

CITY COUNCIL REPORT



Meeting Date: June 7, 2016
 General Plan Element: *Provide for the orderly administration of the affairs of the City*
 General Plan Goal: *Fiscal Management*

ACTION

Request: Adopt **Resolution No. 10461** approving contract No. 2016-067-COS with Tyler Technologies Inc. for the provision of the Munis Human Resource and Payroll Management System to enable the integrated management of payroll, benefits, and personnel data.

BACKGROUND

The City of Scottsdale utilizes a variety of computer systems to manage the various activities related to recruitment, onboarding, benefits, payroll, performance and personnel management. These systems enable the City to comply with a wide range of local, state, and federal laws and mandates placed on employers and benefit providers.

For the last 24 years, the City has leveraged a software product known as TotalHR delivered by AMSI, a subsidiary of the INFOR Corporation, to manage these functions. The TotalHR platform has reached end of life and the vendor is only providing legally mandated updates to the system. The vendor has no replacement product in the pipeline and is encouraging its customers to find a new solution. With no significant development or enhancement occurring with the system and with new legal mandates to comply with, the City has been required to build or buy secondary systems to maintain compliance where the TotalHR system could not be brought up to date. With the age of the platform, its uncertain future, and the growing spread of data across disparate systems, it became apparent that the City needs to acquire a modern, centralized human resources and payroll information system to effectively manage its responsibilities.

ANALYSIS & ASSESSMENT

Recent Staff Action

In 2015 the City released a request for proposal to seek a qualified vendor to provide a consolidated human resources and payroll information system. The evaluation committee was a collaborative effort comprised of team members from Human Resources, Information Technology, and the City Treasurer's Office. With the range of functions the City requested, two major municipal information

technology vendors came forward and ultimately the Tyler Technologies Munis platform was chosen because it most closely met the needs of the City.

Tyler Technologies is the largest software company in the United States that is focused solely on providing integrated software and technology services to the public sector. They currently have over 14,000 local government offices and school districts as customers. The firm was founded in 1966 with a wider customer base and transitioned to solely focusing on the local government market in 1998.

The Munis platform is an ERP (Enterprise Resource Planning) system that encompasses a wide range of financial, human resources, procurement, and related functions into a single platform. The City will purchase a limited set of functionality focused on Payroll and Human Resources management to address its needs. The system is delivered via the Software as a Service (SaaS) model which eliminates the need for the City to maintain computer servers and databases to run the system. The system is deployed via a remote data center that offers the City a high level of redundancy and security. In deploying the system the City will establish a secure, encrypted link from its network to the Munis system to protect employee personal information.

Policy Implications

None.

Significant Issues to be Addressed

None.

Community Involvement

No community involvement is necessary regarding the deployment of a new information system for payroll, benefits, and personnel management.

RESOURCE IMPACTS

Available funding

In fiscal year 2015/16 the City Council approved CIP funding of \$0.9 million to procure and deploy a new Human Resources and Payroll Management system. The contracted implementation cost for the solution is \$419,785. The annual SaaS subscription fee is \$206,653 and is in addition to the one time implementation fee.

Staffing, Workload Impact

The implementation project and contract will be administered using existing staffing from Information Technology, Human Resources, and the Office of the City Treasurer over roughly a 14 month period.

Future Budget Implications

As the solution is a SaaS application, the City will pay the vendor \$206,653 on an annual basis for ongoing use of the system for all City employees. This cost will be partially offset by the removal of the legacy software systems such as TotalHR. Additional savings will be provided through efficiencies gained through the use of a consolidated software system.

Cost Recovery Options

None.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 10461 approving contract No. 2016-067-COS with Tyler Technologies Inc. for the provision of the Munis Human Resource and Payroll Management System to enable the integrated management of payroll, benefits, and personnel data.

Proposed Next Steps

Representatives from the City Treasurer’s Office, Human Resources, and Information Technology will begin the effort to configure and implement the solution.

RESPONSIBLE DEPARTMENT(S)

City Treasurer’s Office

Human Resources

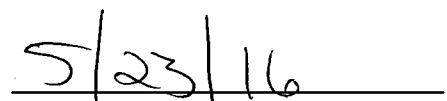
Information Technology

STAFF CONTACT(S)

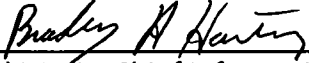
Jacob Beard, Finance and Accounting Technology Director, JBeard@scottsdaleaz.gov

APPROVED BY


Donna Brown, Human Resources Director


Date

480-312-2615, DBrown@scottsdaleaz.gov

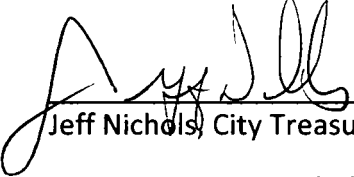


Brad Hartig, Chief Information Officer

5/23/16

Date

480-312-7615, BHartig@scottsdaleaz.gov



Jeff Nichols, City Treasurer

5/23/16

Date

480-312-2364, JeNichols@scottsdaleaz.gov

ATTACHMENTS

1. Resolution No. 10461
2. Contract 2016-067-COS

ATTACHMENT 1

RESOLUTION NO. 10461

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING CONTRACT NO. 2016-067-COS WITH TYLER TECHNOLOGIES, INC. FOR A HUMAN RESOURCE AND PAYROLL MANAGEMENT SYSTEM PLATFORM AND RELATED SERVICES

WHEREAS, the City desires to purchase a human resource and payroll management system platform and related services to enable the integrated management of payroll, benefits and personnel data; and

WHEREAS, Tyler Technologies, Inc. is qualified to provide a human resource and payroll management system platform and related services.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1. The Mayor is hereby authorized and directed to execute Contract No. 2016-067-COS with Tyler Technologies, Inc.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this ____ day of _____, 2016.

CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Carolyn Jagger, City Clerk

W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: William Hylan, Assistant City Attorney

ATTACHMENT 2

City of Scottsdale Contract # 2016-067-COS



CITY OF SCOTTSDALE CITY SERVICES – RFP SOFTWARE AS A SERVICE CONTRACT

THIS CONTRACT is entered into the ____ of _____, 2016 ("Effective Date"), by and between the City of Scottsdale, an Arizona municipal corporation ("City") and Tyler Technologies Inc., a Delaware corporation with offices at One Tyler Drive, Yarmouth ME 04096 ("Contractor"). The Contract shall refer to the City and Contractor individually as a "Party" and collectively as the "Parties."

RECITALS

The City wishes to contract for human resources and payroll management systems on the terms and conditions set forth in this RFP Software as a Service Contract, on the additional terms and conditions set forth in the Software as a Service Addendum, which is attached hereto, and accompanying exhibits (hereafter referred to collectively as the "Contract").

The Contractor is duly qualified to provide such software and to perform the requested services.

In consideration of their mutual promises and obligations, the Parties agree as follows:

1.0 DESCRIPTION, ACCEPTANCE, DOCUMENTATION, AND TESTING

Contractor will act under the authority and approval of the Contract Administrator for the City, named below, to provide the required services set forth in this Contract.

1.1 SERVICE DESCRIPTION

The entire Request for Proposal 15RP034 ("RFP") and identified as Human Resources and Payroll Management System is incorporated by reference as Exhibit E as fully as if written out below. Contractor's proposal submitted in response to Request for Proposals No. 15RP034 and dated September 25th, 2015 is incorporated by reference as Exhibit F as fully as if written out below. If any provision incorporated by reference from the RFP conflicts with any provision of the Contractor's proposal, the provision of the proposal will control. If any provision of the Contractor's proposal, including but not limited to any limitation of liability or disclaimer of warranty language, conflicts or is in any way inconsistent with any provision of this Contract, this Contract will control.

1.2 ACCEPTANCE AND DOCUMENTATION

No later than forty-five (45) business days after the Effective Date, the Parties shall develop a final Project Development and Delivery Process and Schedule which shall substantially conform to Section 6, Project Elements, of the RFP and include final system requirements and deliverables, a project plan, a start date,

training, and performance and payment milestones consistent with the Invoicing and Payment Policy.

