowledged by each party, PHH and Client agree as follows:

**ARTICLE 1  
FLEET ADMINISTRATION SERVICES  
INTENTIONALLY DELETED**

**ARTICLE 2  
CREDIT INSTRUMENTS**

2.1 Issuance of Credit Instruments. In a quantity agreed to by PHH, PHH will issue to the Client, at the request of Client, (i) service cards entitled "PHH Service Card," (ii) other credit cards authorized by PHH, (iii) co-branded cards issued by PHH and Wright Express LLC ("WEX"), and/or (iv) purchase orders (each, "an Instrument" or "the Instrument" and collectively, "the Instruments"). Client may request and hereby authorizes PHH to issue any one or more of these Instruments to Client and its representatives and to Client's subsidiaries and affiliates and their representatives for use under any one or more of the various programs described in this Agreement; provided, however, that Client agrees to remain responsible for compliance with the terms and conditions of this Agreement for such Instruments.

2.2 Description of Credit Instruments. Instruments issued in accordance with this Agreement may contain a numerical legend, Client's name, and/or its representative's name. All Instruments will carry an expiration date, and provided Client's account is then in good standing, PHH will provide replacement Instruments on a regular, periodic cycle.

2.3 Use of Credit Instruments. The use of Instruments will be limited to the purchase of selected fuels and automotive products and services that PHH advises from time to time are available under the various programs described in this Agreement.

2.4 Property of PHH. Client agrees that Instruments issued pursuant to this Agreement will remain the property of PHH to be used by Client and its representatives and Client's subsidiaries and affiliates and their representatives in accordance with the terms and conditions of this Agreement or other reasonable PHH instructions.

2.5 General. Services to be provided by PHH under the various programs described in this Agreement will be extended to those vehicles in Client's corporate vehicle fleet that are identified by Client and Client's subsidiaries and affiliates from time to time (collectively, the "Vehicles").

**ARTICLE 3  
NATIONAL ACCOUNTS PURCHASING**

3.1 National Accounts. Under this program, PHH will make available to Client a network of national account vendors, which may be changed from time to time at PHH's sole discretion, where Instruments issued pursuant to this

Agreement may be used for the purchase of tires, maintenance, glass, rental cars, and bodywork necessary for the repair and maintenance of Client's Vehicles.

3.2 Review of Invoices. PHH will review all invoices from national account vendors that provide goods and services under this program in accordance with PHH's guidelines, to verify that all parts and labor are invoiced at the agreed-upon prices and contain all appropriate parts discounts.

#### ARTICLE 4 FUEL COST CAPTURE PROGRAM

4.1 Fuel Cost Capture Program. Under the Fuel Cost Capture Program, PHH will make available to Client a web-based data capture and reporting tool through PHH InterActive™ for use by Client to capture fuel expenditures incurred outside of one of PHH's service card programs.

4.2 PHH's Obligations. PHH shall perform the following services for Cost Capture specific to fuel:

- (a) Establish login ids and security for all users.
- (b) Provide basic instructions and application procedures.
- (c) Provide access to the application for data entry of vehicle fuel data.
- (d) Create a Client specific fuel data repository that stores and integrates, where applicable, data entered by the user with the fuel data collected through another PHH service card program.
- (e) Provide Client the standard fuel reporting package available through PHH InterActive.
- (f) Provide technical assistance, upon Client's request, subject to mutually agreeable terms and conditions.
- (g) Provide custom reporting, upon client's request, subject to mutually agreeable terms and conditions.

4.4 Responsibility for Users. Client shall be liable for the actions or omissions of Client's users in accessing PHH InterActive. Client shall notify PHH immediately, in writing, if any user ceases to be employed by Client or no longer requires access to PHH InterActive.

4.5 Disclaimer of Warranty. PHH MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, WITH RESPECT TO PHH INTERACTIVE OR THE IN-HOUSE GARAGE PROGRAM. PHH INTERACTIVE AVAILABILITY WILL BE UNDER THE SOLE CONTROL OF PHH.

4.6 Ownership of Data. All data entered into PHH InterActive by Client regarding Client's Vehicles shall remain the property of Client.

4.7 Ownership of PHH InterActive. PHH shall retain all rights, ownership and license to PHH InterActive. No rights, ownership, or licenses to PHH InterActive or any systems applications included therein, including, without limitation, any copyrights, patents, trade secrets or other intellectual property rights are granted to Client hereunder.

#### ARTICLE 5 VEHICLE MAINTENANCE ASSISTANCE PROGRAM

5.1 Vehicle Maintenance Assistance Program. Under this program, PHH will make available to Client the same network of national account vendors and auditing services that are available under the National Accounts Purchasing Program described in Article 3. In addition to the other services described in this Article, PHH will also make available to Client a network of independent participating repair facilities where the Instruments issued to Client's Representatives pursuant to this program may be used for the purchase of goods and services in the repair or maintenance of Client's Vehicles (the "PHH Maintenance Network"). In addition to the fee set forth on Schedule A for the Vehicle Maintenance Assistance Program, Client shall pay PHH an additional fee for each maintenance transaction made with Instruments using independent repair facilities which are not part of the PHH Maintenance Network.

5.2 Toll Free Telephone Number. PHH will make available under this program, for use by the drivers of Client's Vehicles, PHH's "800" toll free telephone number to communicate with PHH's maintenance specialists regarding maintenance and mechanical repairs to the Vehicles.

