

ATTACHMENT C

Master Agreement for Licensed Software, Hardware, and Services
(not including change orders.)

A-23

MASTER AGREEMENT FOR LICENSED SOFTWARE, HARDWARE AND SERVICES

Effective as of the date that this Agreement is executed by the County of Santa Barbara (the "Effective Date").

By and Between	And
MANATRON, INC. 510 E. Milham Avenue Portage, Michigan 49002 ("Manatron")	COUNTY OF SANTA BARBARA , CA ("Customer") <hr/> Treasurer-Tax Collector 105 East Anapamu Street, Room 109 Santa Barbara, California, 93102-0579
Attention: <u>Matthew Henry, Contract Administrator</u> Telephone No.: <u>(866) 471-2900 ext. 7099</u> Fax No.: <u>(269) 567-2930</u> E-mail Address: <u>matt.henry@manatron.com</u>	Attention: <u>Bernice James, Treasurer-Tax Collector</u> <hr/> Telephone No.: <u>(805) 568-2490</u> Fax No.: <u>(805) 568-2488</u> E-mail Address: <u>bjames@co.santa-barbara.ca.us</u>

This Master Agreement for Licensed Software, Hardware and Services sets forth the terms and conditions under which Manatron shall license the software programs, sell the hardware and/or provide the support and other services described in the attached Schedule(s) and all future Schedules that reference the Master Agreement #CA 2010.001. The term "Agreement" means this Signature Page, the attached General Terms and Conditions, and all Schedules attached hereto or subsequently signed by the parties.

The parties have executed this Agreement as of the dates set forth below their respective signatures.

COUNTY OF SANTA BARBARA

By: [Signature]
Chair, Board of Supervisors

Date: 5/26/10

ATTEST:
MICHAEL E. BROWN
CLERK OF THE BOARD
By: [Signature]
Deputy

Manatron, Inc.
By: [Signature]

(Authorized Signature)
TaxID Number: 38-1983228

APPROVED AS TO FORM:
DENNIS A. MARSHALL
COUNTY COUNSEL

By: [Signature]
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: [Signature]
Deputy

APPROVED AS TO FORM:
RAY AROMATORIO,
RISK PROGRAM ADMINISTRATOR

By: [Signature]
Risk Program Administrator

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS.

As used in this Agreement:

“**Acceptance**” shall have the meaning set forth in Section 2.2.2.

“**Compliance Update**” means a change made to the Software to reflect a mandated change in an applicable Law.

“**Computer System**” means the digital computer processor(s), random access memory, disk subsystem, network software, Database Software, operating system software and other hardware or software components or programs that are used in conjunction with the Hardware and/or Software.

“**Customization**” means any improvement, derivation, extension or other change to the Software made by Manatron at the request of Customer, including any that result from the joint efforts or collaboration of Manatron and Customer. Manatron may from time to time and in its sole discretion, incorporate Customizations into the Software as “Enhancements”.

“**Database Software**” means relational database management systems (RDMS) such as Microsoft SQL Server, Oracle or similar Third-Party Software that is utilized by the Software to store Customer data on a disk subsystem as part of the operation of the Software.

“**Designated Processor**” means the computer processing device that provides the primary control for the interpretation and execution of the Software and is designated on the applicable Schedule or, if not so identified, on which the Software is initially installed or, if a software activator device is required, the computer processing device within which the software activator is properly installed. The Customer (County of Santa Barbara) is receiving an enterprise class site license that does not restrict the Customer to a limited number of users. As such, the Customer may install the Software on an unlimited number of Designated Processors, so long as those processors remain auditable and reported to Manatron. The Customer may also consider Virtual Machine Software (VMWare) a viable option as a Designated Processor.

“**Documentation**” means any standard operator and user manuals, product specifications, glossary, index, training materials, and other similar materials generally made available and provided by Manatron for use with the Software.

“**End User**” means the Customer, or any employee(s), affiliate(s) agent(s) representative(s) or any other person under the direction or control of the Customer that uses the Software to perform certain functions or tasks as required by the Customer.

“**Enhancement**” means any modification or addition that, when made or added to the Software, changes its utility, efficiency, functional capability or application. Manatron may, in its sole discretion, designate an Enhancement as minor or major.

“**Error**” means any failure of the Software to conform in any material respect to the functional specifications contained in the Documentation, as published from time to time by Manatron.

“**Error Corrections**” means a modification or an addition that, when made or added to the Software, establishes material conformity of the Software to the Documentation, or a procedure or routine that, when implemented in the regular operation of the Software, eliminates the practical adverse effect on Customer of such nonconformity.

“**Functional Requirements**” means the final agreed upon technical requirements as defined by the GAP analysis document delivered under the Statement of Work attached to this Agreement.

“**Go-Live**” means the instance when the Software is used in a production environment or for any purpose other than testing.

“**Hardware**” means the Computer System components and equipment, other than the Database Software, Software, and Third-Party Software as listed in the applicable schedule.

“**Implementation Plan**” means a detailed description of the tasks to be performed by each party in connection with the implementation of the Software. The Implementation Plan will be developed mutually by the parties immediately following the execution of this Agreement.

“**Installation**” means all preparation, processing and other tasks necessary to install the Database Software, Software or Third-Party Software on the Designated Processor to make it operational.

“**Installation Date**” means the date on which Manatron completes Installation of the Hardware at a location specified by Customer or the Software or Third-Party Software on the Designated Processor or, in the case where Customer requests or causes a material delay in the performance of installation, the date set forth in the Implementation Plan for commencement of installation (if for Hardware) or acceptance testing (if for Software or Third-Party Software).

“**Law**” means any applicable state, county or local statute, law, ordinance or code.

“**Minimum Requirements**” means the minimum requirements for the Computer System as set forth in Appendix B. The Software may operate on a Computer System that is below the Minimum Requirements, but such operation is not warranted by Manatron.

“**Notice of Completion**” means: (a) if Manatron is to provide implementation services, a written notice from Manatron stating that installation and implementation of all Hardware, Software and/or Third-Party Software at Customer’s site has been completed and that the Software is available for acceptance testing; or (b) in all other cases, a written notice from Manatron stating that all Hardware, Software and/or Third-Party Software has been delivered.

“**Ordinary Use**” means usage of the system that is consistent with normal commercial customs and usages for tax billing and collections and appraisal software within the State of California.

“**Professional Services**” means any Installation, Implementation Service(s), Software configuration, training, consulting, Support Service(s), Customization, and other similar service(s) performed by Manatron under the terms of this Agreement.

“**Project Management**” means the process of planning, scheduling and controlling certain activities in order to meet project objectives.

“**Release**” means a version of the Software denoted by the number to the left of the decimal point (as compared to a change in the number to the right of the decimal point). For example: 4.x and 4.1 are the same Release; 4.x and 5.x are two different Releases. Releases include major Enhancements and the incorporation of any Version developed after the Release immediately preceding the most current Release.

“**Schedule**” and “**Schedules**” shall mean the calendar project schedules from the Statement of Work, and any appendices and attachments to the Agreement.

“**Site**” means Customer offices within Santa Barbara County.

“**Software**” means the software program(s) (in object code format only) identified on the applicable Schedule and includes Error Corrections, Compliance Updates and new Versions and Releases of such program(s) that may be provided under this Agreement. The term “Software” excludes any Third-Party Software.