- A. The Contract Administrator will review and approve each task as described in the Statement of Work and Project Plan to determine acceptable completion.
- B. The City will provide all necessary information to the Contractor for timely completion of the tasks specified in this section.
- C. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Contract are to be and will remain the property of the City and must be delivered to the Contract Administrator before final payment is made to the Contractor.

1.3 ACCEPTANCE TESTING

The Parties shall prepare a written Acceptance Test Plan to verify that the Software operates in accordance with the requirements of the Contractor's and/or manufacturers' published specifications and any additional specifications referenced in this Contract. The Contractor shall have a product support representative readily available for the duration of Acceptance Testing.

Acceptance Testing. The City and Contractor shall cooperatively validate the Software's functions and specifications, its conformance with performance standards, and any other acceptance criteria stated in this Contract or agreed upon during the engagement. This validation shall take place during the Live Preparation stage and shall follow the mutually agreed to and developed Test Plans.

If the City determines the Software's performance cannot be validated, the City shall deliver to Contractor written notice setting forth in reasonable detail the nature of the failure. Contractor shall have ten (10) business days to correct such failure, after which acceptance testing and validation shall be repeated for an additional period until the Software performs in material compliance with all validation criteria for a period of ten (10) consecutive business days.

Final Acceptance. "Final Acceptance" shall mean a written final acceptance of the Software and Contractor's Services by the Contract Administrator for the City or his/her designee. Final Acceptance shall occur no later than ten (10) business days after the validation described in the above paragraph has been successfully completed.

Use Shall Not Constitute Acceptance. In no event shall any City use of the Software prior to Final Acceptance constitute any City acceptance of the Software or of any Contractor Services. The City understands that data loss may occur for any projects entered into the Software prior to Final Acceptance and is solely responsible for undertaking all such data backup.

Failure to Complete Acceptance Testing.

If the Software fails to perform in material compliance with all validation criteria for a period of more than thirty (30) consecutive calendar days from the date City

staff initiates acceptance testing, the Software will be deemed not to have completed such testing, and City may elect one or more of the following options:

- a. City may terminate this Contract, including any related orders, and request the removal of the Software. Contractor shall immediately refund any and all fees previously paid to it by the City hereunder, and this Contract is terminated;
- b. City may continue the Acceptance Testing period;
- c. City may conditionally accept the Software or any component(s) or module(s);
- d. City may pursue any remedy available at law or equity including declaration of a default and enforcement of any damages.

2.0 CONTRACT DOCUMENTS

In addition to this City Services Contract and the Addendum, the following documents shall comprise the agreement of the Parties under this Contract:

Exhibit A	Investment Summary
Exhibit B	Invoicing and Payment Policy Schedule 1: Business Travel Policy
Exhibit C	Service Level Agreement Schedule 1: Support Call Process
Exhibit D	DocOrigin End User License Agreement
Exhibit E	City's Request for Proposal 15RP034
Exhibit F	Tyler's Proposal dated September 25, 2015

The parties acknowledge that Contractor's independent license for the third party software, DocOrigin, is hereby extended to the City for use with the Tyler Forms software licensed herein. The parties further acknowledge that any issue or dispute related primarily to the licensed Tyler Forms software will be resolved in accordance with the terms of this Contract, and not the terms of Exhibit D.

3.0 BILLING RECORDS, AUDIT, FEES

3.1 BILLING RECORDS, AUDIT

Contractor shall record the time spent for each task and submit same to the Contract Administrator. Contractor must maintain all books, papers, documents, accounting records and other evidence pertaining to cost and pricing data, including time billed and costs incurred, and make these materials available for audit by the City in accordance with Section 5.7 of this Contract.

3.2 FEE SCHEDULE

Contractor will be paid according to the Invoicing and Payment Policy (Exhibit B). The amounts in the Invoicing and Payment Policy are inclusive of all Contractor services, software, and other deliverables under this Contract and includes Contractor's "Subscription Fee," the annual fee the City agrees to pay to

subscribe to Contractor's software and services. Subscription Fee price level changes are not retroactive. Prices for each price level are fixed at the time the subscription is first placed and apply throughout the subscription term.

No later than thirty (30) days prior to the end of the initial term of the Contract under Section 4.1, the Parties shall confer and agree upon whether to extend this Contract for additional subscription periods and mutually acceptable subscription fees.

3.3 PAYMENT APPROVAL

The Contract Administrator shall approve all charges prior to authorizing any payments.

3.3.1 PAYMENT TERMS

The City's payment terms are payment within thirty (30) days after the Contract Administrator's approval. In no event will the City issue any payment prior to receipt of an original, approved form of invoice containing accurate invoice and reference numbers. The City is not liable for delays in payment caused by Contractor's failure to send invoices to the address specified below:

City of Scottsdale
Accounts Payable
7447 E. Indian School Road, Suite 210
Scottsdale, Arizona 85251-4468

Contractor shall forward an electronic copy to the Contract Administrator or designee:

Jacob Beard
7447 East Indian School Road, Suite 220
Scottsdale, AZ, 85251
jbeard@scottsdaleaz.gov

4.0 TERM, EXTENSION, TERMINATION

4.1 TERM AND EXTENSION

This Contract shall be effective as of the date first stated above. The Contractor representative and Contract Administrator shall agree upon a work start date.

The initial term of this Contract is seven (7) years from July 1, 2016, unless earlier terminated as set forth below. After June 30, 2023, the City and Contractor may mutually agree to extend this Contract for an additional three (3) year term at Contractor's then-current rates upon the Contract Administrator's recommendation and the Purchasing Director's concurrence. The City must provide notice in writing of its intent to renew at least sixty (60) days prior to the end of the then-current term. The City's right to access or use the Tyler Software and the SaaS Services will terminate at the end of this Contract.

4.2 TERMINATION

This Contract may be terminated as set forth below. In the event of termination, City will pay us for all undisputed fees and expenses related to the software, products, and/or services City has received, or Contractor has incurred or delivered, prior to the effective date of termination. Disputed fees and expenses in all terminations other than City's termination for cause must have been submitted as invoice disputes in accordance with Section E(2) of the Addendum.

Failure to Pay SaaS Fees. City acknowledges that continued access to the SaaS Services is contingent upon your timely payment of SaaS Fees. If City fails to timely pay the SaaS Fees, Contractor may discontinue the SaaS Services and deny your access to the Tyler Software. Contractor may also terminate this Contract if City doesn't cure such failure to pay within forty-five (45) days of receiving written notice of our intent to terminate.

For Cause. If City believes Contractor has materially breached this Contract, City will invoke the Dispute Resolution clause set forth in Section G(3) of the Software as a Service Addendum. City may terminate this Contract for cause in the event we do not cure, or create a mutually agreeable action plan to address, a material breach of this Contract within the thirty (30) day window set forth in Section G(3) of the Software as a Service Addendum. Unsatisfactory performance as determined by the Contract Administrator and failure to provide City, upon request, with adequate assurances of future satisfactory performance are examples of grounds whereby the City may cancel this Contract for cause.

Force Majeure. Either party has the right to terminate this Contract if a Force Majeure event suspends performance of the SaaS Services for a period of forty-five (45) days or more.

Termination for Convenience: City reserves the right to terminate this Contract or any part of this Contract for its sole convenience with thirty (30) days prior written notice. In the event of any termination, Contractor must immediately stop all work, and must immediately cause any of its suppliers and subcontractors to cease all work. As compensation in full for services performed to the date of any termination, the Contractor will receive payment for all products and services delivered to the City and all expenses incurred by Contractor prior through the effective date of termination. The City will not be entitled to a refund or offset of previously paid fees. This fee will be in the amount to be mutually agreed upon by the Contractor and the City. The City will issue this final payment within sixty (60) days after the Contractor has delivered the last of the partially completed items. Contractor will not be paid for any work done after receipt of the notice of termination nor for any costs incurred by Contractor's suppliers or subcontractors which Contractor could reasonably have avoided.

In the event Contractor is in violation of any federal, state, county, or local law, regulation or ordinance, the City may terminate this Contract immediately upon providing such notice to the Contractor.

If the City improperly cancels this Contract for cause, the cancellation for cause

will be converted to a termination for convenience in accordance with the provisions of this Section 4.2.

