

# SATELLITE TRACKING OF PEOPLE, LLC.

## LEASE AGREEMENT

THIS AGREEMENT, dated as of August \_\_\_\_, 2008 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 Department, with administrative offices located at 4434 Calle Real, Santa Barbara, CA, 93160, (hereinafter the “Sheriff’s Department” 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 Department 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 Department on [DATE] 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 session as needed, using a combination of written procedures (in English) and hands-on training, on the use of the STOP System
- (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; and
- (ii) Compensate all costs related to the installation and deployment of the STOP equipment and system as described in Exhibit A.
- (iii) REIMBURSE COSTS IF DAMAGE OR LOST BY OFFENDER

2. OWNERSHIP; INTELLECTUAL PROPERTY RIGHTS & SECURITY.

(a) Proprietary Property. 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 Department 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 Department pursuant to this Section 4.2.

(c) STOP grants to the Sheriff's Department 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 Department 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.

(a) 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.

(b) 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 (a) was previously known to the receiving party as shown by the receiving party's files at the time of disclosure thereof, (b) was already in the public domain at the time of the disclosure thereof, or (c) 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.

(a) 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 IT'S MONITORING SERVICE OR ITS SYSTEM IS IMPERVIOUS TO TAMPERING.

(b) 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 AND TERMINATION.

(a) Term. The term of this Agreement shall commence on the date hereof and shall continue in full force and effect for one (1) years after the date hereof. This Agreement shall automatically renew for 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.

(b) Termination. This Agreement may be terminated, in whole or in part,

pursuant to the following terms and conditions:

(c) by mutual written consent of the parties hereto;

(d) 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;

(e) Obligations Upon Termination. Upon any termination of this Agreement, the following shall apply:

(f) The parties shall remain responsible for any payments that have become due and owing as of the effective date of termination.

(g) 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.

(h) 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 Department 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 Department 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 Sheriffs Department to stop using such items and the Sheriffs Department agrees to immediately cease all infringing use. STOP’s obligation to the Sheriffs Department 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 Department and its employees, officers, directors, contractors and agents from and against any third-party claim or action against the Sheriff’s Department 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 Department 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 and 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 Department, 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 and 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 Department, 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 (a) 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 (b) 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 Department 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 Department 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 Department in the form and with the certification prescribed by the Sheriff's Department 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 Department of any immunities from suit or from liability that the Sheriff's Department 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 Department, 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 Department 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 Department.

**By:** \_\_\_\_\_  
Salud Carbajal  
Chair, Board of Supervisors  
of the 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

**ATTEST:**  
Michael F. Brown  
Clerk of the Board

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

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:** \_\_\_\_\_