

SATELLITE TRACKING OF PEOPLE, LLC.

LEASE AGREEMENT

THIS AGREEMENT, dated as of September 1, 2012 is between Satellite Tracking of People, LLC., (“STOP”) a California Corporation and the County of Santa Barbara, a political subdivision of the State of California, through the Santa Barbara Sheriff’s Office, with administrative offices located at 4434 Calle Real, Santa Barbara, CA, 93110, (hereinafter the “Sheriff’s Office” or “Customer”).

- A. STOP has developed hardware and a web-based program for monitoring individuals using Global Positioning System (“GPS”) technology. The STOP system provides an alternative to detention of criminal offenders.
- B. The Sheriff’s Office desires to
 - (i) Have the ability to electronically monitor certain individuals, and
 - (ii) Contract with STOP to lease certain equipment and services for electronic monitoring as is set forth in STOP’s Proposal, submitted to the Sheriff’s Office and attached to this agreement as Exhibit A.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements, covenants, representations and warranties herein contained, the parties hereto agree as follows:

1. STOP SYSTEM, EQUIPMENT LEASE, & TRAINING

1.1 Lease of STOP Equipment

- (a) **STOP shall have the following obligations in connection with the Lease of the STOP Equipment:**
 - (i) Provide STOP units as described in Exhibit A,
 - (ii) Conduct training sessions as needed, using a combination of written procedures (in English) and hands-on training, on the use of the STOP System, and
 - (iii) Regular and routine maintenance of associated equipment is the sole responsibility of Satellite Tracking of People.

(b) The Customer shall have the following obligations in connection with the Lease of the STOP Equipment:

- (i) Lease the hardware described in the proposal,
- (ii) Compensate all costs related to the installation and deployment of the STOP equipment and system as described in Exhibit A, and
- (iii) REIMBURSE COSTS IF DAMAGED OR LOST BY OFFENDER.

2. OWNERSHIP, INTELLECTUAL PROPERTY RIGHTS, & SECURITY

2.1 Proprietary Property

- (a) Title to any Intellectual Property, leased equipment, including its replacements, and all components of such equipment and replacements, including any software, shall remain the property of STOP.

2.2 License

- (a) The Sheriff's Office shall retain all right, title and interest in and to its trademarks, including any goodwill associated therewith, subject to the limited license granted to STOP pursuant to this Section 4.2.
- (b) STOP shall retain all right, title and interest in and to the STOP Trademarks, including any goodwill associated therewith, subject to the limited license granted to the Sheriff's Office pursuant to this Section 4.2.
- (c) STOP grants to the Sheriff's Office a personal, non-exclusive, and non-transferable license under U.S. Patents and other intellectual property rights to use the leased equipment identified in Exhibit A, as well as a limited license to use the other party's trademarks as is reasonably necessary to perform its obligations under this agreement, provided that any promotional materials containing the other party's trademarks shall be subject to the prior written approval of such other party, which approval shall not be unreasonably withheld. This license shall only extend for the term of the lease. This license is not transferable or assignable by either party.
- (d) Neither party shall use the other party's trademarks in a manner that disparages the other party or its products or services, or portrays the other party or its products or

services in a false, competitively adverse, or poor light. Each party shall comply with the other party's requests as to the use of the other party's trademarks and shall avoid any action that diminishes the value of such trademarks.

- (e) The Sheriff's Office agrees that it will not decompile, disassemble or otherwise reverse engineer the leased equipment, including any software, without the prior written consent of STOP.

3. CONFIDENTIAL INFORMATION & OWNERSHIP

3.1 Disclosure

Except to the extent necessary as contemplated by this agreement, each party agrees not to disclose any confidential information, including confidential proprietary information, to any person and agrees to use its best efforts to prevent inadvertent disclosure of any confidential information to any person. Without limiting the generality of the preceding sentence, each party agrees to treat the confidential information of the other party with at least the degree of care that such party treats similar information of its own. Each party may disclose such confidential information to a court or other governmental authority to the extent that such disclosure is required by governmental order or by law; provided that the receiving party shall:

- (i) Notify the disclosing party in writing of such required disclosure as soon as reasonably possible prior to such disclosure, specifying in detail the reasons why such disclosure is required,
- (ii) Use its commercially reasonable efforts at its expense to cause such disclosed confidential information to be treated by such governmental authority as trade secrets and as confidential, and
- (iii) Use its commercially reasonable efforts at its expense to obtain such other protective orders and protections with respect thereto as the disclosing party may reasonably request.