“**Software Modification**” has the same meaning as “Customization” if made at the request of Customer under the terms of this Agreement and

“Enhancement” when made by Manatron as part of the development or enhancement of the Software or Third-Party Software.

“**Statement of Work**” or SOW shall be Appendix C to this Agreement and shall include the project documentation that details the policies, procedures and compensation for the project.

“**Support Services**” shall mean the ongoing annual Maintenance and Support Services for the software that shall commence thirty (30) days after the go live date of the Software. These Services are described in more detail in Appendix A below.

“**Test Period**” means the thirty (30) calendar days period following (a) Customer’s receipt of the Notice of Completion or (b) in the case where Customer requests or causes a material delay in the performance of implementation services, the date set forth in the Implementation Plan for commencement of acceptance testing. After Manatron provides the Notice of Completion, the Customer may submit in writing to Manatron any errors it believes exist within the Software. Manatron will correct any reproducible Priority 1 and Priority 2 errors, as defined below in Appendix A, prior to Acceptance by the Customer, as defined above and set forth in Section 2.2.2 below. If no Priority 1 or Priority 2 errors exist, or if they have been fully resolved, then Manatron will provide a Deliverable Acceptance Statement (DAS) to be executed by Customer to memorialize Acceptance.

“**Third-Party Software**” means any third-party software program(s) provided to Customer under this Agreement and listed on the applicable Schedule.

“**Version**” means a new version of the Software that includes minor Enhancements, Error Corrections and/or Compliance Updates, which is indicated by a different number to the right of the decimal point (e.g., “4.1” and “4.2” represent different Versions of Release “4”).

“**Web Hosting**” means providing the infrastructure, such as the hardware, software and communication lines necessary to enable a computer system to communicate with a designated server.

2. SOFTWARE LICENSE.

2.1 **Grant.** Manatron grants to Customer a perpetual, nontransferable (except as otherwise provided in Section 17.9) nonexclusive license to use the Software and Documentation solely on the terms and conditions set forth in this Agreement.

2.2 Acceptance Testing.

2.2.1 During the Test Period, Customer may test the Software to verify that it conforms in all material respects to the Documentation. If the Software does not so conform, Customer shall promptly notify Manatron in writing and Manatron shall work diligently to correct all nonconformities free of cost to Customer. If after a reasonable period of time Manatron is unable to correct a nonconformity in the Software, Customer may, as its sole and exclusive remedy, invoke the penalty provisions of Section 15.1 below.

2.2.2 The Software shall be considered accepted for all purposes (“**Acceptance**”) upon the earlier of: (a) notification by Customer that the Software is in compliance by delivering the signed DAS; or (b) expiration of the Test Period if Customer fails to notify Manatron of any material nonconformity, material meaning any Priority 1 or Priority 2 error, during that period.

2.3 Scope of Rights. Customer may:

2.3.1 Install the Software on the Designated Processor(s) and may, upon prior written notice to Manatron, move the Software to a different processor(s), or, in the event of a disaster, run the Software on a back-up processor(s).

2.3.2 If the Software is licensed on a Site basis, use and execute the Software only in connection with the operations of the Site(s).

2.3.3 Make copies of the Software for backup and archival purposes only, provided that (a) no more than two (2) copies of the Software are in existence at any one time, and (b) Manatron’s copyright and other proprietary legends are reproduced on each copy. Customer shall keep appropriate records of the number and location of all copies and make such records available to Manatron upon request. All copies that are made by Customer shall be the property of Manatron.

2.3.4 Make copies of the Documentation for Customer’s internal use only, provided that Manatron’s copyright and other proprietary legends are reproduced on each copy.

2.4 **Restrictions.** In addition to other restrictions set forth in this Agreement, Customer may not:

2.4.1 Use, copy, modify or distribute the Software (electronically or otherwise) or any copy, adaptation, transcription or merged portion thereof except as expressly authorized under this Agreement;

2.4.2 Use the Software for any purpose for the benefit of any third party in a commercial, retail, service bureau or similar enterprise; however, Manatron acknowledges and agrees that Customer may use the Software for property tax collection, assessment and allocation functions for other governmental entities.

2.4.3 Translate, reverse engineer, decompile, recompile, update, enhance or create derivations of all or any part of the Software or merge any Software with any other software or program including without limitation, the structure and sequence of any database and/or database files, including those created by Customer under this Agreement; or

2.4.4 Without prior written approval of Manatron, modify or manipulate the data maintained in the standard database structure schema that is documented as part of the Software, except by those provided in the Software.

2.4.5 Without prior written approval of Manatron, modify, extend or add tables including without limitation, the structure and sequence of any database or database files that are used by the Software, including those created by or for Customer under this Agreement; or

2.4.6 Remove the labels or any proprietary legends from the Software or its Documentation.

2.5 **Title.** Manatron reserves all rights not expressly granted to Customer hereunder. Customer understands that the license granted herein transfers neither title nor proprietary rights to Customer with respect to the Software or Documentation. Any documents and data supplied by Customer shall remain the property of Customer.

2.6 **Right to Audit.** Manatron shall have the right to, up to two (2) times per calendar year and upon written request, a mutually agreed upon audit of Customer’s use of the Software to monitor compliance with this Agreement. If an audit reveals that Customer has exceeded the restrictions on use, Customer shall be responsible for the reimbursement of all costs related to the audit and prompt payment by Customer to Manatron of the underpayment.

Manatron shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of Manatron’s profession and shall maintain such records for at least four (4) years following the termination of this Agreement. All accounting records shall be kept in accordance with generally accepted accounting practices. Customer shall have the right to audit and review all such documents and records at any time during Manatron’s regular business hours or upon reasonable notice. In addition, if this Agreement exceeds ten thousand dollars (\$10,000.00), Manatron shall be subject to the examination and audit of the California State Auditor General for a period of three (3) years after final payment under the Agreement (Cal. Govt. Code Section 8546.7). Manatron shall participate in any audits and review, whether by Customer or the State, at no charge to Customer.

2.7 **Third-Party Software.** Customer acknowledges and agrees that each Third-Party Software product is the property of the respective third-party owner or licensor and that Customer has no right or title, nor will it assert any

right or title, in the same except as expressly granted in writing by the terms and conditions of such third-party license or purchase agreement. All Third-Party Software provided to Customer under this Agreement shall be used only in accordance with the applicable license agreement from the third-party owner or licensor.

2.8 Tools; Customizations. Except as described in Section 15.3, Customer shall not have any right to independently make such changes to the underlying code of the Software. Customer may develop, or have developed by a third party, and shall retain ownership of and intellectual property rights to, hooks, interfaces or similar tools for use with the Software, provided that the hook, interface or tool does not use any part of the Software or require any modification or alteration of the underlying code of the Software. In the event that a third party is used, the Customer will require the third-party to sign a Manatron-provided Non Disclosure Agreement. Manatron shall own all right, title and interest (including all associated intellectual property rights) in and to any Customizations to the Software, and Customer shall have a license to use such Customizations.

3. HARDWARE.

3.1 Delivery. If Hardware is provided to Customer under this Agreement, Manatron shall coordinate delivery of the Hardware to Customer. Manatron shall deliver all Hardware to Customer FOB Customer's location.