5.3 Controlling Costs. Manning PHH's "800" toll free telephone number will be maintenance specialists who will consult with representatives of national account vendors and other participating repair facilities where maintenance or mechanical repairs on Client's Vehicles is being performed in order to: (a) assist in the diagnosis of problems, (b) verify the need for maintenance work or repairs proposed by the repair facility, and (c) implement Client's preventative maintenance policies and procedures established from time to time.

5.4 Approval of Maintenance and Repairs. PHH will notify its national account vendors and other participating repair facilities of Client's policies regarding approval thresholds for maintenance and repairs performed on Client's Vehicles. All approvals to these vendors for work to be performed must be provided by a PHH maintenance specialist in advance of performance of the work. PHH will exercise its best judgment in Client's interest when authorizing such repairs.

5.5 Vehicle History. PHH will maintain a computerized maintenance and repair history of Client's Vehicles. This history will be accessed and reviewed by the PHH maintenance specialist when conferring with the repair facility regarding proposed maintenance or repairs to the Vehicles.

5.6 Maintenance Scheduling. PHH will establish a schedule of maintenance services to be performed on the Vehicles at specified mileage intervals based on parameters established by the Client for the Vehicles.

5.7 Warranty Screening. PHH will screen all maintenance and repair invoices in accordance with parameters established by PHH for possible warranty coverage. If such coverage is found, PHH will seek and diligently attempt to obtain recovery of the costs of covered maintenance or repairs from the appropriate parties and verify that the Client has received proper credit for the warranty coverage.

5.8 Quarterly Reports. PHH will furnish Client a quarterly activity report, which will outline the various categories of expenses for each of the Vehicles under this program.

5.9 VMA Rental Program. PHH shall use commercially reasonable efforts to refer Client's driver to a PHH approved rental car company in accordance with Client's policy. Client shall select the desired service by checking the appropriate box below:

- Option I: VMA Arranged Rental Program - For an additional fee as set forth in Schedule A, PHH shall use commercially reasonable efforts to make arrangements, in accordance with Client's policy, with a PHH approved rental car company to reserve a rental vehicle for Client's driver for use by Client's driver while the Vehicle is being repaired under the VMA Program. PHH shall coordinate the vehicle rental and delivery to Client's driver on behalf of Client. PHH shall provide Client with access to PHH's standard VMA Rental Program Reports through PHH Interactive®.
- Option II: VMA Managed Rental Program - For an additional fee as set forth in Schedule A, PHH shall provide all the services set forth in Option I, and shall proactively manage the vehicle rental through the rental term, including any extensions thereof, in accordance with Client's policy.

Client's drivers' use of vehicles rented under the VMA Rental Program shall be subject to the terms of the rental company agreement. Client has the option of either insuring the vehicles rented in connection with the VMA Rental Program, or having the rental company provide the required insurance. In the event that Client elects to provide the required insurance, the policy for such insurance must name the rental company as an additional insured and Client must provide the rental company with a certificate or other satisfactory evidence of insurance at the time of rental.

## ARTICLE 6 PHH GREENFLEET PROGRAM

6.1 PHH Greenfleet Program. PHH has developed a program to facilitate the measurement, management, reduction and offset of greenhouse gas ("GHG") emissions by clients' corporate fleet vehicles (the "PHH GreenFleet® Program") and a related driver training program (the "PHH GreenFleet® Driver Training Program");

WHEREAS, the Client desires to subscribe to one or more of these programs;

NOW THEREFORE, in consideration of the above premises and mutual promises herein set forth, the parties agree as follows (select desired service by checking the appropriate option box):

- 1. **PHH GreenFleet\* Program.** Under this program, in order to assist the Client with adopting and implementing a climate-neutral fleet management strategy, including identifying cost effective ways to improve fleet efficiency and furthering the Client's environmental goal of reducing its contribution to global warming, PHH shall provide the following services as parts of its standard PHH GreenFleet\* Program:
  - (a) **Analysis and Consulting.** PHH will analyze the specific vehicle needs of the Client and develop recommendations for increasing the Client's fleet efficiency and reducing fleet GHG emissions through improved vehicle selection and use. PHH will perform this analysis once a year to correspond with the Client's fleet buying process. Following the model year buy, PHH will develop and provide the Client with an analysis of the financial and environmental impact of those recommendations implemented by the Client when making its vehicle purchases pursuant to this program.
  - (b) **Measurement and Reporting.** PHH will develop an initial GHG emissions baseline for Client's fleet, and then provide the Client with the following reports to measure environmental improvements over time:
    - (i) **GHG Baseline Report** – This report will show the Client's current GHG emissions from its fleet. If data is available, the report will also provide up to the last three (3) years of the Client's fleet GHG emissions, the GHG emissions per vehicle, each vehicle's average mile per gallon, and the GHG emissions per 10,000 miles traveled by Client's drivers.
    - (ii) **Annual Updates to the GHG Baseline Report** – This report includes the same data as the GHG Baseline Report, as well as showing changes in the GHG emissions by Client's fleet as measured over time. At the Client's election, this annual report will be provided within 45 days following the end of either the calendar year or the Client's fiscal year.
  - (c) **Advice on Offsetting GHG Emissions.** If Client elects to make some or all of its fleet climate-neutral, the Client must endeavor to reduce those fleet GHG emissions that it can and "offset" some or all of the remaining GHG emissions. In conjunction with its PHH GreenFleet® Program partner, Environmental Defense Fund, PHH will provide the Client with resources to identify and purchase credible GHG offsets for some or all of Client's remaining fleet GHG emissions.
  - (d) **Promotion of Client's Environmental Leadership Efforts and Results.** If desired, PHH will work with Client to promote the PHH GreenFleet\* Program results, both internally and externally. This assistance may include assistance with press releases, development of driver education materials (including driver letters, driver handbook materials on the environment, and articles for driver newsletters), as well as assistance with Client's environmental content for its corporate intranet. All Client communications about the PHH GreenFleet\* Program must be reviewed and approved in advance by Client, PHH, and Environmental Defense Fund (if applicable). The parties understand that they may not use the name or logo of the other parties in any written communications, marketing, and point of sale or advertising material without the prior written approval of the other parties.
- 2. **PHH GreenFleet\* Driving Training Program.** For an additional fee, PHH shall make available to those drivers designated by Client to receive PHH's online training tools designed to educate drivers on environmentally-friendly driving practices. Client shall provide PHH with contact information for those drivers selected by the Client to receive this training program, including each driver's email address, so that PHH may administer the training program directly with Client's drivers.
- 3. **Optional PHH GreenFleet® Program Services.** The following optional services are available to Client for an additional fee:
  - (a) **Promotional Items.** For those vehicles that the Client makes climate-neutral, PHH will make available to Client, for an additional fee, a vehicle decal or similar promotional item that can be used to promote Client's participation in the PHH GreenFleet® Program.
  - (b) **Special Services and Customizations.** At the request of the Client, PHH will quote a price for any special requests of services not defined above.