3.2 Use

Each party agrees not to use any confidential information for any purpose whatsoever except to the extent necessary as contemplated by this agreement. Each party agrees not to disclose the confidential information to any of its representatives except those who are required to have the confidential information in connection with such purpose,

and then only if such representative is either subject to a written confidentiality agreement that would cover the confidential treatment of the confidential information or otherwise subject to fiduciary obligations of confidentiality that would cover the confidential treatment of the confidential information.

3.3 Termination of Confidentiality Obligations

The obligations of this Article 3 shall terminate with respect to any particular portion of the confidential information when receiving party can prove by appropriate documentation that such confidential information:

- (i) Was previously known to the receiving party as shown by the receiving party's files at the time of disclosure thereof,
- (ii) Was already in the public domain at the time of the disclosure thereof, or
- (iii) Entered the public domain through no action of the receiving party subsequent to the time of the disclosure thereof.

4. DISCLAIMER OF WARRANTY & LIMITATION OF LIABILITY

4.1 Disclaimer of Warranty

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT AND HEREBY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, ALL WARRANTIES REGARDING MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. STOP EXPRESSLY DISCLAIMS ANY WARRANTY THAT ITS MONITORING SERVICE OR ITS SYSTEM IS IMPERVIOUS TO TAMPERING.

4.2 Limitation of Liability

IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, EXEMPLARY, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND (INCLUDING WITHOUT LIMITATION LOST PROFITS OR LOST SAVINGS), WHETHER BASED IN CONTRACT, TORT OR OTHERWISE, REGARDLESS OF WHETHER THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER PARTY IS RESPONSIBLE FOR THE ACTS

COMMITTED BY THRID PARTIES OR PERSONS SUBJECT TO
OR USING STOP PRODUCTS OR SERVICES.

5. TERM & TERMINATION

5.1 Term

The term of this agreement shall commence on the date hereof and shall continue in full force and effect for one (1) year after the date hereof. This agreement shall automatically renew for an additional 3 terms of (1) one year each, unless either party notifies the other in writing at least 30 days prior to such automatic renewal that it does not wish to renew this agreement.

5.2 Termination

This agreement may be terminated, in whole or in part, pursuant to the following terms and conditions:

- (i) By mutual written consent of the parties hereto or
- (ii) By either party if there has been a material default or breach on the part of the other party in any of its representations, warranties, covenants or obligations contained in this agreement and such default or breach is not cured within 30 days following written notice from the non-breaching party.

5.3 Obligations Upon Termination

Upon any termination of this agreement, the following shall apply:

- (i) The parties shall remain responsible for any payments that have become due and owing as of the effective date of termination,
- (ii) The provisions of Sections 6 and 7 hereof (together with all other provisions that reasonably may be interpreted as surviving termination of this agreement) shall survive termination of this agreement and continue in full force and effect, and
- (iii) Except as provided in Section 7 hereof, no party shall have any liability upon any termination of this agreement.

6. ADDITIONAL INDEMNIFICATIONS

6.1 Intellectual Property

STOP believes that the leased equipment (including software) and any

other services provided by STOP under this agreement, hereinafter “Products and Services”, provided by STOP to the Sheriff’s Office under this agreement do not infringe any U.S. copyright, U.S. patent, U.S. trademark or other proprietary right of a third party. Should any such items become the subject of an infringement claim or suit, STOP may obtain for the Sheriff’s Office the right to continue using such items or may replace or modify them to make them non-infringing. If STOP, in its sole discretion, does not believe that either of these alternatives is reasonable, STOP may require the Sheriff’s Office to stop using such items and the Sheriff’s Office agrees to immediately cease all infringing use. STOP’s obligation to the Sheriff’s Office with respect to infringement of any U.S. copyright, U.S. patent, U.S. trademark or other proprietary right shall be limited to the leased equipment specific undertakings set for in this section. This obligation shall only apply to the Products and Services in the form furnished by STOP and shall not extend to any claim of infringement arising for a combination of Products and Services with other products and/or services.

Notwithstanding the foregoing, STOP shall, at its expense, defend, indemnify, and hold harmless the Sheriff’s Office and its employees, officers, directors, contractors and agents from and against any third-party claim or action against the Sheriff’s Office which is based on a claim that the STOP Products and Services under this agreement infringes a U.S. copyright, U.S. patent, U.S. trademark or other proprietary right of a third party, and STOP shall pay all losses, liabilities, damages, penalties, costs, fees (including reasonable attorneys' fees) and expenses caused by or arising from such claim. The Sheriff’s Office shall promptly give STOP notice of any such claim.