4. SUPPORT SERVICES.

4.1 Scope. Provided that Customer is current in the payment of the applicable support fee, Manatron shall provide the following support services (collectively referred to as "**Support Services**");

4.1.1 Telephone Support. Manatron shall provide Customer with telephone support services for Hardware and Software from 8:00 a.m. to 8:00 p.m. Eastern Standard Time (EST), Monday through Friday, excluding the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the immediately succeeding Friday, Christmas Eve and Christmas Day. Manatron may from time to time amend its holiday schedule upon at least sixty (60) days' prior written notice to Customer. Manatron agrees to provide 24 hour on call support during April 10 and December 10 of each calendar year and the 5 business days preceding and the 5 business days following April 10 and December 10 of each calendar year. If these dates change, the Customer agrees to give Manatron at least sixty (60) days advance notice.

4.1.2 Web Site. Manatron shall maintain a web site that contains information concerning the Software and Support Services.

4.1.3 Error Corrections. Manatron will respond to any Errors reported by Customer in accordance with its response policy attached hereto as Appendix A. Manatron may from time to time amend its response policy upon mutual written agreement from the Customer.

4.1.4 Compliance Updates. Manatron shall exercise due diligence in accordance with the highest professional standards and provide Customer, in a timely manner, with compliance updates. As part of the scope of this Agreement, Manatron agrees to monitor applicable changes in the applicable laws of California to help Customer maintain the system compliance. Manatron has agreed to subscribe to a legislative update service as part of this effort. Customer agrees to promptly notify Manatron when it becomes aware of any applicable change of law. Some compliance updates may require a nominal technical effort by Manatron. In such case, those updates will be included in the maintenance fees at no additional cost. For more major compliance efforts, Manatron will provide up to 3000 hours of technical effort per calendar year in furtherance of legislative compliance updates until Manatron reaches an installed client parcel count of 800,000 parcels in the State of California. After the installed parcel count in California reaches 800,000 parcels, Manatron will provide up to 1000 hours of technical effort. Any hours over the relevant cap, whether 3000 hours or 1000 hours, that are required to meet a compliance update effort by Manatron shall be spread on a pro-rata basis across Manatron's affected customer base, on a time

and materials basis, provided that Manatron receives Customer's prior written approval before charging Customer for such compliance update.

4.1.5 Versions. Manatron shall provide Customer with new Versions of the Software. Customer understands that its implementation of a new Version may require Customer to upgrade its Computer System.

4.2 Supported Software. Manatron's obligation to provide Support Services shall extend only to the current Release and prior Versions whose Release number begins with the same number or immediately preceding number. For example, if the current Release is 4.5, Manatron will support only those Versions between 3.x and 4.5. If Customer desires support for earlier Versions of the Software, such support may be treated by Manatron as additional consulting services for which Customer will be billed at Manatron's then-current time-and-material rates.

4.3 Customer Obligations.

4.3.1 Customer may designate up to five persons, through whom requests by Customer for Support Services shall be made. Manatron shall not be required to accept calls or requests from anyone other than a designated contact person. Customer may change its designated contact persons, or request that additional people be made contact persons, at any time upon notice to Manatron.

4.3.2 Customer shall implement and follow the reasonable written instructions of Manatron regarding operation of the Software.

4.3.3 Customer shall purchase, install and maintain a Computer System that complies with the Minimum Requirements.

4.4 Third-Party Software Support. Manatron shall provide Customer with telephone assistance for the Third-Party Software during the hours set forth in Section 4.1.1. If Manatron is unable to resolve a problem with the Third-Party Software, it shall contact the appropriate vendor on Customer's behalf and coordinate and monitor correction efforts by the vendor. In all instances, Manatron shall be responsible for ensuring the resolution of an issue regardless of whether or not it needs to bring in a Third-Party.

4.5 Services Outside Scope. The exclusions set forth in Section 9.3 shall apply to Manatron's obligations to provide Support Services under this Section 4. Services provided by Manatron that are not within Manatron's obligations under this Agreement shall only be performed after the execution of, or an amendment to, a Professional Services Schedule or an approved change control and shall be billed at Manatron's then-current time-and-material charges, including travel and all other out-of-pocket expenses. Manatron shall bill Customer a minimum charge of two (2) hours for all services provided under this Section 4.5.

5. OTHER SERVICES.

5.1 Description. Manatron shall provide Services (other than Support Services) as set forth in the applicable Statement of Work. The scope of the material Functional Requirements shall be set forth in the completed GAP analysis deliverable within the Statement of Work. Manatron shall be responsible for delivering this Software which meets the GAP analysis requirements in all material respects..

5.2 Implementation Services. The terms set forth in this Section shall apply if the applicable Schedule provides for the provision of implementation services by Manatron:

5.2.1 Joint Development. Manatron and Customer shall jointly develop the Implementation Plan using Manatron's standard implementation methodology. The Implementation Plan shall be made part of the applicable Schedule without any further action.

5.3 Amendments. Manatron and Customer contemplate that the Implementation Plan will from time to time be amended during the project. All amendments to the Implementation Plan shall be made in writing on a change control request form and signed by the Project Manager for each party (as defined below). Unless otherwise stated in the applicable Fee Schedule,

Customer shall pay all fees for Services in such amendments (other than Support Services) on a time-and-material basis based on Manatron's then-current rates and charges for the Services. Manatron will bill other Services as used.

5.3.1 Performance Dates. Each party understands that any variation from the performance dates set forth in the milestones set forth within the Statement of Work may adversely impact project milestones and completion dates, including, without limitation, the date of completion of the project.

5.3.1.1 Efforts. Each party agrees to use all commercially reasonable efforts to fulfill its obligations under the Implementation Plan and to meet the performance dates set forth in the Implementation Plan.

5.3.1.2 Adjustments. To the extent that either party fails to perform its obligations in accordance with the performance schedule that is set forth in the Implementation Plan, the parties may negotiate an adjustment to the schedule in accordance with Section 5.3.

5.3.2 Manatron Project Manager. Manatron assigns Dan Sullivan and Wendy Beadle as Project Managers who shall have the principal responsibility for overseeing and managing the performance of obligations of Manatron under the Schedule and who shall be the primary point of contact for Manatron. Other key personnel Manatron has assigned to this project at kickoff are Dr. Steve Hendricks. Manatron may not substitute other persons in this position without the prior written approval of Customer, which approval shall not be unreasonably withheld. Manatron agrees that the Manatron Project Manager shall dedicate such time as needed to perform the services in accordance with the performance schedule set forth in the Implementation Plan.

5.3.3 Customer Project Manager. Customer shall, as soon as practicable following the execution of the Agreement, assign a project manager (the "Customer Project Manager") who shall have the principal responsibility for overseeing and managing the performance of obligations of Customer under the Schedule and who shall be the primary point of contact for Customer. Customer may replace the person serving as its Customer Project Manager upon prior written notice to Manatron.

6. INDEMNIFICATION AND INSURANCE

6.1 Indemnification and Insurance. Manatron agrees to defend, indemnify and save harmless Customer and to procure and maintain insurance as follows:

6.1.1. Indemnification – Manatron agrees to indemnify, defend (with counsel reasonably approved by Customer) and hold harmless Customer and its authorized officers, employees, agents and volunteers from any and all, in whole or in part, claims, actions, losses, damages, and/or liability arising out of this Agreement from any act, error or omission of Manatron's officers, employees, agents or assigns and for any costs or expenses (including but not limited to attorneys' fees) incurred by Customer on account of any claim except where such indemnification is prohibited by law. Manatron shall notify Customer immediately in the event of any accident or injury arising out of or in connection with this Agreement. This Indemnification provision shall survive any expiration or termination of this Agreement.