4. **Client's Responsibilities.** In order to participate in the PHH GreenFleet\* Program, Client must be an active participant in the PHH Fuel Program. Client shall appoint a designated program sponsor who shall be responsible for consultation with PHH and Environmental Defense Fund, as well as coordination with Client's stakeholders. If Client decides to make its fleet climate-neutral, the Client's program sponsor shall also be responsible for the selection of the appropriate investment opportunity for the GHG offsets, as well as the coordination of all Client communications related to this PHH GreenFleet\* Program.

5. **Fees and Charges.** Fees and charges shall be as follows:

- (a) **PHH GreenFleet\* Program:** Client shall pay PHH a monthly fee of \$ \_\_\_\_\_ per vehicle per month. Based upon a determination of Client's then-current fleet size, this fee may be subject to renegotiation on an annual basis.
- (b) **PHH GreenFleet\* Driving Training Program:** Client shall pay PHH a fee of \$ \_\_\_\_\_ per driver for each driver that Client elects to participate in PHH's environmentally-friendly driving practices online training program.
- (c) **Fees for Decals and Other Promotional Items:** Upon receipt of the Client's request for PHH to provide decals or similar promotional items designed to promote Client's participation in the PHH GreenFleet\* Program, PHH shall provide a price quotation based upon the nature and content of the request, subject to Client's acceptance. PHH will charge the quoted fee upon delivery of the decals and/or promotional items (as applicable) ordered by Client.

6. **Payment by Client.** PHH shall render to Client monthly invoices or an annual invoice, as applicable, representing the fees and other charges for the PHH GreenFleet\* Program in accordance with the terms of this Agreement. Client shall be responsible for the payment of all invoices rendered pursuant to this Agreement within ten (10) days after the date of such invoice. A one and one-half percent (1-1/2%) per month late penalty shall apply for each month, or fraction of a month, that any amount is not paid by the net due date of the respective monthly invoice rendered by PHH, plus reasonable attorneys' fees incurred by PHH if any unpaid amount is placed with an outside entity for collection.

7. **Term and Termination.** This Agreement shall be effective as of the date first written above and shall remain in full force and effect for a period of one (1) year. This Agreement may be renewed for additional terms of one (1) year each upon mutual written agreement of the parties. Notwithstanding the foregoing, either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party; provided, however, that this Agreement shall continue in full force and effect with respect to all unpaid fees.

8. **Disclaimer of Warranties.** CLIENT ACKNOWLEDGES AND AGREES THAT PHH MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES PROVIDED IN CONNECTION WITH THIS AGREEMENT AND MAKES NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. **Indemnification.** Client shall indemnify, defend and hold PHH harmless from any and all claims, losses damages and liabilities of whatsoever kind or nature, including reasonable attorneys' fees, arising out of PHH's performance of its obligations under this Agreement, or the work performed for Client by employees, agents, and other representatives of Environmental Defense Fund.

10. **Assignment of Rights.** PHH may from time to time assign all or any part of its right, title, and interest in this Agreement, including all monies and claims for monies due and to become due to PHH under the Agreement. The Client's obligation to pay such monies to assignees, upon prior written notice to Client by PHH, shall not be subject to any claim, defense or setoff that Client may have against PHH or any other party whether such claim, defense or setoff shall have accrued or arisen before or after Client shall have received such notice.

11. **Default.** Notwithstanding any other provision herein to the contrary, PHH shall have the right to terminate this Agreement immediately upon giving written notice to Client in the event that Client (a) fails to pay any amount due hereunder within fifteen (15) days of written notice from PHH that such amount is past due; (b) defaults in or breaches any of the terms or conditions of this Agreement or any other agreement with PHH or D.L. Peterson Trust; or (c) has filed by or against it any action related to bankruptcy or insolvency. Client shall be liable for all reasonable attorneys' fees and expenses incurred by PHH in collecting any amounts due from Client under this Agreement.

12. **Limitation of Liability.** Notwithstanding any provision in this Agreement to the contrary, in no event shall PHH be responsible for indirect, special, or consequential damages incurred as a result of PHH's performance of or failure to perform services under this Agreement. Client also agrees that PHH's liability under this Agreement for any losses, damages, or expenses incurred by Client that result in whole or in part from PHH's negligent performance of or failure to perform services under the PHH GreenFleet® Program shall not exceed the annual fees charged by PHH.