4.3 FUNDS APPROPRIATION

If the City Council does not appropriate funds to continue and pay for charges under this Contract, the City may terminate this Contract at the end of its then-current fiscal period. The City agrees to give written notice of such termination to the Contractor at least 30 (thirty) days prior to the end of its current fiscal period and will pay to the Contractor all charges incurred through the end of such period.

4.4 POST TERMINATION ASSISTANCE

Upon termination of this Contract, Contractor shall provide to the City any post-termination assistance Contractor generally makes available to customers of its SaaS services at the Contractor's current rate for these services. Contractor shall implement an orderly return of the City's data and other assets or otherwise provide secure disposal of same. The Contractor shall provide all City data in a standard Microsoft SQL Backup file.

Upon Contract termination, Contractor shall not take any action to intentionally erase any City data for a period of one hundred and eighty (180) days after the effective termination date. After such period, the Contractor shall have no obligation to maintain or provide any such data and shall thereafter, unless legally prohibited, delete all City data in Contractor's systems or otherwise in its possession or control.

5.0 GENERAL TERMS

5.1 ENTIRE AGREEMENT

This Contract, the Addendum and the Exhibits identified in Section 2.0 constitute the entire understanding of the Parties and supersede all previous representations, written or oral, with respect to the services specified. This Contract may not be modified or amended except by a written document executed by each Party's authorized representatives.

5.2 ARIZONA LAW AND JURISDICTION

This Contract shall be governed and interpreted according to the laws of the State of Arizona without regard to conflicts or choice of law provisions. Any action to enforce any provision of this Contract or to obtain any remedy under this Contract will be brought in the appropriate federal or superior court located in Maricopa County, Arizona, and each Party expressly and irrevocably consents to such jurisdiction and venue.

5.3 MODIFICATIONS

Any amendment, modification or variation from the terms of this Contract must be in writing and will be effective only after approval of all parties signing the original

Contract.

5.4 ASSIGNMENT

Services covered by this Contract may not be assigned or sublet, in whole or in part, without first obtaining the written consent of the Purchasing Director and Contract Administrator. An authorized assignee shall be deemed to have all the rights and obligations of the assigning Party. No assignment shall release the assigning Party from any of its obligations hereunder.

5.5 SUCCESSORS AND ASSIGNS

This Contract extends to and is binding upon Contractor, its successors and assigns, including any individual, company, partnership or other entity with or into which Contractor merges, consolidates or is liquidated, or any person, corporation, partnership or other entity to which Contractor sells its assets.

5.6 CONTRACT ADMINISTRATOR

The Contract Administrator for the City is Jacob Beard or designee. The Contract Administrator will oversee the execution of this Contract, assist the Contractor in accessing the organization, audit billings, approve payments, establish delivery schedules, approve addenda, and assure Certificates of Insurance are current, conform to the Contract requirements, and are in City's possession. The Contractor will direct reports and special requests through the Contract Administrator.

5.7 RECORDS AND AUDIT RIGHTS

Contractor's records (hard copy, as well as computer readable data), and any other supporting evidence considered necessary by the City to substantiate charges and claims related to this Contract are open to inspection and subject to audit and/or reproduction by City's authorized representative to the extent necessary to adequately permit evaluation and verification of the cost of the work and that invoices, change orders, payments or claims submitted by the Contractor or any of its payees conform with the terms of the Contract. The City's authorized representative must be given access, at reasonable times and places, once per calendar year, to all of the Contractor's contract performance records and project personnel in accordance with the provisions of this Section throughout the term of this Contract and for a period of three (3) years after last or final payment.

Contractor must require all subcontractors, insurance agents, and material suppliers (payees) to comply with the provisions of this Section by insertion of these Contract requirements in a written contract agreement between Contractor and payee. These requirements will also apply to any and all subcontractors.

If an audit in accordance with this Section discloses overcharges, of any nature, by the Contractor to the City in excess of 1% of the total contract billings, the Contractor shall reimburse the City for the actual cost of the City's audit. Any adjustments and/or payments which must be made as a result of any audit or

inspection of the Contractor's invoices and/or records will be made no more than ninety (90) days from presentation of City's findings to Contractor.

5.8 ATTORNEY'S FEES

In the event either Party brings any action for any relief, declaratory or otherwise, arising out of this Contract, or on account of any breach or default hereof, the prevailing Party will be entitled to receive from the other Party reasonable attorneys' fees and reasonable costs and expenses, determined by the court sitting without a jury, which will be considered to have accrued on the commencement of the action and will be enforceable regardless of whether the action is prosecuted to judgment.

5.9 BUSINESS AND SYSTEM DESIGN REQUIREMENTS

Contractor is aware of the City's business requirements for the intended uses of the Software as set forth in the Request for Proposal, and the Software shall satisfy such requirements in all material respects as set forth in Tyler's Proposal and will operate fully and correctly in the operating environment in accordance with the warranty set forth in Section B of the Addendum. Contractor is solely responsible for the performance of the system and for furnishing complete system documentation.

5.10 INDEPENDENT CONTRACTOR

The services Contractor provides under the terms of this Contract are that of an independent contractor and not an employee, or agent of the City. The City will report the value paid for these services each year to the Internal Revenue Service (I.R.S.) using Form 1099.

City will not withhold income tax as a deduction from contractual payments. As a result of this, Contractor may be subject to I.R.S. provisions for payment of estimated income tax. Contractor is responsible for consulting the local I.R.S. office for current information on estimated tax requirements.

5.11 CONFLICT OF INTEREST

The City may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City's departments or agencies is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a contractor to any other party to the contract with respect to the contract's subject matter. The cancellation will be effective when all other parties to the contract receive the City's written notice, unless the notice specifies a later time (A.R.S. §38-511).

5.12 NOTICES

All notices or demands required to be given in accordance with the terms of this Contract must be given to the other party in writing, delivered by hand, facsimile, or e-mail or registered or certified mail, at the addresses stated below, or to any

other address the Parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of Contractor:
Attn: Associate General Counsel
One Tyler Drive
Yarmouth, ME 04096

In the case of City:
Attn: Jacob Beard
City of Scottsdale
7447 East Indian School Road, Suite 220
Scottsdale, AZ 85251

Notices will be deemed received on date delivered, if delivered by hand, on the date recorded by the hardware if sent by facsimile or e-mail, and on the delivery date indicated on receipt if delivered by certified or registered mail.

5.13 FORCE MAJEURE

Neither Party will be responsible for delays or failures in performance resulting from acts beyond its control; provided, however, that within ten (10) business days of the Force Majeure event, the party whose performance is delayed provides the other party with written notice explaining the cause and extension thereof, as well as a request for a reasonable time extension equal to the estimated duration of the Force Majeure event. These acts include, but are not limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, power failures, or any other cause that could not with reasonable diligence be foreseen or prevented by either party.

5.14 TAXES

Contractor will be solely responsible for any and all tax obligations which may result from the Contractor's services under this Contract. The City will have no obligation to pay any amounts for such taxes, of any type, incurred by the Contractor.

All payments hereunder shall be in U.S. dollars (USD) and shall be net of any taxes, tariffs, or other governmental charges. Contractor shall be responsible for paying all taxes, fees, assessments and premiums of any kind payable on its income, employees, and operations. The City shall be responsible for the payment of sales taxes on delivered goods or software, if any.

5.15 ADVERTISING

No advertising or publicity concerning the City using the Contractor's services shall be undertaken without prior written approval of such advertising or publicity by the City of Scottsdale Contract Administrator and by the City Attorney.

5.16 CAPTIONS

The captions used in this Contract are solely for the convenience of the Parties, do not constitute a part of this Contract and are not to be used to construe or interpret this Contract. All recitals and attached exhibits, and attachments are deemed incorporated as part of this Contract by this reference.

5.17 SUBCONTRACTORS

During the performance of this Contract, the Contractor may, with the City's prior approval, engage subcontractors as may be required for timely completion of the required services.

In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Contract remains with the Contractor.