6.1.2. Additional Insured – All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability and Automobile Liability policies, shall contain endorsements naming Customer and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for Customer to vicarious liability but shall allow coverage for Customer to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

6.1.3. Waiver of Subrogation Rights – Manatron shall require the carriers of required coverages to waive all rights of subrogation against Customer, its

officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit Manatron and Manatron's employees or agents from waiving the right of subrogation prior to a loss or claim. Manatron hereby waives all rights of subrogation against Customer.

6.1.4. Policies Primary and Non-Contributory – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by Customer.

6.1.5. Severability of Interests – Manatron agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between Manatron and Customer or between Customer and any other insured or additional insured under the policy.

6.1.6. Proof of Coverage – Manatron shall furnish Certificates of Insurance to the Customer Department administering the Agreement evidencing the insurance coverage, including endorsements, as required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Manatron shall maintain such insurance from the time Manatron commences performance of services hereunder until the completion of such services. Immediately upon request of the Customer, Manatron shall provide complete certified copies of the insurance policies and endorsements.

6.1.7. Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of "A VII".

6.1.8. Deductibles and Self-Insured Retention - Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.

6.1.9. Failure to Procure Coverage – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, Customer has the right but not the obligation or duty to cancel the Agreement or obtain insurance if it deems necessary and any premiums paid by Customer will be promptly reimbursed by Manatron or Customer payments to Manatron will be reduced to pay for Customer purchased insurance.

6.1.10. Insurance Review – Insurance requirements are subject to periodic review by Customer. The Risk Program Administrator or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of Customer. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Risk Program Administrator or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against Customer, inflation, or any other item reasonably related to Customer's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. Manatron agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of Customer to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of Customer.

6.1.11. Insurance Specifications – Manatron agrees to provide insurance set forth in accordance with the requirements herein. If Manatron uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, Manatron agrees to amend, supplement or

endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

Without in any way affecting the indemnity herein provided and in addition thereto, Manatron shall secure and maintain throughout the Agreement term the following types of insurance with limits as shown:

A. Workers' Compensation/Employers Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with one million dollar (\$1,000,000) limits covering all persons including volunteers providing services on behalf of Manatron and all risks to such persons under this Agreement.

If Manatron has no employees, it may certify or warrant to Customer that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Risk Program Administrator.

B. Commercial/General Liability Insurance – Manatron shall carry General Liability Insurance covering all operations performed by or on behalf of Manatron providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000) per occurrence and a two million dollar (\$2,000,000) general aggregate limit.

C. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If Manatron owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

D. Data Processing Errors and Omissions Insurance – Manatron shall maintain Data Processing Errors and Omissions Insurance with a maximum coverage amount (per occurrence) of not less than three million dollars (\$3,000,000).

If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the date of the start of the contract work. The claims made insurance shall be maintained or "tail" coverage provided for a minimum of five (5) years after contract completion.

D. Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

7. FEES AND PAYMENT TERMS.

7.1 License Fees. Customer shall pay Manatron license fees for the Software, as set forth herein. This contract requires a license fee of \$650,000 USD. License Fees shall be payable as set forth in the payment schedules in the Statement of Work. Provided that the Customer remains current and up to date with the Maintenance and Support Fees set forth in Section 7.2 below, the client will not be required to pay additional license fees for any patch, Release or new Version of the Software which incorporates the source code from previous versions of the Software or a similar database schema from prior versions of the Software.

7.2 Support Fees. Customer agrees to pay Manatron the support fees set forth in the applicable Schedule. Unless otherwise stated in the applicable Schedule, support fees shall be invoiced annually, in advance, commencing on the first day of the month next following the date of installation. Manatron shall have the right to increase the annual support fees for existing Software Releases upon prior written notice. Support Fees will be fixed at a rate of \$162,081 for the first twenty-four (24) months following their commencement. Increases will be limited to 5% per annum for the following thirty-six (36) months. Manatron will notify the County no later than December 1st of the current support year for increases anticipated in the next support year.

7.3 Hardware Fees. Customer agrees to pay Manatron the fees for Hardware set forth in the applicable Schedule. Unless the applicable Schedule states otherwise, Hardware fees shall be due and payable in full by Customer within 30 days after Customer's receipt of the Hardware and invoice.

7.4 Reimbursable Expenses. Customer agrees to reimburse Manatron for all reasonable and customary out-of-pocket expenses substantiated by receipts, including, but not limited to, travel, tolls, parking, lodging and communication expenses incurred by Manatron in connection with the performance of Services. Meal expenses shall not exceed the Customer's then-current per-diem amount. Any reimbursements for mileage shall be at the Customer's then current rate.

7.5 Invoices/Acceptance. All invoices shall be paid in accordance with the terms set forth in the applicable Schedule. If Customer delays an invoice payment for any reason, Customer shall promptly notify Manatron in writing the reasons for such delay.

7.6 Taxes. The fees set forth in this Agreement do not include any amounts for taxes. Unless Customer provides Manatron with proof of exemption therefrom, Customer shall pay all applicable sales or use taxes levied by any tax authority on Customer's purchases hereunder if Customer receives an invoice in the appropriate amount from Manatron within one year of the due date. Manatron must pay all other applicable taxes, including, but not limited to, any taxes based upon Manatron's income, employer obligations, or property.

7.7 Price Changes. If Manatron utilizes a third-party Hardware Maintenance services provider, Manatron shall be entitled to change any price charged to Customer for Hardware Maintenance services upon thirty (30) days prior (to the next invoicing cycle) written notice in order to pass through to the Customer any price increases or decreases which the Hardware Maintenance services provider may from time to time make. Manatron shall be entitled to increase any price charged to Customer for Third-Party Software and/or Hardware Maintenance services provided by Manatron upon thirty (30) days prior written notice to Customer, no more than once every twelve (12) month period under this Agreement.

8. ADDITIONAL CUSTOMER RESPONSIBILITIES.

8.1 Communications Equipment. Customer shall, at its sole expense, install and maintain communications equipment that will permit Manatron to have direct dial-up access to Customer's Computer System, including without limitation, modems and a dedicated, voice-grade phone line (no operator interface). The equipment shall meet Manatron's published specifications. Customer acknowledges that maintenance of the appropriate communications equipment is a condition precedent to Manatron's provision of Support Services.

8.2 Site Condition. Customer shall maintain site conditions that conform to common industry standards for all computer systems and/or media devices.

8.3 Records. Customer shall create and maintain timely, accurate and readable electronic back-ups of all data, program and system files.

8.4 Computer Virus Protection. Customer shall, at its own expense, install and periodically update a computer virus program to protect its Computer System and Database Software from computer viruses that may from time-to-time be transmitted or downloaded. Manatron shall not be

responsible for any computer virus, unless it is contained in or is caused by a virus in the Software, and expressly disclaims any liability for loss or damage caused by any computer virus on Customer's Computer System or Database Software. Notwithstanding the foregoing, Manatron shall be responsible for any computer virus contained in or caused by the Software provided under this Agreement.

9.5 Security. Customer shall, at its own expense, protect the security of its Computer System and to prohibit unauthorized access to the Computer System. Manatron shall not be responsible for any security breach and expressly disclaims any liability for loss or damage caused by the unauthorized access to Customer's Computer System.