6.2 General

Either party shall, at its expense, indemnify, defend, and hold harmless the other party, its employees, officers, directors, contractors and agents from and against any losses, liabilities, damages, penalties, costs, fees, including without limitation reasonable attorneys' fees, and expenses from any claim or action, including without limitation for property damage, bodily injury or death, proximately caused by the negligent acts, or omissions or willful misconduct of the other party, its officers, employees, agents, or subcontractors. Either party shall promptly give the other party notice of such claim.

7. MISCELLANEOUS

7.1 Assignment, Successors & Assigns

Neither this agreement nor any rights or obligations herein may be assigned by either party, by operation of law or otherwise, without the

written consent of the other party; provided, however, that, without the consent of the Sheriff's Office, STOP may assign this agreement in connection with a merger, consolidation, assignment, sale or other disposition of substantially all of the assets or business relating to the portion of the STOP operations that is the subject of this agreement. This agreement shall be binding on and inure to the benefit of the parties hereto and their heirs, legal representatives, successors, and permitted assigns.

7.2 Amendment & Waiver

This agreement may be amended, modified, waived or canceled only in writing signed by each of the parties hereto or, in the case of a waiver, by the party waiving compliance. No failure or delay by either party in exercising any right or remedy under this agreement shall waive any provision of this agreement nor shall any single or partial exercise by either party of any right or remedy under this agreement preclude either of them from otherwise or further exercising these rights or remedies or any other rights or remedies granted by any law or any other document.

7.3 Governing Law

The laws of the State of California shall govern the validity, construction, and performance of this agreement, without regard to the conflict of laws provisions of any jurisdictions. Any legal proceeding related to this agreement shall be brought in an appropriate California court, and each of the parties hereto consents to the exclusive jurisdiction of that court for this purpose.

7.4 Construction

Wherever possible, each provision of this agreement shall be interpreted so that it is valid under applicable law. If any provision of this agreement is to any extent invalid under applicable law in any jurisdiction, that provision shall still be effective to the extent it remains valid. The remainder of this agreement also shall continue to be valid, and the entire agreement shall continue to be valid in other jurisdictions.

7.5 Counterparts

This agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute one and the same instrument.

7.6 Entire Agreement

This agreement supersedes all previous and contemporaneous oral negotiations, commitments, writing, and understandings among the

parties hereto concerning the matters in this agreement.

7.7 Notices

All notices and other communications required or permitted under this agreement must be in writing and must be hand delivered or sent by registered first-class mail, postage prepaid, or by overnight courier service. Such notices or other communications shall be effective upon receipt if hand delivered, and *ten (10)* business days after mailing (or, for overnight courier, the number indicated in the mailing instructions) if sent, in the case of the Sheriff's Office, to the address set forth in the first paragraph of this agreement to the attention of Sheriff Bill Brown, and in the case of STOP to its principal executive offices to the attention of the Chief Executive Officer, or at such other address for a party as may be specified by like notice.

7.8 Specific Performance & Remedies Cumulative

The parties acknowledge that a breach of this agreement shall result in irreparable and continuing damage and cannot be adequately compensated for by money damages and agree that specific performance is an appropriate remedy for any breach or threatened breach hereof. Accordingly, in addition to any other remedies available to a party at law, in equity or by statute, the parties:

- (i) Consent to the issuance of any injunctive relief or the enforcement of other equitable remedies against it (without bond or other security) to compel performance of any of the terms of this agreement, and
- (ii) Waive any defenses thereto, including without limitation, the defenses of failure of consideration, breach of any other provision of this agreement, and availability of relief in damages. All remedies, whether under this agreement, provided by law, or otherwise, shall be cumulative and not alternative.

7.9 Dispute Resolution

Except for the right of either party to apply to a court of competent jurisdiction for a temporary restraining order or other provisional remedy to preserve the status quo or prevent irreparable harm, the parties agree to attempt in good faith to promptly resolve any dispute, controversy or claim arising out of or relating to this agreement, including but not limited to payment disputes, through negotiations between senior management of the parties and their designees. If the dispute cannot be resolved within 15 calendar days of initiating such negotiations or such other time period mutually agreed to by the parties in writing, either party may pursue its available legal and equitable remedies. STOP and the Sheriff's Office agree that, the

existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this agreement.