5.18 CHANGES IN THE WORK

The City may at any time, as the need arises, order changes within the scope of the work without invalidating this Contract. If any changes increase or decrease the amount due under the Contract documents, or in the time required for performance of the work, the City will authorize an equitable adjustment by a written Change Order.

The City will execute a formal Change Order based on the Contractor's detailed written quotations for work related changes and/or a time of completion variance. All Change Orders are subject to the City's Procurement Code, rules, and procedures.

5.19 CO-OP USE OF CONTRACT

This section is not applicable.

5.20 COMPLIANCE WITH FEDERAL AND STATE LAWS

The fees in the Investment Summary, Exhibit A, are based, in part, on the cost of compliance with applicable federal and state laws existing as of the time of the effective date of this Contract. Should laws applicable to the Contractor's performance under the Contract change post-signature, the Contractor reserves the right to seek a change order for the additional work, time and/or cost that may be required to comply with the new law, ordinance or regulation. The foregoing restriction shall apply to the Contractor's compliance with any law or regulation stated throughout this Contract.

The Contractor understands and acknowledges the Americans with Disabilities Act, as it applies to employment, the Immigration Reform and Control Act of 1986, and the Drug Free Workplace Act of 1989 apply to its services under this Contract.

5.21 IMMIGRATION LAW COMPLIANCE

Contractor will comply with the provisions of Arizona Revised Statutes § 41-4401, as amended, which are incorporated herein by reference.

5.22 NO PREFERENTIAL TREATMENT OR DISCRIMINATION

In accordance with the provisions of Article II, Section 36 of the Arizona Constitution, the City will not grant preferential treatment to or discriminate against any individual or group on the basis of race, sex, color, ethnicity or national origin.

5.23 INDEMNIFICATION

To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall defend, indemnify and hold harmless City of Scottsdale, its agents, representatives, officers, directors, officials and employees from and against all demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, reasonable attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from (a) any personal injury or property damage to the extent caused by Contractor's negligent or willful misconduct; (b) a data breach resulting in the disclosure of personally identifiable information to the extent such breach is caused by Contractor's negligent or willful misconduct; or (c) Contractor's violation of a law applicable to its performance under the Contract. The City must notify Contractor promptly in writing of the claim and give Contractor sole control over its defense or settlement. The foregoing notwithstanding, the Contractor shall obtain the City's written consent prior to entering into a settlement which would require the payment of sums by the City. The City further agrees to provide Contractor with reasonable assistance, cooperation, and information in defending the claim at Contractor's expense.

Insurance provisions stated in this Contract are separate and independent from the indemnity provisions of this Section and will not be construed in any way to limit the scope and magnitude of the indemnity provisions. The indemnity provisions of this Section 5.23 will not be construed in any way to limit the scope and magnitude and applicability of the insurance provisions.

For purposes of this section, "personally identifiable information" means any information that can be used to identify, contact, or locate an individual, either alone or combined with other sources. It includes information that is linked or linkable to an individual, such as medical, educational, financial and employment information.

5.24 CONTRACTOR ON SITE SAFETY REPORTING REQUIREMENTS

For any non-construction City supplier whose service contract(s) (either singular or in aggregate) results in the contractor working 500 or more hours on site at a City of Scottsdale location(s) in any one calendar quarter, the contractor must provide the following documentation to the Contract Administrator upon request:

- The contractor's most recent OSHA 300A (if applicable);

- All accident reports for injuries that occurred in the City under the contract during the most recent review period;
- The contractor's current worker's compensation experience modifier.

Contractor shall provide the above information at the end of the initial annual term and by February 1st of each year thereafter as long as the contract is in effect. Upon request, the Contract Administrator will forward this information to the City's Risk Management Division.

6.0 INSURANCE

A current standard Acord Certificate is acceptable.

Failure to provide an appropriate Certificate of Insurance will result in rejection of your certificate and delay in Contract execution.

Additionally, Certificates of Insurance submitted without referencing an RFP and Contract number will be subject to rejection and returned or discarded.

6.1 Insurance Representations and Requirements

6.1.1 General:

Contractor agrees to comply with all applicable City ordinances and state and federal laws and regulations.

Without limiting any obligations or liabilities of Contractor, Contractor must purchase and maintain, at its own expense, this Contract's stipulated minimum insurance. Failure to maintain insurance as specified may result in termination of this Contract at City of Scottsdale's option.

6.1.2 No Representation of Coverage Adequacy:

By requiring the insurance stated in this Contract, the City of Scottsdale does not represent that coverage and limits will be adequate to protect Contractor. City of Scottsdale reserves the right in the event of a 3rd party claim or a loss to review any and all of the insurance policies and/or endorsements required by in this Contract but have no obligation to do so. Failure to demand any evidence of full compliance with the insurance requirements stated in this Contract or failure to identify any insurance deficiency does not relieve Contractor from, nor be construed or considered a waiver of, its obligation to maintain the required insurance at all times during the performance of this Contract.

6.1.3 Coverage Term:

All insurance required by this Contract must be maintained in full force and effect until all work or services required to be performed under the terms of this Contract are satisfactorily performed, completed and formally accepted by the City of Scottsdale, unless specified otherwise in this Contract.

6.1.4 Claims Made:

In the event any insurance policies required by this Contract are written on a "claims made" basis, coverage shall continue uninterrupted throughout the term of this Contract by keeping coverage in force using the effective date of this Contract as the retroactive date on all "claims made" policies. The retroactive date for exclusion of claims must be on or before the effective date of this Contract, and can never be after the effective date of this Contract. Upon completion or termination of this Contract, the "claims made" coverage shall be extended for an additional three (3) years using the original retroactive date, either through purchasing an extended reporting option; or by continued renewal of the original insurance policies. Submission of annual Certificates of Insurance, citing the applicable coverages and provisions specified herein, shall continue for three (3) years past the completion or termination of this Contract.

6.1.5 Policy Deductibles and or Self Insured Retentions:

The policies stated in these requirements may provide coverage which contain deductibles or self-insured retention amounts. Contractor is solely responsible for any deductible or self-insured retention amount.

6.1.6 Use of Subcontractors:

If any work under this Contract is subcontracted in any way, Contractor must execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements stated in this Contract protecting City of Scottsdale and Contractor. Contractor will be responsible for executing the agreement with Subcontractor and obtaining Certificates of Insurance verifying the insurance requirements.

6.1.7 Evidence of Insurance and Required Endorsements:

Before beginning any work or services under this Contract, Contractor must furnish City of Scottsdale with Certificate(s) of Insurance, or formal endorsements as required by this Contract, issued by Contractor's insurer(s) as evidence that policies are placed with acceptable insurers as specified in this Contract and provide the required coverage, conditions, and limits of coverage and that any coverage and provisions are in full force and effect. If a Certificate of Insurance is submitted as verification of coverage, City of Scottsdale will reasonably rely upon the Certificate of Insurance as evidence of coverage but any acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this agreement. If any of the above cited policies expire during the life of this Contract, it will be Contractor's responsibility to forward renewal Certificates within 10 days after the renewal date containing all the aforementioned insurance provisions. Certificates will specifically cite the following provisions endorsed to the Contractor's policy:

1. City of Scottsdale, its agents, representatives, officers, directors, officials and employees must be named an Additional Insured under the following policies:
 - a) Commercial General Liability
 - b) Auto Liability
 - c) Excess Liability - Follow Form to underlying insurance as required.
2. Contractor's insurance must be primary insurance as respects

performance of subject contract.

3. All policies, except Professional Liability and workers compensation insurance, if applicable, waive rights of recovery (subrogation) against City of Scottsdale, its agents, representatives, officers, directors, officials and employees for any claims arising out of work or services performed by Contractor under this Contract. Workers compensation policies shall additionally contain a waiver of subrogation except to the extent injury or loss is caused by the negligence or willful misconduct of the City.
4. If the Contractor receives notice that any of the required policies of insurance are materially reduced or cancelled, it will be Contractor's responsibility to provide prompt notice of same to the City, unless such coverage is immediately replaced with similar policies.

6.2 Required Coverage

6.2.1 Commercial General Liability:

Contractor must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products and Completed Operations Annual Aggregate, and a \$2,000,000 General Aggregate Limit. The policy must cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying.