9. WARRANTIES.

9.1 Software. Manatron warrants that the Software will conform in all material respects to the functional specifications contained in its then-current Documentation for a period of three-hundred sixty-five (365) days after the Go-Live Date. Manatron agrees to correct or replace, at no charge, any nonconformity of which it receives notice during the warranty period. In addition, Manatron warrants that any Enhancement, Customization, Compliance Update and/or Error Correction will conform in all material respects to the functional specifications contained in the then-current Documentation. The warranty for any Enhancement, Compliance Update and/or Error Correction shall expire simultaneously with the expiration of the Software warranty. Manatron warrants that the Software does not contain any disabling devices that would allow Manatron to terminate operation of the Software. Manatron further warrants that the Software does not contain any viruses. Manatron warrants that it shall not have breached the terms or conditions of any other contract or agreement to which Manatron is obligated, which breach would have a material effect hereon.

9.2 Third-Party Software; Hardware. MANATRON MAKES NO WARRANTY WITH RESPECT TO ANY HARDWARE OR THIRD-PARTY SOFTWARE, AND WHATEVER WARRANTY MAY APPLY TO ANY HARDWARE OR THIRD-PARTY SOFTWARE PRODUCT, IF ANY, IS ONLY AS IS EXPRESSLY STATED BY THE THIRD-PARTY MANUFACTURER, OWNER OR LICENSOR OF THE HARDWARE OR THIRD-PARTY SOFTWARE. MANATRON EXPRESSLY DISCLAIMS ALL WARRANTIES FOR THE HARDWARE AND THIRD-PARTY SOFTWARE, WHETHER EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

9.3 Exclusions. Manatron's warranty obligations and other obligations under this Agreement with respect to the Hardware and Software are expressly conditioned upon Customer's proper use and do not include:

9.3.1 Support or correction of errors or increases in service time that result from (a) accident, neglect, misuse or use other than Ordinary Use; (b) failure of electrical power, air conditioning, or humidity controls that cause a computer failure; and (c) modifications made to the Software by other than a representative of Manatron;

9.3.2 Problems and errors that Manatron and/or Customer cannot reproduce;

9.3.3 Problems relating to or caused by (a) any hardware, third-party software, Internet Service Provider (ISP) or software that was not supplied by Manatron or (b) use of a Computer System that does not meet the Minimum Requirements; or

9.3.4 Problems relating to or caused by changes in, or modifications to, the operating characteristics of any computer hardware or operating system for which the Software is procured.

9.4 Errors, defects, and malfunctions that are traceable to any of the foregoing or any Customer errors or system changes, any ISP, or any third-party hardware and/or software shall be billed at Manatron's then-current time-and-material rates, including out-of-pocket expenses.

9.5 Disclaimer. THE WARRANTIES SET FORTH IN THIS SECTION 9 ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED.

MANATRON EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE.

10. CONFIDENTIAL INFORMATION.

10.1 Defined. As used in this Section 10, "Confidential Information" includes the Software and Customizations in any embodiment, and either party's technical and business information relating to inventions or software, research and development, future product specifications, engineering processes, costs, profit or margin information, marketing and future business plans as well as any and all internal customer and employee information, and any information exchanged by the parties that is clearly marked with a confidential, private or proprietary legend. Information that is conveyed orally shall be designated as confidential at the time of disclosure and shall be reduced to writing within ten (10) business days. Notwithstanding the foregoing, Manatron understands and agrees that this Agreement and any accompanying Schedules, appendices, attachments, or exhibits are not Confidential Information and they may be disclosed. For example, they may appear on Customer's internet site as part of the agenda materials for the Board of Supervisors. Also, notwithstanding any provision in this Section 10.1, Customer specifically acknowledges that the Software, including without limitation the database architecture and sequence and Documentation comprise Confidential Information and know-how that are the exclusive property of Manatron.

10.2 Nondisclosure. The parties agree, unless otherwise provided in this Agreement or required by law, not to use or make each other's Confidential Information available to any third party for any purpose other than as necessary to perform under this Agreement. The recipient shall protect the Confidential Information from disclosure by using the same degree of care, but no less than a reasonable degree of care, that it uses to protect its own confidential information of a like nature to prevent its unauthorized use, dissemination or publication by its employees or agents. Customer further agrees that it will not allow any form or variation of the Software to enter the public domain. Both parties acknowledge that any breach of its obligations with respect to Confidential Information may cause the other irreparable injury for which there are inadequate remedies at law and that the non-disclosing party shall be entitled to equitable relief in addition to all other remedies available to it.

10.3 Exceptions. A party's Confidential Information shall not include information that: (a) is or becomes publicly available through no act or omission of the recipient; (b) was in the recipient's lawful possession prior to the disclosure and was not obtained by the recipient either directly or indirectly from the disclosing party; (c) is lawfully disclosed to the recipient by a third party without restriction on recipient's disclosure, and where recipient was not aware that the information was the confidential information of discloser; (d) is independently developed by the recipient without violation of this Agreement; or (e) is required to be disclosed by law, including but not limited to the California Public Records Act and the Brown Act.

11. INTELLECTUAL PROPERTY INDEMNIFICATION.

11.1 Scope. Manatron agrees to indemnify and defend Customer against any claim or action brought by any third-party for actual or alleged infringement of any United States patent, copyright, or trade secret based upon Customer's own internal use of the Software in accordance with this Agreement and to pay any damages and costs (including but not limited to attorneys' fees) finally awarded against Customer or paid in settlement. Manatron shall have the sole right to conduct the defense of any claim or action and all negotiations for its settlement, unless the parties to this Agreement agree otherwise in writing. Manatron agrees that it will not enter into a settlement hereunder without the written approval of the Customer.

11.2 Notice. Customer shall give Manatron prompt written notice of any threat, warning, or notice of any claim or action that could have an adverse impact on Manatron's rights in the Software.

11.3 **Alternatives.** Manatron shall not be responsible for any settlement entered into without its consent. In the event of a claim or action under Section 11.1, Manatron may, in its sole discretion, (a) procure for Customer the right to continue using the Software; (b) provide a substitute, non-infringing Software; or (c) terminate this Agreement and refund the license and service fees paid by Customer.

11.4 **Exclusions.** Manatron shall have no obligation under this Section 11 with respect to any claim or action that is based upon (a) Customer's use of the Software in breach of any term or condition of this Agreement; (b) the use or combination of the Software with any third-party product, software, hardware or system; (c) modification of the Software other than by a representative of Manatron; (d) use of a Version of the Software other than the most current Version of the Software, where use of the most current Version would have avoided the claim of infringement.

11.5 **Sole Remedy.** This Section 11 states Manatron's sole responsibility and obligation, and Customer's sole and exclusive remedy for any infringement claim.

12. **Standard of Performance.** Manatron represents that it has the skills, expertise, and licenses/permits necessary to perform the services required under this Agreement. Accordingly, Manatron shall perform all such services in the manner and according to the standards observed by a competent practitioner of the same profession in which Manatron is engaged. All products of whatsoever nature, which Manatron delivers to Customer pursuant to this Agreement, shall be prepared in a first class and workmanlike manner and shall conform to the standards of quality normally observed by a person practicing in Manatron's profession. Manatron shall correct or revise any errors or omissions, at Customer's request without additional compensation. All required permits and/or licenses shall be obtained and maintained by Manatron without additional compensation.