## ARTICLE 7 OUT OF WARRANTY SCREENING PROGRAM

7.1 **Out of Warranty Screening Program.** Under this program, PHH will pursue "out-of warranty" refunds from vehicle manufacturers for Vehicles enrolled in National Accounts Purchasing Program, the Vehicle Maintenance Assistance Program, or the PHH FleetGard® Program.

## ARTICLE 8 EMERGENCY ROADSIDE ASSISTANCE PROGRAM

8.1 **Emergency Roadside Assistance Program.** Under this program, PHH will provide Client with access to a network of towing and repair facilities for emergency road services available 24 hours-a-day, 365 days-a-year available in all 50 states.

8.2 **Toll free Number.** PHH will establish an "800" toll free number for access to vehicle towing dispatch services and provide an emergency road service kit for each of Client's Vehicles with program explanation and instructions.

8.3 **Fees.** In addition to those fees described in Schedule A, the charges for this program may include a dispatch fee and other charges incurred in providing the services which may at times be calculated based on factors including but not limited to type of event, type of vehicle serviced, estimated or approximate mileage of service, estimated or approximate time/hours of event, hourly rate, and type of equipment required to provide the service.

## ARTICLE 9 VIOLATIONS BILLING AND RECOVERY PROGRAM

9.1 **Violations Billing and Recovery Program.** D.L. Peterson Trust is the Lessor under a certain Lease Agreement with the Client whereby it provides leasing for Client's Vehicles and PHH performs the service function under the Lease Agreement to Vehicles as defined herein. D.L. Peterson Trust, as title owner, receives fines, penalties, interest and other charges ("Fines") arising from or incurred by Client's drivers ("Drivers") in connection with parking, tolls, traffic or moving violations, and other infractions of rules, regulations, or statutes governing Vehicles and their operation ("Violations") that are recorded automatically and sent to the title holder for payment. PHH pays the Fines as a result of the Violations. Client is responsible for and contractually obligated to reimburse PHH for Fines and associated administrative fees ("Fees") (together, with the Fines, the "Client Costs") and desires that PHH assist Client in obtaining reimbursement of such Costs from its Drivers. PHH has and manages the necessary Client and Driver data to perform that function for Client. For those Drivers that have failed to pay Fines for Violations they have incurred or which have been attributed to the Drivers by the authorities assessing the Fines, Client authorizes PHH to take reasonable measures to bill for and recover the Client Costs:

### 9.2 PHH Obligations.

- a) PHH will bill for and attempt recovery efforts for those Violations with Fines over \$ \_\_\_\_\_ for which PHH has paid the Fine, and Client has paid PHH, resulting in the Client Costs.
- b) PHH will utilize a billing subcontractor ("Subcontractor"), acceptable to Client, for the direct Driver contact in the billing and recovery of the Client Costs. PHH shall manage and transmit necessary data to and from the Subcontractor.
- c) PHH shall provide Client a periodic report summarizing the status of Client Costs in billing and recovery efforts.
- d) PHH shall manage the funds recovered, including the crediting to Client of amounts recovered on the following month's aggregated PHH invoice. As to any check or other payment instrument which is dishonored for any reason, if PHH receives notice of dishonor subsequent to issuance of a credit to Client any such credit will be deducted from the amounts which are credited to Client on the following month's aggregated PHH invoice. PHH

will itemize all credits and charges for dishonored payments. It is expressly understood and acknowledged by Client that DLPT and Subcontractor cannot guarantee recovery of Client Costs, and that Client, PHH, or Subcontractor can, in their discretion, cease recovery efforts from any or all of Client's Drivers at any time.

9.3 Client Obligations.

- e) Client expressly warrants that no Driver will have been billed by Client for any of the Client Costs prior to PHH or Subcontractor billing for same, and that the obligation of each driver to pay Client Costs will be current and unbilled at the time the obligation is referred to PHH for billing and recovery.
- f) Client shall communicate or have communicated to its Drivers the personal obligation to pay and/or reimburse Client for: (a) all Client Costs, including Violations that the Drivers incur in Client's vehicles; and (b) any Administrative Fees, costs, and expenses incurred by Client in billing and recovery efforts.
- g) Client shall establish a policy for billing and recovery of Violations from Drivers that includes the requirement for Drivers to make payments through PHH.

9.4. Client Warranties. CLIENT HEREBY EXPRESSLY WARRANTS TO PHH (AND TO ANY SUBCONTRACTOR ENGAGED BY DLPT TO PROVIDE SOME OR ALL OF THE SERVICES DESCRIBED HEREIN) THAT EACH CLIENT COST AND ADMINISTRATIVE FEE THAT IS THE SUBJECT OF A REQUEST BY CLIENT PURSUANT TO SECTION 2.1 HEREIN HAS NOT BEEN BILLED, CHARGED OR COLLECTED FROM A VEHICLE DRIVER, IS NOT PAST DUE, DELINQUENT OR IN DEFAULT, BUT IS A CURRENT AMOUNT THAT IS OWED TO CLIENT BY SUCH VEHICLE DRIVER. CLIENT FURTHER WARRANTS THAT WITH RESPECT TO EACH SUCH FINE, NEITHER CLIENT NOR ITS AGENTS, EMPLOYEES NOR INDEPENDENT CONTRACTORS HAVE ATTEMPTED, OR WILL ATTEMPT, TO COLLECT THE FINE UNTIL AFTER DLPT AND ITS SUBCONTRACTORS HAVE CONCLUDED THEIR EFFORTS WITH RESPECT TO THE SAME. CLIENT FURTHER WARRANTS THAT IT HAS THE RIGHT AND AUTHORITY TO COLLECT ALL CLIENT COSTS AND ADMINISTRATIVE FEES FROM ITS DRIVERS, AND THAT IT HAS FORMALLY COMMUNICATED TO ITS DRIVERS THEIR OBLIGATIONS TO PAY SUCH CLIENT COSTS THROUGH THE CLIENT'S ESTABLISHED PROCEDURES AND OBTAINED THE AGREEMENT OF EVERY DRIVER TO REPAY ALL CLIENT COSTS AND ADMINISTRATIVE FEES.