6.2.2 Vehicle Liability:

Contractor must maintain Business Automobile Liability insurance with a limit of \$1,000,000 each occurrence on Contractor's owned, hired, and non-owned vehicles assigned to or used in the performance of the Contractor's work or services under this Contract. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying. If any hazardous material, as defined by any local, state or federal authority, is the subject, or transported, in the performance of this contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage.

6.2.3 Workers Compensation Insurance:

Contractor must maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of work or services under this Contract and must also maintain Employers' Liability Insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee and \$500,000 disease policy limit.

7.0 SEVERABILITY, AUTHORITY, COUNTERPARTS

7.1 SEVERABILITY

If any term or provision of this Contract is found to be illegal or unenforceable, then despite this illegality or unenforceability, this Contract will remain in full force and effect and that term or provision will be considered deleted.

7.2 AUTHORITY

Each party warrants and represents that it has full power and authority to enter into and perform this Contract, and that the person signing on behalf of each has been properly authorized and empowered to enter this Contract. Each party further acknowledges that it has read, understands, and agrees to be bound by this Contract.

7.3 COUNTERPARTS

This Contract may be executed in one or more counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument.

8.0 REQUEST FOR TAXPAYER I.D. NUMBER & CERTIFICATION I.R.S. W-9 FORM

Upon request, the Contractor shall provide the required I.R.S. W-9 Form which is available from the IRS website at www.IRS.gov under their forms section.

9.0 SOFTWARE AS A SERVICE REQUIREMENTS

The Contractor shall provide the computer power, storage, and networking infrastructure as necessary to run the SaaS application software and ensure the application is available to the City on-demand. Contractor assumes all responsibility for the computing environment supporting the hosted applications and ensuring the applications, databases, updates, and operating systems meet industry standards and applicable federal and state laws in effect as of the date of this Contract. Should laws applicable to Contractor's performance obligations under this Section 9.0 change post-signature, Contractor reserves the right to seek a change order for the additional work, time and/or cost that may be required to comply with the new law, ordinance or regulation.

The Contractor shall, at all times, provide secure physical facilities for storing the City's Data. Contractor shall use its best efforts to assure all such facilities will, to the maximum extent practicable, protect the City's stored Data from physical threats, natural disasters, hostile elements, and any form of intrusion or access by other parties.

The Contractor shall, at all times and as required by applicable law in effect as of the date of this Contract, provide industry-standard level security for all Data and shall provide the most up-to-date and comprehensive storage processes and security methodologies that are appropriate for any such Data and are required by the industry as of the date of the Contract and shall provide encryption technology for all Data in transit. Contractor shall assure that its security processes and methodologies comply with applicable federal and state laws.

The Contractor shall provide offsite Data backup storage via media (e.g., tape) or SaaS

application via internet (i.e., Cloud), including rotation, retention, and periodic testing of data backups. Contractor shall use its best efforts to provide backup or replication procedures to assure the City's Data is secure and reasonably available at all times during City working hours.

The Contractor shall arrange for prompt retrieval of accurate, reliable, and auditable Data storage records and records of destruction as the City may require.

Contractor shall preserve the Data for any record retention periods as may be required under applicable law. Unless otherwise instructed by the City to destroy any Data, Contractor shall return all Data in a standard Microsoft SQL backup file no later than seventy-two (72) hours following termination of the Contract or other predetermined periodic schedule agreed to and attached to the Contract.

Contractor shall conduct periodic 3rd party vulnerability assessments of its application and penetration testing of its hosting network. Contractor agrees that such scanning and testing shall take place at least once per year during the term of this Contract. At City's request, Contractor shall provide a summary of its then-current testing methodology.

The City shall own all right, title, and interest in the City's Data and Confidential Information. The Contractor shall not reproduce, disclose, publish, sell, or otherwise use the City's Data in any form or manner. The Contractor has no rights of access to or use of the City's Data other than as strictly required to perform services pursuant to this Contract. Contractor's use or disclosure of the City's Data or any other Confidential Information without the City's express, written consent is prohibited and grounds for immediate contract termination.

The terms Data and Confidential Information have the meanings specified in Section A of the Software As A Service Addendum.

Unauthorized Access to Hosted Environment. Attempted bypass or subversion of security restrictions in Contractor's hosted services or related environments is prohibited. Unauthorized attempts to access files, passwords, or other confidential information of others, and unauthorized vulnerability and penetration test scanning of Contractor's network and systems (hosted or otherwise) is prohibited without prior approval of Contractor's IT Security Officer.

Security Incident or Data Breach Notification: The Contractor shall inform the City and or other individuals or entities of any security incident or data breach as required by A.R.S. § 44-7501 or in accordance with other then-applicable law.

- a. Unless otherwise stipulated, if a data breach is a direct result of the Contractor's breach of its contract obligation to encrypt personal data or otherwise prevent its release, the Contractor shall bear the costs associated with the following:
 - (1) the investigation and resolution of the data breach;
 - (2) notifications to individuals, regulators or others as required by state law;
 - (3) a credit monitoring service required by state or federal law;
 - (4) a website or a toll-free number and call center for affected individuals as required by applicable law; and
 - (5) completing all corrective actions as required by applicable law.

Notification of Legal Requests: The Contractor shall contact the City upon receipt of any discovery requests, litigation holds, discovery searches and expert testimonies related to the City's data under this contract or which in any way might reasonably require access to the City's data. The Contractor shall not respond to subpoenas, service of process or other legal requests related to the City's data under this contract without first notifying the City and allowing a reasonable time for the City to object, unless prohibited by law from providing such notice.

IN WITNESS WHEREOF, the City of Scottsdale by its Mayor and City Clerk have hereunto subscribed their names this ___ day of _____, 201__.

CITY OF SCOTTSDALE

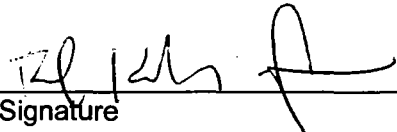
By: _____
W.J. "Jim" Lane, Mayor

ATTEST:

By: _____
Carolyn Jagger, City Clerk

CONTRACTOR:

Tyler Technologies Inc.


By: 
Signature

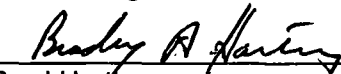
Rob Kennedy-Jensen
Printed Name
Senior Corporate Attorney
Title

CITY OF SCOTTSDALE

CITY OF SCOTTSDALE REVIEW:


By: _____
James Flanagan
Purchasing Director



By: 
Katherine Callaway
Risk Management Director

By: 
Brad Hartig
Information Technology, C.I.O.

CITY CONTRACT ADMINISTRATOR:

By: 
Jacob Beard
Finance and Accounting Technology Director

APPROVED AS TO FORM:


Bruce Washburn, City Attorney
By: 
William Hylan
Senior Assistant City Attorney



SOFTWARE AS A SERVICE ADDENDUM

This Software as a Service Addendum is intended to supplement the terms and conditions set forth in the RFP Software as a Service Contract between Tyler Technologies, Inc. ("Tyler") and the City of Scottsdale ("City").

In consideration of the foregoing and of the mutual covenants and promises set forth in this Addendum, Tyler and City agree as follows:

SECTION A – DEFINITIONS

- **"Business Travel Policy"** means our business travel policy. A copy of our current Business Travel Policy is attached as Schedule 1 to Exhibit B.
- **"City"** means the City of Scottsdale, Arizona.
- **"Contract"** means the RFP Software as a Service Contract and this Software as a Service Addendum.
- **"Confidential Information"** means all City Data provided hereunder, including, but not limited to records, files, forms, documents and other data regardless of format; Meta-Data either described or embedded in the Data and City documents; current and prospective City employee and applicant information, including, but not limited to, names, addresses, social security numbers, email addresses, and telephone numbers; and such other Confidential Information as may be designated by the City to Tyler. With respect to Tyler, confidential information shall be as defined in Section G (17) below.
- **"Data"** means your data necessary to utilize the Tyler Software.
- **"Data Storage Capacity"** means the contracted amount of storage capacity for your Data identified in the Investment Summary, which in all events shall not exceed 200 gigs of Data at any time.
- **"Defect"** means a failure of the Tyler Software to substantially conform to the functional descriptions set forth in our written proposal to you, or their functional equivalent. Future functionality may be updated, modified, or otherwise enhanced through our maintenance and support services, and the governing functional descriptions for such future functionality will be set forth in our then-current Documentation.
- **"Defined Concurrent Users"** means the number of concurrent users that are authorized to use the SaaS Services. The Defined Concurrent Users for the Contract are 135. Use of the Employee Self Service Tyler Software shall not count towards the concurrent users set forth herein.
- **"Developer"** means a third party who owns the intellectual property rights to Third Party Software.
- **"Documentation"** means any online or written documentation related to the use or functionality of the Tyler Software that we provide or otherwise make available to you, including instructions, user guides, manuals and other training or self-help documentation.
- **"Effective Date"** means the date on which your authorized representative signs the Contract.