13. **Debarment and Suspension.** Manatron certifies to Customer that it and its employees and principals are not debarred, suspended, or otherwise excluded from or ineligible for, participation in federal, state or county government contracts. Manatron certifies that it shall not contract with a subcontractor that is so debarred or suspended.

14. TERM.

14.1 **Agreement.** This Agreement shall begin on the Effective Date and shall remain in full force and effect until the last Schedule has expired or has been terminated, unless sooner terminated in accordance with the terms of Section 15.

14.2 **Software and Third-Party Software Support Services.** Unless otherwise provided in the applicable Schedule, Maintenance and Support Services for Software and Third-Party Software shall commence on the first of the month next following Installation or 18 months from the date of execution of this Agreement, whichever comes first, and shall continue for an initial period of sixty (60) months ("Software Support Services"). Software Support Services may be renewed by a written agreement between the parties. If Software Support Services are discontinued by Customer or terminated for any period, and Customer desires to reinstate such services, Customer shall pay all annual support fees in arrears, in addition to the then-current annual support fee.

14.3 **Hardware Maintenance Services.** Unless otherwise provided in the applicable Schedule, maintenance services for Hardware shall commence on the first of the month next following Installation and shall continue for an initial period of thirty-six (36) months ("Hardware Maintenance Services"). Hardware Maintenance Services may be renewed by a written agreement between the parties. If Hardware Maintenance Services are discontinued by Customer or terminated for any period, and Customer desires to reinstate such services, Customer shall pay all annual support fees in arrears, in addition to the then-current annual support fee.

14.4 **Other Services.** The term for Services (other than Support Services) provided under this Agreement, excluding support services, shall terminate

upon completion of the services or shall remain in effect for the period specified in the applicable Schedule.

15. TERMINATION.

15.1 **Penalty Invocation by Customer.** The first trigger shall be failure to deliver the GAP analysis described below within the SOW. The second trigger will be failure by Manatron to remedy Priority I and II issues per Section 2.2.2 above and the Test Period definition process as part of the User Acceptance Testing as described in the Statement of Work. If either of these triggers occurs, the County may terminate this Agreement by written notice and shall be entitled to a full refund of all funds paid to Manatron during the course of the project to that date. This refund shall be due and payable to the Customer within ninety (90) days of the Customer electing to apply this penalty.

15.2 **By Customer.** Customer may, by written notice to Manatron, terminate this Agreement in whole or in part, whether for Customer's convenience, for nonappropriation of funds, or because of the failure of Manatron to fulfill the obligations herein.

15.2.1 For Convenience. Customer may terminate this Agreement in whole or in part upon thirty (30) days written notice. During the thirty (30) day period, Manatron shall, as directed by Customer, wind down and cease its services as quickly and efficiently as reasonably possible, without performing unnecessary services or activities and by minimizing negative effects on Customer from such winding down and cessation of services.

15.2.2 For Nonappropriation of Funds. Notwithstanding any other provision of this Agreement, in the event that no funds or insufficient funds are appropriated or budgeted by federal, state or Customer governments, or funds are not otherwise available for payments in the fiscal year(s) covered by the term of this Agreement, then Customer will notify Manatron of such occurrence and Customer may terminate or suspend this Agreement in whole or in part, with or without a prior notice period. Subsequent to termination of this Agreement under this provision, Customer shall have no obligation to make payments with regard to the remainder of the term. No penalty shall accrue to Customer in the event of exercise of termination due to non-appropriation.

15.2.3 For Cause. Should Manatron default in the performance of this Agreement or materially breach any of its provisions, Customer may, at Customer's sole option, terminate or suspend this Agreement in whole or in part by written notice. Upon receipt of notice, Manatron shall immediately discontinue all services affected (unless the notice directs otherwise) and notify Customer as to the status of its performance. The date of termination shall be the date the notice is received by Manatron, unless the notice directs otherwise.

15.3 Source Code Escrow.

Within forty-five days of the Effective Date of this Agreement, Manatron shall deposit a copy of the source code for the Software with an escrow agent mutually agreed to by both parties, at Customer's sole cost and expense. At least twice annually, Manatron shall deposit a copy of all upgrades, fixes, corrections and/or enhancements to the source code and/or documentation ("updates"). If Manatron ceases operations, becomes insolvent or commits any affirmative act of insolvency, or generally fails to pay, or admits in writing its inability to pay, debts as they become due, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under, or case in, bankruptcy or insolvency law, is voluntarily or involuntarily liquidated or wound up, or is either unwilling or unable to provide support and maintenance in accordance with the Agreement, then Manatron hereby grants to Customer, at no additional charge, a perpetual, non-exclusive, irrevocable license to use, modify, display, copy, enhance and create derivative works of the Software (including updates) using such source code, and Manatron will provide technical support and services as described in this Agreement to allow Customer to use, modify or create derivative works from the source code.

15.4 **Effect of Termination.** The termination of this Agreement shall not affect the Customer's rights to the Software pursuant to Section 2.1, provided

that Customer has paid all Software license fees set forth in the applicable Schedule(s) and Customer is not in breach of any provision of this Agreement or the Schedules. If Customer chooses to do so, Customer shall have the right to pay any Software license fees earlier than the timeframes indicated in this Agreement. If Customer terminates this Agreement prior to the payment of all Software license fees, or if Customer is in breach of this Agreement at the time of termination, Customer shall immediately cease using the Software and shall either destroy or return the original and all copies, in whole or in part, in any form, of the Software and related materials. Customer shall certify such action in writing to Manatron within one (1) month after the termination date.

Upon termination of this Agreement, Manatron shall deliver to Customer all data, estimates, graphs, summaries, reports, and all other property, records, documents or papers as may have been accumulated or produced by Manatron in performing this Agreement, whether completed or in process, except such items as Customer may, by written permission, permit Manatron to retain. Any Customer data that is required to be returned to the Customer under this Section shall be provided in a Customer proscribed flat file format. Data will be provided at no additional cost to the Customer, provided the Customer provides Manatron with instructions for formatting of said data.

Except in the case that Customer invokes a penalty as described in Section 15.1, in the event of a termination by Customer, Customer shall pay Manatron for satisfactory services performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall Manatron be paid an amount in excess of the full price under this Agreement nor for profit on unperformed portions of service. Manatron shall furnish to Customer such financial information as in the judgment of Customer is necessary to determine the reasonable value of the services rendered by Manatron. In the event of a dispute as to the reasonable value of the services rendered by Manatron, the decision of Customer shall be final. The foregoing is cumulative and shall not affect any right or remedy which Customer may have in law or equity.

15.5 Survival of Certain Obligations. Obligations and rights in connection with this Agreement which by their nature would continue beyond the termination of this Agreement, including without limitation, Section 10, shall survive termination of this Agreement.

16. DISPUTE RESOLUTION.

16.1 Informal Dispute Resolution. If a dispute, controversy or claim arises between the parties relating to this Agreement, the parties may, but are not required to, attempt to resolve the dispute informally through discussions between the parties.

16.2 Formal Dispute Resolution. In the event of any dispute between the parties which arises under this Agreement and which is not resolved under Section 16.1 above, the parties may, but are not required to, agree to submit such dispute to a mediator agreed upon by the parties. Any such mediation shall be conducted in the County of Santa Barbara, California, unless the parties consent to a different location. Each party shall bear their own costs associated with the mediation. Any questions involving contract interpretation shall be resolved using the laws of California.