9.5 Administrative Fees. PHH shall deduct Forty Dollars (\$40.00) from each recovery as its Fees for billing and recovering the Client Costs from Drivers. Client shall direct PHH on which other Fees they are to pass on to Drivers. In addition, Client will be responsible for all fees and costs incurred by PHH or Subcontractor as a result of any check or other form of payment by a Driver which is returned for insufficient funds, a closed account, or because payment was stopped by the maker.

9.6 Limitation of Liability and Hold Harmless. Notwithstanding any provision in this Agreement to the contrary, in no event shall PHH be responsible for, and Client shall indemnify, defend, and hold PHH, its directors, officers, employees, agents, Subcontractors, successors and assigns harmless from and against any and all claims, demands, actions, liabilities, judgments, injuries, damages (including but not limited to indirect, special, or consequential damages), losses, fines, penalties, expenses and costs (including but not limited to reasonable attorneys' fees and court costs) of whatsoever kind or nature incurred as a result of PHH's (and any Subcontractor's) performance of or failure to perform services under this Agreement.

9.7 Independent Contractor. Client agrees that the nature of this Agreement is solely that of providing billing and recovery services on current obligations of Drivers. This Agreement does not involve the sale or transfer of securities as defined under state or federal law. Nothing in this contract shall create a fiduciary relationship, nor shall PHH and its Subcontractors be more than independent contractors in terms of their relationship to Client.

**ARTICLE 10  
VEHICLE ACCIDENT SERVICES PROGRAM  
INTENTIONALLY DELETED**

**ARTICLE 11  
LONG TERM RENTAL PROGRAM  
INTENTIONALLY DELETED**

**ARTICLE 12  
DRIVER RECORDS AND DRIVER PROFILE PROGRAM  
INTENTIONALLY DELETED**

**ARTICLE 13  
VEHICLE REREGISTRATION PROGRAM  
INTENTIONALLY DELETED**

**ARTICLE 14  
PERSONAL USE TAXABLE BENEFIT REPORTING PROGRAM**

14.1 Personal Use Taxable Benefit Reporting Program. PHH has developed a reporting program to assist Client in reviewing and analyzing personal and business use of Vehicles in Client's corporate fleet.

14.2 Services to be Performed by PHH. PHH shall compile business and personal mileage information, as provided by Client, for Client's employees and Vehicles, in order to provide the reports described below. The data will be collected through one of the following methods as selected by Client:

(a) PHH shall receive mileage data from monthly statements submitted by Client's drivers to PHH for processing; or

(b) PHH shall receive mileage data from annual statements submitted to Client's drivers by PHH and returned by Client's drivers to PHH for processing.

PHH shall produce an annual Personal Use Taxable Benefit Report providing analysis of the income benefit for each of Client's drivers for the personal use of Vehicles. PHH shall base the calculations on the Client's stated valuation policies. PHH shall also make available an annual Business Use Report summarizing the total business miles reported by each driver, which report shall be provided to the Client upon request and for no additional fee. All reporting under this Agreement shall be based on an effective tax year date commencing November 1st.

14.3. Optional Service No. 1. If Client has selected, and for an additional fee as set forth on Schedule A attached, PHH shall produce either a semi-annual or annual Driver YTD Verification Report which shall consist of a year-to-date business and personal mileage summary report for each of Client's drivers.

14.4. Optional Service No. 2. If Client has selected, for an additional fee as set forth on Schedule A, Client shall receive the following services. In order to produce the above reports on a timely basis, PHH and Client shall establish a monthly cut-off date by which each Vehicle driver must report mileage ("Reporting Date"). On a mutually predetermined number of days prior to the Reporting Date, PHH shall send a reminder email to any driver who has not yet reported their mileage. Additionally, any Client driver who fails to report mileage on or before the Reporting Date shall receive a past-due email reminder on the first business day following the Reporting Date. This service also includes two email notification reports accessible via PHH Interactive, through the Report Catalog.

14.5. Client Assistance and Cooperation. In order to enable PHH to perform the services described in this program Client shall cause its drivers to provide to PHH a periodic (monthly or annual) statement as set forth herein containing Vehicle and mileage information. The statement shall be consistent with PHH's data requirements, including without limitation the form, format, content and media in which such statement is presented to PHH. Client shall be responsible for any direct communication including without limitation the distribution of PHH produced reports to its drivers. Client shall be responsible for obtaining and implementing tax advice from its own tax advisors, and for defining and implementing procedures governing the documentation of the Vehicles' business use so as to meet IRS substantiation requirements and for compliance with other legal requirements including, without limitation, the legality of payroll deductions.