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- **“Investment Summary”** means the agreed upon cost proposal for the products and services attached as Exhibit A.
- **“Invoicing and Payment Policy”** means the invoicing and payment policy. A copy of our current Invoicing and Payment Policy is attached as Exhibit B.
- **“SaaS Fees”** means the fees for the SaaS Services identified in the Investment Summary.
- **“SaaS Services”** means software as a service consisting of system administration, system management, and system monitoring activities that Tyler performs for the Tyler Software, and includes the right to access and use the Tyler Software, receive maintenance and support on the Tyler Software, including Downtime resolution under the terms of the SLA, and Data storage and archiving. SaaS Services do not include support of an operating system or hardware, support outside of our normal business hours, or training, consulting or other professional services.
- **“SLA”** means the service level agreement. A copy of our current SLA is attached hereto as Exhibit C.
- **“Support Call Process”** means the support call process applicable to all of our customers who have licensed the Tyler Software. A copy of our current Support Call Process is attached as Schedule 1 to Exhibit C.
- **“Third Party Terms”** means, if any, the end user license agreement(s) or similar terms for the Third Party Software, as applicable and attached as Exhibit D.
- **“Third Party Hardware”** means the third party hardware, if any, identified in the Investment Summary.
- **“Third Party Products”** means the Third Party Software and Third Party Hardware.
- **“Third Party Software”** means the third party software, if any, identified in the Investment Summary.
- **“Tyler”** means Tyler Technologies, Inc., a Delaware corporation.
- **“Tyler Software”** means our proprietary software, including any integrations, custom modifications, and/or other related interfaces identified in the Investment Summary and licensed by us to you through this Contract.
- **“we”, “us”, “our”** and similar terms mean Tyler.
- **“you”** and similar terms mean City.

SECTION B – SAAS SERVICES

1. **Rights Granted.** We grant to you the non-exclusive, non-assignable limited right to use the SaaS Services solely for your internal business purposes for the number of Defined Concurrent Users only. The Tyler Software will be made available to you according to the terms of the SLA. You acknowledge that we have no delivery obligations and we will not ship copies of the Tyler Software as part of the SaaS Services. You may use the SaaS Services to access updates and enhancements to the Tyler Software, as further described in Section C(8).
2. **SaaS Fees.** You agree to pay us the SaaS Fees. Those amounts are payable in accordance with our Invoicing and Payment Policy, attached hereto as Exhibit B. The SaaS Fees are based on the number of Defined Concurrent Users and amount of Data Storage Capacity. You may add additional concurrent users or additional data storage capacity on the terms set forth in Section H(1). In the event you regularly and/or meaningfully exceed the Defined Concurrent Users or Data Storage Capacity, we reserve the right to charge you additional fees commensurate with the overage(s).

3. Ownership.

3.1 We retain all ownership and intellectual property rights to the SaaS Services, the Tyler Software, and anything developed by us under this Contract. You do not acquire under this Contract any license to use the Tyler Software in excess of the scope and/or duration of the SaaS Services.

3.2 The Documentation is licensed to you and may be used and copied by your employees for internal, non-commercial reference purposes only.

3.3 You retain all ownership and intellectual property rights to the Data.

4. Restrictions. You may not: (a) make the Tyler Software or Documentation resulting from the SaaS Services available in any manner to any third party for use in the third party's business operations; (b) modify, make derivative works of, disassemble, reverse compile, or reverse engineer any part of the SaaS Services; (c) access or use the SaaS Services in order to build or support, and/or assist a third party in building or supporting, products or services competitive to us; or (d) license, sell, rent, lease, transfer, assign, distribute, display, host, outsource, disclose, permit timesharing or service bureau use, or otherwise commercially exploit or make the SaaS Services, Tyler Software, or Documentation available to any third party other than as expressly permitted by this Contract.

5. Software Warranty. We warrant that the Tyler Software will perform without Defects during the term of this Contract. Without limiting the City's rights regarding Software that does not conform to the warranty, if the Tyler Software does not perform as warranted, we will use all reasonable efforts, consistent with industry standards, to cure the Defect in accordance with the maintenance and support process set forth in Section C(8), below, the SLA and our then current Support Call Process.

6. SaaS Services.

6.1 Our SaaS Services are audited at least yearly in accordance with the AICPA's Statement on Standards for Attestation Engagements ("SSAE") No. 16, Type 2. We have attained, and will maintain, Type II SSAE compliance, or its equivalent, for so long as you are timely paying for SaaS Services. Upon execution of a mutually agreeable Non-Disclosure Agreement ("NDA"), we will provide you with a summary of our SSAE-16 compliance report or its equivalent. Every year thereafter, for so long as the NDA is in effect and in which you make a written request, we will provide that same information.

6.2 You will be hosted on shared hardware in a Tyler data center, but in a database dedicated to you, which is inaccessible to our other customers.

6.3 We have fully-redundant telecommunications access, electrical power, and the required hardware to provide access to the Tyler Software in the event of a disaster or component failure. In the event any of your data has been lost or damaged due to an act or omission of Tyler or its subcontractors or due to a defect in Tyler's software, we will use best commercial efforts to restore all the data on servers in accordance with the architectural design's capabilities and with the goal of minimizing any data loss as greatly as possible. In no case shall

the recovery point objective ("RPO") exceed a maximum of twenty-four (24) hours from declaration of disaster. For purposes of this subsection, RPO represents the maximum tolerable period during which your data may be lost, measured in relation to a disaster we declare, said declaration will not be unreasonably withheld.

- 6.4 In the event we declare a disaster, our Recovery Time Objective ("RTO") is twenty-four (24) hours. For purposes of this subsection, RTO represents the amount of time, after we declare a disaster, within which your access to the Tyler Software must be restored.
- 6.5 We conduct annual penetration testing of either the production network and/or web application to be performed. We will maintain industry standard intrusion detection and prevention systems to monitor malicious activity in the network and to log and block any such activity. We will provide you with a written or electronic record of the actions taken by us in the event that any unauthorized access to your database(s) is detected as a result of our security protocols. We will undertake an additional security audit, on terms and timing to be mutually agreed to by the parties, at your written request. You may not attempt to bypass or subvert security restrictions in the SaaS Services or environments related to the Tyler Software. Unauthorized attempts to access files, passwords or other confidential information, and unauthorized vulnerability and penetration test scanning of our network and systems (hosted or otherwise) is prohibited without the prior written approval of our IT Security Officer.
- 6.6 We test our disaster recovery plan on an annual basis. Our standard test is not City-specific. Should you request a City-specific disaster recovery test, we will work with you to schedule and execute such a test on a mutually agreeable schedule.
- 6.7 We will be responsible for importing back-up and verifying that you can log-in. You will be responsible for running reports and testing critical processes to verify the returned data. At your written request, we will provide test results to you within a commercially reasonable timeframe after receipt of the request.
- 6.8 We provide secure data transmission paths from each of your workstations to our servers.
- 6.9 For at least the past ten (10) years, all of our employees have undergone criminal background checks prior to hire. All employees sign our confidentiality agreement and security policies. Our data centers are accessible only by authorized personnel with a unique key entry. All other visitors must be signed in and accompanied by authorized personnel. Entry attempts to the data center are regularly audited by internal staff and external auditors to ensure no unauthorized access.