16.3 Litigation. Any litigation relating to this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to the County of Santa Barbara, if in federal court.

16.4 Remedies Not Exclusive. Except for the remedies described in Section 11 regarding intellectual property infringement, no remedy conferred upon or reserved to Customer is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

17. GENERAL.

17.1 Customer List; Publicity. Customer authorizes Manatron to use Customer's name in its list of Customers. Manatron shall not use Customer's

name or logo or any variation of such name or logo in any publicity, advertising or promotional materials. Manatron shall not use Customer's name or logo in any manner that would give the appearance that Customer is endorsing Manatron. Manatron shall not in any way contract on behalf of or in the name of Customer. Manatron shall not release any informational pamphlets, notices, press releases, research reports, or similar public notices concerning Customer or its projects without obtaining the prior written approval of Customer.

17.2 Amendments. No provision of this Agreement may be amended or modified except by a written document signed by duly authorized representatives of both parties. For the Customer, only the Board of Supervisors of the County of Santa Barbara may be considered a duly authorized representative of the County.

17.3 Notices.

17.3.1 Delivery. Except as otherwise provided herein, any notice or other communication between the parties hereto regarding the matters contemplated by this Agreement may be sent by United States Postal Service Certified Mail, commercial courier, or facsimile, in each case delivered to the address set forth above for the recipient. Any written notice required to be sent under Section 15 ("Termination") or Section 16 ("Dispute Resolution") must be sent by U.S. certified mail (first class, airmail or express) or commercial courier.

17.3.2 Receipt. Communications shall be deemed received, if by certified mail, on the earlier of receipt or the third business day after certified deposit in the mail with postage prepaid; if by courier or overnight express delivery, when delivered as evidenced by the delivery company's records; if by facsimile, upon confirmation of receipt by the sending facsimile machine.

17.3.3 Contact Person. Notices shall be addressed to the attention of the contact person listed on the Signature Page. Any party may change its contact person or address for purposes hereof by delivering a notice thereof to each other party hereto; but any element of such party's address which is not specified in that notice shall not be deemed changed.

17.4 Technology Life Expectancy. Customer understands, acknowledges and agrees that the technology upon which the Hardware, Software and Third-Party Software is based changes rapidly. Customer further acknowledges that Manatron will continue to improve the functionality and features of the Software to improve legal compliance, accuracy, functionality and usability. As a result, Manatron does not represent or warrant that the Hardware, Software and/or Third-Party Software provided to Customer under this Agreement or that the Computer System recommended by Manatron will function for an indefinite period of time. Rather, Manatron and Customer may, from time to time, analyze the functionality of the Hardware, Software, Third-Party Software and Computer System in response to changes to determine whether Customer must upgrade the same. Customer upgrades may include without limitation, the installation of a new Release, additional disk storage and memory, and workstation and/or server upgrades. Customer upgrades may also include the installation and/or removal of Third-Party Software. Customer is solely responsible for all costs associated with future resources and upgrades.

17.5 Excusable Delays. Neither party shall incur liability to the other party on account of any loss or damage resulting from any delay or failure to perform all or any part of this Agreement, excluding payment obligations, where such failure is caused in whole or in part by events, occurrences, or causes beyond the reasonable control of the party, provided that such party has taken reasonable steps to mitigate the effects of such delay.

17.6 Statute of Limitations. No party may commence an action under this Agreement more than four (4) years after the expiration of its term, or, in the event of a breach, more than four (4) years after the occurrence of the breach, or, in the event the breach is not discovered by the injured party when it has occurred, more than four (4) years after the breach could, in the exercise of due diligence, have been discovered by such party.

17.7 Injunctive Relief. Manatron and Customer agree that in the event of any breach of Section 10, monetary damages may not be a sufficient remedy

or protection for the aggrieved party, and that the aggrieved party shall be entitled to injunctive or other relief as may be deemed proper or necessary by a court of competent jurisdiction.

17.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Manatron shall, during the term of the Agreement, comply with all applicable federal, state and local rules, regulations and laws. The judgment of any court of competent jurisdiction, or the admission of Manatron in any action or proceeding against Manatron, whether Customer is a party thereto or not, that Customer has violated any ordinance, statute, or regulation, shall be conclusive of that fact as between Manatron and Customer.

17.9 Assignment. Customer shall not assign, sublicense or otherwise transfer its rights, duties or obligations under this Agreement, in whole or in part, without the prior written consent of Manatron, which consent shall not be unreasonably withheld or delayed. Manatron shall not assign or otherwise transfer its rights, duties or obligations under this Agreement, in whole or in part, without the prior written consent of the Customer, which consent shall not be unreasonably withheld or delayed.

17.10 Severability. If any provision of this Agreement is prohibited or unenforceable by any applicable law, the provision shall be ineffective only to the extent and for the duration of the prohibition of unenforceability, without invalidating any of the remaining provisions.

17.11 Counterparts. This Agreement may be executed simultaneously, in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

17.12 Subcontractors. Manatron reserves the right to subcontract work, as it deems necessary, to perform the Services under this Agreement. Manatron shall be fully responsible for the acts of all subcontractors to the same extent it is responsible for the acts of its own employees. Manatron shall not engage a subcontractor under this Agreement without the express written approval of the Customer.

17.13 Independent Contractor. It is mutually understood and agreed that Manatron, (including any and all of its officers, agents, and employees), shall perform all of its services under this Agreement as an independent contractor as to Customer and not as an officer, agent, servant, employee, joint venturer, partner, or associate of Customer. Furthermore, Customer shall have no right to control, supervise, or direct the manner or method by which Manatron shall perform its work and function. However, Customer shall retain the right to administer this Agreement so as to verify that Manatron is performing its obligations in accordance with the terms and conditions hereof. Manatron understands and acknowledges that it shall not be entitled to any of the benefits of a Customer employee, including but not limited to vacation, sick leave, administrative leave, health insurance, disability insurance, retirement, unemployment insurance, workers' compensation and protection of tenure. Manatron shall be solely liable and responsible for providing to, or on behalf of, its employees all legally-required employee benefits. Manatron shall be solely responsible and save Customer harmless from all matters related to payment of Manatron's employees, including compliance with Social Security withholding and all other regulations governing such matters. It is acknowledged that during the term of this Agreement, Manatron may be providing services to others unrelated to the Customer or to this Agreement.

17.14 Waiver. No failure by either party to take any action or assert any right hereunder shall be deemed to be a waiver of such right in the event of the continuation or repetition or the circumstance giving rise to such right.

17.15 Non-Discrimination. Customer hereby notifies Manatron that Customer's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein and Customer agrees to comply with said ordinance.

17.16 Off-Shore Outsourcing of Services. Manatron certifies that any services performed on any purchase order or contract with the Customer,

either by contractor or any subcontractor, will be performed solely by workers within the United States.

17.17 License and Permits. Manatron's employees shall possess all applicable licenses and certifications required by the State of California and the County of Santa Barbara. Such licenses and certifications are to be presented to the Customer prior to the contract signing. Manatron shall also maintain all other business and professional licenses that may be required by Federal, State and local codes.