7.10 Claims

STOP must submit claims against the Sheriff's Office within the earlier of one (1) year of the date upon which STOP knew of the existence of the claim or one (1) year from expiration or termination of the agreement. No claims shall be allowed unless notice of such claim has been given within the above-described time period. STOP must submit claims against the Sheriff's Office in the form and with the certification prescribed by the Sheriff's Office contact identified in Section 7.7 above or designee. Upon failure of STOP to submit its claim within the time allowed, all rights to seek amounts due on account of such claims shall be waived and forever barred.

7.11. Sovereign Immunity

The parties expressly agree that no provision of this agreement is in any way intended to constitute a waiver by the Sheriff's Office of any immunities from suit or from liability that the Sheriff's Office may have by operation of law.

7.12. Subpoena

In the event that a subpoena or other legal process commenced by a third party in any way concerning the Services provided pursuant to this agreement is served upon STOP or the Sheriff's Office, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. STOP and the Sheriff's Office further agree to cooperate with the other party in any lawful effort by such other party to contest the legal validity of such subpoena or other legal process commenced by a third party as may be reasonably required and at the expense of the party to whom the legal process is directed, except as otherwise provided herein in connection with defense obligations by STOP for the Sheriff's Office.

In witness whereof, each of the parties has executed this agreement as of the date and year first set forth herein.

By: _____
Doreen Farr
Chair, Board of Supervisors
County of Santa Barbara
State of California

Contractor/Vendor
Satellite Tracking of People
1212 N. Post Oak Rd. #100
Houston, Texas
Greg S. Utterback
Its: Chief Development Officer

By: _____

ATTEST:
Chandra Wallar
Clerk of the Board

IRS No. _____

By: _____
Deputy

Business Type Check Only One

Corporation _____
Partnership _____
Sole proprietorship _____

APPROVED AS TO FORM:
Dennis Marshall
County Counsel

BY: _____
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
Robert W. Geis, C.P.A.
Auditor – Controller

APPROVED AS TO FORM:
Ray Aromatorio
Risk Program Administrator

BY: _____

BY: _____

EXHIBIT A
Unit Pricing

Category	Volume Tiers *	Price
Radio Frequency – Landline	1 +	\$1.75/day/unit
Radio Frequency – Cellular	1 +	\$2.75/day/unit
Passive GPS	1 +	\$4.00/day/unit
Hybrid GPS	1 +	\$4.25/day/unit
Active GPS	1 +	\$4.25/day/unit
Stalker Alert	1 +	\$4.25/day/unit
Monitoring Center Services	1 +	No Charge
Blu Home	1 +	No Charge
BluBox	1+	No Charge
BluScan	1 +	No Charge

Insurance and Replacement Costs

In the event of damage to the unit caused by the tracked individuals or LESSEE, or if the unit is lost, the LESSEE will reimburse LESSOR based on the Replacement Cost listed below. **In lieu of LESSEE paying for lost/damaged units, LESSEE may elect below to purchase insurance at the per diem noted below to provide no-deductible coverage up to 15% of the average daily units billed during the preceding twelve (12) months. Any lost or damaged units above this amount will be billed in accordance with the Replacement Cost below. Election for insurance coverage must be made at the beginning of the agreement, and remains in effect during the term of the agreement for all billable units.** Regardless of whether insurance coverage is elected, LESSEE shall use its best efforts to recover all units on behalf of LESSOR. LESSOR may terminate this agreement if lost or damaged units from this agreement exceed 20% of the average daily units activated.

Insurance Cost

- Additional \$.75 per BluTag unit per day.
- Additional \$.50 per BluBand unit per day.
- Insurance is not available for accessories, including BluHome, BluBox, BluFone, or BluScan.

Electing Insurance Coverage (must check one): Yes No

Replacement Cost

Part	Description	Quantity	Replacement Cost
1	BluTag® Unit	1	\$ 500 ¹
2	BluHome® Unit (if applicable)	1	\$ 350P ¹ P
3	BluBox® (if applicable)	1	\$ 200P ¹ P
4	BluFone® (if applicable)	1	\$ 200P ¹ P
5	Straps and direct clips for BluTag® (set comprised of one strap and four clips)	9 per unit per year	\$ 10
6	Charging Coupler for BluTag®	1	\$ 25
7	BluScan® (if applicable)	1	\$ 350
8	BluBand®	1	\$125
9	Installation Kit	1	\$ 25

Notes:

1 - Replacement only for lost and stolen units. Units are not available for purchase. Data and wireless plan included.