SECTION C – OTHER PROFESSIONAL SERVICES

1. Other Professional Services. We will provide you the various implementation-related services itemized in the Investment Summary and described in our industry standard implementation plan. We will finalize that documentation with you upon execution of this Contract.
2. Services Fees. You agree to pay us the fees for implementation and other services in the amounts

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set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy. You acknowledge that the fees stated in the Investment Summary are good-faith estimates of the amount of time and materials required for your implementation. We will bill you the actual fees incurred based on the in-scope services provided to you. Any discrepancies in the total values set forth in the Investment Summary will be resolved by multiplying the applicable hourly rate by the quoted hours.

3. **Additional Services.** The Investment Summary contains the scope of services and related costs (including programming and/or interface estimates) required for the project based on our understanding of the specifications you supplied. If additional work is required, or if you use or request additional services, we will provide you with an addendum or change order, as applicable, outlining the costs for the additional work. The price quotes in the addendum or change order will be valid for ninety (90) days from the date of the quote.
4. **Cancellation.** If travel is required, we will make all reasonable efforts to schedule travel for our personnel, including arranging travel reservations, at least two (2) weeks in advance of commitments. Therefore, if you cancel services less than two (2) weeks in advance (other than for Force Majeure or breach by us), you will be liable for all (a) non-refundable expenses incurred by us on your behalf, and (b) daily fees associated with cancelled professional services if we are unable to reassign our personnel. We will make all reasonable efforts to reassign personnel in the event you cancel within two (2) weeks of scheduled commitments.
5. **Services Warranty.** We will perform the services in a professional, workmanlike manner, consistent with industry standards. In the event we provide services that do not conform to this warranty, we will re-perform such services at no additional cost to you.
6. **Site Access and Requirements.** At no cost to us, you agree to provide us with full and free access to your personnel, facilities, and equipment as may be reasonably necessary for us to provide implementation services, subject to any reasonable security protocols or other written policies provided to us as of the Effective Date, and thereafter as mutually agreed to by you and us.
7. **City Assistance.** You acknowledge that the implementation of the Tyler Software is a cooperative process requiring the time and resources of your personnel. You agree to use all reasonable efforts to cooperate with and assist us as may be reasonably required to meet the agreed upon project deadlines and other milestones for implementation. This cooperation includes at least working with us to schedule the implementation-related services outlined in this Contract. We will not be liable for failure to meet any deadlines and milestones when such failure is due to Force Majeure or to the failure by your personnel to provide such cooperation and assistance (either through action or omission).
8. **Maintenance and Support.** For so long as you timely pay your SaaS Fees according to the Invoicing and Payment Policy, then in addition to the terms set forth in the SLA and the Support Call Process, we will:
 - 8.1 perform our maintenance and support obligations in a professional, good, and workmanlike manner, consistent with industry standards, to resolve Defects in the Tyler Software (limited to the then-current version and the immediately prior version);

- 8.2 provide telephone support during our established support hours;
- 8.3 maintain personnel that are sufficiently trained to be familiar with the Tyler Software and Third Party Software, if any, in order to provide maintenance and support services;
- 8.4 make available to you all major and minor releases to the Tyler Software (including updates and enhancements) that we make generally available without additional charge to customers who have a maintenance and support agreement in effect; and
- 8.5 provide non-Defect resolution support of prior releases of the Tyler Software in accordance with our then-current release life cycle policy.

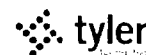
We will use all reasonable efforts to perform support services remotely. Currently, we use a third-party secure unattended connectivity tool called Bomgar, as well as GotoAssist by Citrix. Therefore, you agree to maintain a high-speed internet connection capable of connecting us to your PCs and server(s). You agree to provide us with a login account and local administrative privileges as we may reasonably require to perform remote services. We will, at our option, use the secure connection to assist with proper diagnosis and resolution, subject to any reasonably applicable security protocols. If we cannot resolve a support issue remotely, we may be required to provide onsite services. In such event, we will be responsible for our travel expenses, unless it is determined that the reason onsite support was required was a reason outside our control. Either way, you agree to provide us with full and free access to the Tyler Software, working space, adequate facilities within a reasonable distance from the equipment, and use of machines, attachments, features, or other equipment reasonably necessary for us to provide the maintenance and support services, all at no charge to us. We strongly recommend that you also maintain your VPN for backup connectivity purposes.

For the avoidance of doubt, SaaS Fees do not include the following services: (a) onsite support (unless Tyler cannot remotely correct a Defect in the Tyler Software, as set forth above); (b) application design; (c) other consulting services; or (d) support outside our normal business hours as listed in our then-current Support Call Process. Requested services such as those outlined in this section will be billed to you on a time and materials basis at our then current rates. You must request those services with at least one (1) weeks' advance notice.

SECTION D – THIRD PARTY PRODUCTS

1. Third Party Hardware. We will sell, deliver, and install onsite the Third Party Hardware, if you have purchased any, for the price set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.
2. Third Party Software. As part of the SaaS Services, you will receive access to the Third Party Software and related documentation for internal business purposes only. Your rights to the Third Party Software will be governed by the Third Party Terms.
3. Third Party Products Warranties.
 - 3.1 We are authorized by each Developer to grant access to the Third Party Software.

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3.2 The Third Party Hardware will be new and unused, and upon payment in full, you will receive free and clear title to the Third Party Hardware.

3.3 You acknowledge that we are not the manufacturer of the Third Party Products. We do not warrant or guarantee the performance of the Third Party Products. However, we grant and pass through to you any warranty that we may receive from the Developer or supplier of the Third Party Products.

SECTION E - INVOICING AND PAYMENT; INVOICE DISPUTES

1. Invoicing and Payment. We will invoice you the SaaS Fees and fees for other professional services in the Investment Summary per our Invoicing and Payment Policy, subject to Section E(2).
2. Invoice Disputes. If you believe any delivered software or service does not conform to the warranties in this Contract, you will provide us with written notice within thirty (30) days of your receipt of the applicable invoice. The written notice must contain reasonable detail of the issues you contend are in dispute so that we can confirm the issue and respond to your notice with either a justification of the invoice, an adjustment to the invoice, or a proposal addressing the issues presented in your notice. We will work with you as may be necessary to develop an action plan that outlines reasonable steps to be taken by each of us to resolve any issues presented in your notice. You may withhold payment of the amount(s) actually in dispute, and only those amounts, until we complete the action items outlined in the plan. If we are unable to complete the action items outlined in the action plan because of your failure to complete the items agreed to be done by you, then you will remit full payment of the invoice. We reserve the right to suspend delivery of all SaaS Services, including maintenance and support services, if you fail to pay an invoice not disputed as described above within fifteen (15) days of notice of our intent to do so.

SECTION F – INDEMNIFICATION AND LIMITATION OF LIABILITY

1. Intellectual Property Infringement Indemnification.
 - 1.1 We will defend you against any third party claim(s) that the Tyler Software or Documentation infringes that third party's patent, copyright, or trademark, or misappropriates its trade secrets, and will pay the amount of any resulting adverse final judgment (or settlement to which we consent). You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.
 - 1.2 Our obligations under this Section F(1) will not apply to the extent the claim or adverse final judgment is based on your use of the Tyler Software in contradiction of this Contract, including with non-licensed third parties, or your willful infringement.
 - 1.3 If we receive information concerning an infringement or misappropriation claim related to the Tyler Software, we may, at our expense and without obligation to do so, either: (a) procure for you the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a

functional equivalent, in which case you will stop running the allegedly infringing Tyler Software immediately. Alternatively, we may decide to litigate the claim to judgment, in which case you may continue to use the Tyler Software consistent with the terms of this Contract.