17.18 Conflict of Interest. Manatron covenants that Manatron presently has no employment or interest and shall not acquire any employment or interest, direct or indirect, including any interest in any business, property, or source of income, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Manatron further covenants that in the performance of this Agreement, no person having any such interest shall be employed by Manatron. Customer retains the right to waive a conflict of interest disclosed by Manatron if Customer determines it to be immaterial, and such waiver is only effective if provided by Customer to Manatron in writing.

17.19 Successors and Assigns. All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

17.20 Nonexclusive Agreement. Manatron understands that this is not an exclusive agreement and that Customer shall have the right to negotiate with and enter into contracts with others providing the same or similar services as those provided by Manatron as the Customer desires.

17.21 Section Headings. The headings of the several sections shall be solely for the convenience of reference and shall not affect the meaning, construction, or effect thereof.

17.22 Entire Agreement. This Agreement and its appendices, attachments, and schedules, including the Statement of Work (the "SOW"), embodies the entire agreement and understanding between Manatron and Customer with respect to the subject matter of this Agreement and supersedes all prior oral or written agreements and understandings relating to the subject matter of this Agreement. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement. The terms and conditions of any purchase order or other instrument issued by Customer which is in addition to or inconsistent with this Agreement shall be of no effect and shall not be binding on Manatron. In the event of a conflict between the two documents, the SOW shall take precedence.

APPENDIX A
RESPONSE POLICY

Manatron shall respond to any Errors reported by Customer based on the priority code assigned to such Error. Customer shall identify the priority code when it initially reports the Error to Manatron. Manatron may, in its reasonable discretion, re-classify the Error after its initial investigation. If Customer requests, in writing, that the Error be resolved with a priority code higher than the assigned level, Customer will pay Manatron for that support on a time and materials basis at Manatron's then current rates. The priority codes and responses are as follows:

Priority	Definition/Impact	Manatron's Responses
1	The problem causes an immediate major impact on Customer's business. The problem has caused Customer's use of the Software, or a significant component thereof, to stop or substantially deviate from the Documentation. No timely workaround exists.	Manatron will use all commercially reasonable efforts to: (i) respond to Customer within one hour, indicating that Manatron has received the report of the Error; (ii) provide an initial status report to Customer within 2 hours, and regularly communicate thereafter the status of a reported Incident; and (iii) provide the appropriate modifications, bug fixes and other changes to the Software as soon as reasonably possible.
2	The problem causes an impact on Customer's business. A workaround is not available; however, processing can still continue but in a restricted manner.	Manatron will use all commercially reasonable efforts to: (i) acknowledge receipt of the Error within four (4) hours of the report; (ii) verify the reported Error and regularly communicate the status to Customer; and (iii) provide the appropriate modifications, bug fixes and other changes to the Software within ten (10) days, or to continue its efforts indefinitely beyond this period when an Error remains unresolved.
3	The problem has a minor impact on Customer's business. The problem does not prevent operation of the Software.	Manatron will use all commercially reasonable efforts to: (i) acknowledge receipt of the Error within one business day of the report; and (ii) respond to the Error within thirty (30) days.
4	The problem has no business impact.	Manatron will use all commercially reasonable efforts to: (i) acknowledge receipt of the Error within one business day of the report; and (ii) consider addressing the issue in a future Version or Release.

APPENDIX B

MINIMUM RECOMMENDED REQUIREMENTS

Database Server	1-15 Users	15-50 Users	51-100 Users
Processor:	3GHz Intel Xeon	Dual 3GHz Intel Xeon	Quad 3GHz Intel Xeon (4MB Cache)
Memory:	2GB of RAM	4GB of RAM	8GB of RAM
Disk Subsystem:	Current SCSI RAID Controller RAID Level 5 Drive (Three or more 15,000 RPM Disk Drives) 24x CD-ROM Drive 40/80GB DLT Tape Drive	Current SCSI RAID Controller(s) RAID Level 1 Drive (Two 15,000 RPM Disk Drives) Operating system and memory swap file RAID Level 1 Drive (Two 15,000 RPM Disk Drives) RDBMS Logs RAID Level 5 Drive (Three or more 15,000 RPM Disk Drives) RDBMS Data and Image Data 100/200 DLT Tape Drive or Library	Current SCSI RAID Controller(s) RAID Level 1 Drive (Two 15,000 RPM Disk Drives) Operating system and memory swap file RAID Level 1 Drive (Two 15,000 RPM Disk Drives) RDBMS Logs RAID Level 5 Drive (Three or more 15,000 RPM Disk Drives) RDBMS Data and Image Data 400/800 LTO-3 Tape Drive or Library
Network:	1 Gb Ethernet Card	One or Two 1 Gb Ethernet Cards	Two 1Gb Ethernet Cards
Software:	Windows Server 2003 SQL Server 2005 Symantec Backup Exec VPN / Remote Desktop	Windows Server 2003 SQL Server 2005 Symantec Backup Exec VPN / Remote Desktop	Windows Server 2003 SQL Server 2005 Symantec Backup Exec VPN / Remote Desktop
Application/Web Server(s)	GRM Records & Tax (30 users per server)	GRM CAMA, Records & Tax (40 users per server)	GRM CAMA & Records (50 users per server)
Processor:	Dual 3.0 GHz Intel Xeon	Dual 3.0 GHz Intel Xeon	Dual 3.0 GHz Intel Xeon
Memory:	4GB of RAM	4GB of RAM	4GB of RAM
Disk Subsystem	Wide Ultra320 RAID Controller RAID Level 1 Drive (Two 15,000 RPM Disk Drives) 24X CD-ROM Drive	Wide Ultra320 RAID Controller RAID Level 1 Drive (Two 15,000 RPM Disk Drives) 24X CD-ROM Drive	Wide Ultra320 RAID Controller RAID Level 1 Drive (Two 15,000 RPM Disk Drives) 24X CD-ROM Drive
Network:	1Gb Ethernet Card	1Gb Ethernet Card	1Gb Ethernet Card
Software:	Windows Server 2003 Symantec Backup Exec Crystal Reports XI .NET Adobe Reader 8.0 VPN / Remote Desktop InoculateIT (recommended)	Windows Server 2003 Symantec Backup Exec Crystal Reports XI .NET Adobe Reader 8.0 VPN / Remote Desktop InoculateIT (recommended)	Windows Server 2003 Symantec Backup Exec Crystal Reports XI .NET Adobe Reader 8.0 VPN / Remote Desktop InoculateIT (recommended)
All application/web servers must have Microsoft Internet Information Services installed. Multiple application/web servers must be configured to use network load balancing services. Additional services and/or components may need to be loaded in the future.			
Workstations	Software	Hardware	
	Windows XP Professional SP2 Internet Explorer 6.0 Adobe Reader 8.0 Microsoft Word Basic VNC	2.2 GHz Intel Pentium 4 1GB or RAM 17" Monitor (1024x768 resolution) 80GB Disk Drive 100Mb Ethernet Card	

		24X CD-ROM Drive
Network Infrastructure		
	The network backbone supporting the servers should be a 1Gb based network. No servers should be publicly exposed to the Internet. Access to the servers over the Internet must be over a secure connection such as a VPN connection.	
Connectivity		
	At a minimum, customers are required to provide Manatron with dial-up access to their network. At Manatron's option, a customer may be required to provide access to their network over the Internet. Internet based connections must be secured using the Microsoft Windows or Cisco VPN client. All other VPN clients are not supported.	

gp 1/14/2008