**ARTICLE 15  
PREVENTIVE MAINTENANCE PROGRAM**

15.1 Preventive Maintenance Program. PHH has developed a program to assist Client in the preventive maintenance of its corporate fleet Vehicles that are identified by Client from time to time and where Client has subscribed to the PHH Vehicle Maintenance Assistance Program for its Vehicles. To assist Client in the preventive maintenance of its Vehicles, PHH shall provide the following services based upon mutual agreement with Client, which may be modified or amended from time to time, provided that Client has agreed to such modifications or amendments in writing:



- (a) Establish a preventive maintenance plan for each Vehicle.
- (b) Notify Client in advance via email of suggested dates for items of preventive maintenance.
- (c) Make arrangements with participating vendors and repair facilities (collectively, "Vendors") for the performance of preventive maintenance.
- (d) Audit all invoices from Vendors to verify that all purchases and repairs have been authorized and that all parts and labor are invoiced at agreed upon prices and contain all appropriate parts discounts.
- (e) Provide Client with one monthly invoice itemizing charges from Vendors.
- (f) Assist Client in designing custom warranty schedules for each Vehicle and making applications for post warranty and policy adjustment recoveries, where applicable.

**ARTICLE 16  
USED VEHICLES SALES PROGRAM  
INTENTIONALLY DELETED**

**ARTICLE 17  
PURCHASES, FEES, AND PAYMENT TERMS**

17.1 Purchases. PHH will submit to Client monthly statements representing unpaid charges for purchases made with or without Instruments under any of the programs available under this Agreement to which Client subscribes. Invoices for goods and services purchased under the various programs described in this Agreement will reflect retail or, where applicable, National Account prices charged by suppliers. These charges may include an amount that PHH retains for rebillers' services rendered and volume discounts received from repair facilities and service providers.

17.2 Expenses. Client will be responsible for the payment of all third party expenses, fees, costs, taxes, and charges incurred by PHH on Client's behalf in providing services under the various programs contained in this Agreement.

17.3 Payment terms. Client agrees to be responsible for payment of all unpaid charges in accordance with the terms of each class of product or service shown on the monthly invoice, except for special payment terms as provided in Article 4 of this Agreement. Unless the invoice states otherwise, payment for all invoices issued by PHH pursuant to this Agreement must be paid within ten (10) days of the invoice date. The foregoing payments by the Client shall be made by check or electronic funds transfer to an account designated by PHH.

17.4 Late Payment Penalty. A one-and-one-half percent (1-1/2%) late payment charge will be applied for each month or fraction of a month that any amount is not paid by the net due date, plus any and all cost and fees of collection incurred by PHH for amounts placed with an outside entity for collection, including all attorney's fees and court cost.

17.5 Service Fees. Service fees assessed by PHH for the various programs set forth in this Agreement will be governed by the attached Schedule A, as amended from time to time by mutual agreement of PHH and Client, and as adjusted from time to time by Article 17.6. Additionally, PHH reserves the right to charge Client administrative fees for additional tasks and services that are not contemplated under the scope of services described in this Agreement. Service fees for Instruments issued pursuant to this Agreement will begin on the first day of the month in which the Instrument is mailed to the Client for all Instruments mailed on or before the fifteenth (15th) calendar day of the month. If the Instrument is mailed to the Client after the fifteen (15th) calendar day of the month, billing for the service fee will begin on the first day of the next succeeding month. All such service fees will end as of the last day of the month in which the Instrument is returned to PHH. Per incident service fees will be billed along with charges for purchases made under the applicable program. All such service fees will be payable in accordance with the payment terms and late payment penalties as previously set forth herein.

17.6 Price Modification and CPI Adjustment. PHH reserves the right to modify the service fees set forth in this Agreement upon thirty (30) days' prior written notice to Client. In addition, all service fees specified in this Agreement shall be subject to an upward adjustment on January 1 (the "Adjustment Date") of each year during the term of this Agreement. The service fee in effect immediately prior to the Adjustment Date will be increased in proportion to 75% of the increase in the Consumer Price Index during the one (1) year period ending on September 30 of the year preceding the Adjustment Date. For purposes of this Agreement, "Consumer Price Index" means the U.S. City Average Consumer Price Index for Urban

Wage-Earners and Clerical Workers as published by the Bureau of Labor Statistics of the United State Department of Labor. If such index is discontinued or revised, the most comparable measure of inflation published by the U.S. government will be substituted to make the adjustment.

17.7 General. PHH agrees to bill service fees in accordance with this Article only to the extent programs requiring the payment of such service fees are chosen by Client or Client's subsidiaries and affiliates.

**ARTICLE 18  
DISCLAIMER OF WARRANTIES, INDEMNIFICATION,  
AND LIMITATION OF LIABILITY**

18.1 DISCLAIMER OF WARRANTIES. CLIENT ACKNOWLEDGES AND AGREES THAT PHH HAS MADE NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO GOODS OR SERVICES PURCHASED WITH OR WITHOUT INSTRUMENTS PURSUANT TO THIS AGREEMENT, AND THERE IS NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

18.2 Indemnification.

(a) Client acknowledges that (i) PHH is not the producer, manufacturer, designer, or provider of any of the goods or services purchased with or without Instruments pursuant to this Agreement; (ii) PHH has no right or duty to inspect, review personnel qualifications, or otherwise screen service providers' facilities or work performed by service providers' personnel, and that PHH relies on the advice of service providers and on policies and procedures established by Client in administering the programs described in this Agreement.

(b) Client shall defend and hold harmless PHH from any and all claims, losses damages and liabilities of whatsoever kind or nature, including reasonable attorneys' fees, arising out of PHH's performance of its obligations under this Agreement, the work performed for Client by employees, agents, and other representatives of the participating repair facilities and other vendors of goods and services under the programs described in this Agreement, any fraud control or purchase restrictions which are implemented on the Instruments from time to time, and Client's reliance on Instrument authorization controls or functionality.

18.3 Unauthorized Use of Instruments. With respect to purchases made with outstanding Instruments, Client will be responsible for all purchases made from the date of issuance until the Instrument is returned to PHH for cancellation (in the case of PHH Service Cards or other credit cards) or until the Instrument is presented to an approved service provider in exchange for goods and/or services (in the case of purchase orders and coupons). If the Client is unable to obtain an Instrument that it desires to cancel, the Client agrees to notify PHH in writing (i) that the Instrument should be cancelled, (ii) that the Instrument has not been recovered (iii) of the name, address, and employment status of the last known representative of Client who had possession of the Instrument, and (iv) of the efforts taken to recover the Instrument. In such event, PHH will take action reasonably available to it to preclude additional purchases from being made with the Instrument. Notwithstanding such action by PHH, the Client will remain responsible for all purchases made with the Instrument. The provisions of this Article are considered and accepted by the Client as notification of the Client's potential liability for unauthorized use of the Instruments.

18.4 Limitation of Liability. Notwithstanding any provision in this Agreement to the contrary, in no event shall PHH be responsible for indirect, special, or consequential damages incurred as a result of PHH's performance of or failure to perform services under this Agreement. Client also agrees that PHH's liability under this Agreement for any losses, damages, or expenses incurred by Client that result in whole or in part from PHH's negligent performance of or failure to perform services under the Emergency Roadside Assistance Program shall not exceed the fee charged by PHH for the transaction giving rise to such loss. Client further agrees that PHH's liability under this Agreement for any losses, damages, or expenses incurred by Client that result in whole or in part from PHH's negligent performance of or failure to perform services under the Preventive Maintenance Program shall not exceed the fee charged by PHH for the applicable Vehicle for the prior twelve (12) month period.

**ARTICLE 19  
GENERAL**

19.1 Assignment of Rights. PHH may from time to time assign all or any part of its right, title, and interest in this Agreement, including all monies and claims for monies due and to become due to PHH under the Agreement. The Client's obligation to pay such monies to assignees, upon prior written notice to Client by PHH, shall not be subject to any claim, defense or setoff that Client may have against PHH or any other party whether such claim, defense or setoff shall have accrued or arisen before or after Client shall have received such notice.

19.2 Termination and Default. Either party may terminate this Agreement by giving written notice of termination to the other party at least thirty (30) days prior to the effective date of termination; provided however, that in the event the Client (i) defaults in the payment of any amount due under the Agreement and such default continues for a period of fifteen (15) days following receipt by Client of written notice of such default or (ii) files or has filed against it any action under any provision of any state or federal law relating to insolvency or bankruptcy, or (iii) appoints or has appointed for it a receiver or trustee, (iv) makes an assignment for the benefit of creditors, or (v) defaults in the payment or performance obligations under any other agreement or instrument with PHH or D.L. Peterson Trust, PHH may terminate this Agreement or any program under this Agreement immediately upon notice to Client.

Notwithstanding any such termination, the Client will remain responsible to pay all unpaid fees, expenses, costs, and other amounts due and owing under this Agreement whether incurred prior to or following the date of termination. Upon termination of this Agreement, Client will immediately return all Instruments to PHH.

19.3 Notices. PHH and Client agree that any notice to be given by a party pursuant to this Agreement will be in writing and delivered personally or sent by registered or certified mail, postage prepaid, return receipt requested, addressed to the respective addresses of the parties as set forth in the first paragraph of this Agreement or to such other persons or addresses as may be designated in writing by the party to receive such notice.

19.4 Entire Agreement. This Agreement and the Schedule referred to contain the entire Agreement and understanding of the parties with respect to the subject matter of the Agreement and supersede all prior oral or written agreements and understandings relating to the Agreement.

19.5 Waivers, Modifications, and Severability. No waiver or modification of any of the provisions of this Agreement shall be binding unless made in writing and signed by the parties. Failure of either party at any time to require performance of any provision of this Agreement shall not affect the right at a later time to enforce the provision. In the event that any provision of this Agreement is held invalid, illegal, or unenforceable, such invalidity, illegality, or enforceability, shall not affect any other provisions of the Agreement.

19.6 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties to the Agreement and their respective permitted successors and assigns.

19.7 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

19.8 Headings. The headings of the Articles in Sections of this Agreement are inserted for the convenience of reference only and shall not be deemed to constitute a part of the Agreement.

IN WITNESS WHEREOF, PHH and the Client have caused this Agreement to be executed and delivered by their respective duly authorized officers as of the date first above written.

PHH VEHICLE MANAGEMENT SERVICES, LLC

CLIENT:

By: \_\_\_\_\_  
Senior Vice President

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

SCHEDULE A

National Accounts Purchasing Program Transaction Outside of PHH Maintenance Network	\$25.00	per Instrument per month per transaction
Fuel Cost Capture Program		
Vehicle Maintenance Assistance Program		per Instrument per month for Vehicles and light duty trucks which are defined as having a gross Vehicle weight less than or equal to 16,000 lbs
		per Instrument, per month for medium and heavy duty trucks which are defined as having a gross Vehicle weight greater than 16,000 lbs
Transaction Outside of PHH Maintenance Network	\$25.00	per transaction
VMA Rental Program		
Option I – VMA Arranged Rental		per Incident
Option II – VMA Managed Rental		per Incident
Emergency Roadside Services	\$35.00	per Incident
PHH Greenfleet Program		
Warranty Screening	\$75.00	per successful recovery
Violations Billing and Recovery Program		
Personal Use Taxable Benefit Reporting Program	\$	per Vehicle per month or
Option 1	\$	per Vehicle per year
Option 2	\$	per Vehicle per month
	\$.30	per Vehicle per month
Preventive Maintenance Program	\$	per Vehicle per transaction for cars and light duty trucks
	\$	per Vehicle per transaction for medium and heavy duty trucks

**PHH Arval**

940 Ridgebrook Rd.  
Sparks, MD 21152

Tel 410-771-1900

**PHH**

May 13, 2013

Krista S. Ferrell  
Buyer Supervisor  
State of West Virginia  
Department of Administration, Purchasing Division  
2019 Washington Street East  
P.O. Box 50130  
Charleston, WV 25305-013

RE: FLT 13997 Maintenance & Repair Management

Dear Krista,

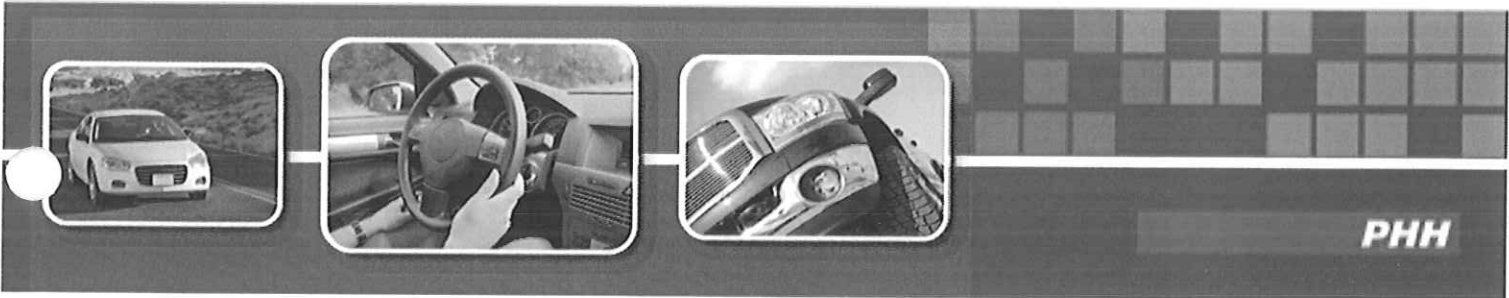
PHH is pleased to provide our response to the State of West Virginia Maintenance and Repair RFQ. Our response is designed to provide the State's agency supervisors and drivers with maintenance and repair programs that are easy to utilize and provide the cost control and savings a fleet of this size demands.

In addition, all governmental fleets are concerned about their agencies' satisfaction with the services they provide. PHH conducts annual surveys with its governmental entities, and our latest survey showed that PHH's customer's satisfaction with our maintenance program was 95%.

We believe that this type of result and competitive pricing are the hallmarks upon which to build a strong relationship with our customers, whether governmental or commercial. PHH looks forward to working with the State of West Virginia to build such a relationship with your fleet staff, agencies, and drivers.



Philip H. Fitzgerald  
PHH National Director Government Sales



# **Request for Proposal for State of West Virginia Cost Proposal**

**Presented by PHH Arval**

**May 15, 2013**

## FLT13997 PRICING PAGE

Description	Unit Price*	Unit of Measure	Estimated Quantity	Extended Price
<b>Mandatory Services</b>				
Vehicle Maintenance Services All inclusive lump sum cost for all Services as defined in the specifications (EXCEPT OPTIONAL SERVICES IN 4.1.7)	\$7.75	Per Vehicle	7,811	\$60,535.25*
*Per month fee	<b>TOTAL BID COST OF EVALUATION:</b>			\$60,535.25*
<b>Optional Services</b>	<b>Unit Cost*</b>	<b>Unit Measure</b>	<b>Estimated Quantity</b>	<b>Extended Cost</b>
Vehicle Identification Hotline (Section 4.1.7.1)**	\$17 per occ	Per Occurrence	650 / per month	\$11,050
Driver's Safety Education Program (Section 4.1.7.2)**	\$22 per occ	Per Occurrence	650 / per month	\$14,300
Agency Garage Management and Parts Inventory (Section 4.1.7.3)	N/A	Per Vehicle	5,000	\$0.00
VIN Decoder Application (Section 4.1.7.4)	No cost included in Vehicle Main. Svs. above	Per Vehicle	7,811	\$0.00
Carbon Footprint Tracking (Section 4.1.7.5)	\$1.00	Per Vehicle	7,811	\$7,811.00
Integration of Fuel Only Credit Card (Section 4.1.7.6)	\$.50	Per Vehicle	7,811	\$3,905.50
Integration of Alt. Fuel Strategic Consulting (Section 4.1.7.7)	Included in Carbon footprint	Per Vehicle	7,811	\$0.00
Fringe Program (Section 4.1.7.8)**	\$1.50 or \$18.00 per occ.	Per Vehicle/Per Occurrence	7,811	\$11,716.50
Trip Logging (Section 4.1.7.9)**	Included in above	Per Vehicle	7,811	\$0.00
Citation / Violation Forwarding (Section 4.1.7.10)**	\$25 per occ	Per Occurrence	65 / per month***	\$1625
*Per month fee				
** PHH can offer these services on a per occurrence basis				
***Assumes 10% annually	<b>TOTAL OPTIONAL SERVICES:</b>			\$50,408

**Notes:**

All other expenses will be treated as pass thru expenses  
 All billing will be net tax as long as the State is tax exempt  
 All the above pricing is based on 30 day payment terms  
 Pricing valid for fleet with annual spend of up to \$9 million  
 Vehicle maintenance service pricing assumes \$250 driver limit/\$1500 client limit