- 1.4 If an infringement or misappropriation claim is fully litigated and your use of the Tyler Software is enjoined by a court of competent jurisdiction, in addition to paying any adverse final judgment (or settlement to which we consent), we will, at our option, either: (a) procure the right to continue its use; (b) modify it to make it non-infringing; (c) replace it with a functional equivalent; or (d) terminate this Contract and refund you the prepaid but unused SaaS Fees for the year in which the Contract terminates. We will pursue those options in the order listed herein. This section provides your exclusive remedy for third party copyright, patent, or trademark infringement and trade secret misappropriation claims.
2. **DISCLAIMER.** EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS CONTRACT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE HEREBY DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES, DUTIES, OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
3. **LIMITATION OF LIABILITY.** EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS CONTRACT, OUR LIABILITY FOR DAMAGES ARISING OUT OF THIS CONTRACT, WHETHER BASED ON A THEORY OF CONTRACT OR TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, SHALL BE LIMITED TO YOUR ACTUAL DIRECT DAMAGES, NOT TO EXCEED (A) DURING THE INITIAL TERM, AS SET FORTH IN SECTION 4.1 OF THE CONTRACT, THREE (3) TIMES THE TOTAL FEES PAID AS OF THE TIME OF THE CLAIM; OR (B) DURING ANY RENEWAL TERM, (3) TIMES THE THEN-CURRENT ANNUAL SAAS FEES PAYABLE IN THAT RENEWAL TERM. THE PRICES SET FORTH IN THIS CONTRACT ARE SET IN RELIANCE UPON THIS LIMITATION OF LIABILITY. THE FOREGOING LIMITATION OF LIABILITY SHALL NOT APPLY TO CLAIMS THAT ARE SUBJECT TO SECTIONS F(1) AND F(2).
4. **EXCLUSION OF CERTAIN DAMAGES.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL WE BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

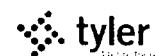
SECTION G – GENERAL TERMS AND CONDITIONS

1. **Additional Products and Services.** You may purchase additional products and services at the rates set forth in the Investment Summary for twelve (12) months from the Effective Date by executing a mutually agreed addendum. If no rate is provided in the Investment Summary, or those twelve (12) months have expired, you may purchase additional products and services at our then-current list price, also by executing a mutually agreed addendum. The terms of this Contract will control any such additional purchase(s), unless otherwise specifically provided in the addendum.
2. **Optional Items.** Pricing for any listed optional products and services in the Investment Summary will be valid for twelve (12) months from the Effective Date.
3. **Dispute Resolution.** You agree to provide us with written notice within thirty (30) days of becoming

aware of a dispute. You agree to cooperate with us in trying to reasonably resolve all disputes, including, if requested by either party, appointing a senior representative to meet and engage in good faith negotiations with our appointed senior representative. Senior representatives will convene within fifteen (15) business days of the written dispute notice, unless otherwise agreed. All meetings and discussions between senior representatives will be deemed confidential settlement discussions not subject to disclosure under Federal Rule of Evidence 408 or any similar applicable state rule. If we fail to resolve the dispute within thirty (30) business days of written notice of dispute, either of us may assert our respective rights and remedies in a court of competent jurisdiction. Nothing in this section shall prevent you or us from seeking necessary injunctive relief during the dispute resolution procedures.

4. Taxes. See Section 5.14 of the Contract.
5. Nondiscrimination. See Section 5.22 of the Contract.
6. E-Verify. See Section 5.21 of the Contract.
7. Subcontractors. See Section 5.17 of the Contract.
8. Binding Effect; No Assignment. See Sections 5.4 and 5.5 of the Contract.
9. Force Majeure. See Section 5.13 of the Contract.
10. No Intended Third Party Beneficiaries. This Contract is entered into solely for the benefit of you and us. No third party will be deemed a beneficiary of this Contract, and no third party will have the right to make any claim or assert any right under this Contract. This provision does not affect the rights of third parties under any Third Party Terms.
11. Entire Agreement; Amendment. See Sections 5.1 and 5.18 of the Contract.
12. Severability. See Section 7.1 of the Contract.
13. No Waiver. In the event that the terms and conditions of this Contract are not strictly enforced by either party, such non-enforcement will not act as or be deemed to act as a waiver or modification of this Contract, nor will such non-enforcement prevent such party from enforcing each and every term of this Contract thereafter.
14. Independent Contractor. See Section 5.10 of the Contract.
15. Notices. All notices or communications required or permitted as a part of this Contract, such as notice of an alleged material breach for a termination for cause or a dispute that must be submitted to dispute resolution, must be in writing and will be deemed delivered upon the earlier of the following: (a) actual receipt by the receiving party; (b) upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the receiving party; (c) upon receipt by sender of proof of email delivery; or (d) if not actually received, five (5) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the other party at the address set forth on the signature page

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hereto or such other address as the party may have designated by proper notice. The consequences for the failure to receive a notice due to improper notification by the intended receiving party of a change in address will be borne by the intended receiving party.

16. City Lists. See Section 5.15 of the Contract.
17. Confidentiality. Both parties recognize that their respective employees and agents, in the course of performance of this Contract, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities, including the parties. Confidential information is nonpublic information that a reasonable person would believe to be confidential and includes, without limitation, personal identifying information (e.g., social security numbers) and trade secrets, each as defined by applicable state law. Each party agrees that it will not disclose any confidential information of the other party and further agrees to take all reasonable and appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein will survive the termination or cancellation of this Contract. This obligation of confidentiality will not apply to information that:
 - (a) is in the public domain, either at the time of disclosure or afterwards, except by breach of this Contract by a party or its employees or agents;
 - (b) a party can establish by reasonable proof was in that party's possession at the time of initial disclosure;
 - (c) a party receives from a third party who has a right to disclose it to the receiving party; or
 - (d) is the subject of a legitimate disclosure request under the open records laws or similar applicable public disclosure laws governing this Contract; provided, however, that in the event you receive an open records or other similar applicable request, you will give us prompt notice and otherwise perform the functions required by applicable law.
18. Business License. In the event a local business license is required for us to perform services hereunder, you will promptly notify us and provide us with the necessary paperwork and/or contact information so that we may timely obtain such license.
19. Governing Law. See Section 5.2 of the Contract.
20. Multiple Originals and Authorized Signatures. This Contract may be executed in multiple originals, any of which will be independently treated as an original document. Any electronic, faxed, scanned, photocopied, or similarly reproduced signature on this Contract or any amendment hereto will be deemed an original signature and will be fully enforceable as if an original signature. Each party represents to the other that the signatory set forth below is duly authorized to bind that party to this Contract.



Exhibit A
Investment Summary

The following Investment Summary details the software and services to be delivered by us to you under the Contract. This Investment Summary is effective as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Contract.

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Quoted By: Jennifer Wahlbrink
 Date: 4/28/2016
 Quote Expiration: 10/24/2016
 Quote Name: City of Scottsdale-ERP-Munis-PR/HR
 Quote Number: 2016-20028
 Quote Description: 2-17-16 SaaS v.2 - 7 years

Sales Quotation For

City of Scottsdale
 9191 E. San Salvador Dr.
 Scottsdale, Arizona 85258
 Phone (480) 312-3111

SaaS

Description	# Years	Annual Fee	Annual Fee Net	One Time Fees		
				Impl. Days	Impl. Cost	Data Conversion
Financial:						
General Ledger (Limited Use)	7.0	\$20,346.00	\$20,346.00	12 @ \$1,275.00	\$15,300.00	\$0.00
Payroll/HR:						
HR Management	7.0	\$19,606.00	\$19,606.00	25 @ \$1,275.00	\$31,875.00	\$0.00
Payroll w/ESS	7.0	\$58,854.00	\$58,854.00	61 @ \$1,275.00	\$77,775.00	\$34,000.00
Professional Development	7.0	\$8,518.00	\$8,518.00	8 @ \$1,275.00	\$10,200.00	\$0.00
Revenue:						
Accounts Receivable	7.0	\$21,120.00	\$21,120.00	7 @ \$1,275.00	\$8,925.00	\$0.00
General Billing	7.0	\$9,856.00	\$9,856.00	3 @ \$1,275.00	\$3,825.00	\$0.00
Productivity:						
Munis Analytics & Reporting (Limited Use) (SaaS)	7.0	\$24,480.00	\$24,480.00	13 @ \$1,275.00	\$16,575.00	\$0.00
Tyler Content Manager Auto Indexing and Redaction (SE)	7.0	\$3,520.00	\$3,520.00	2 @ \$1,275.00	\$2,550.00	\$0.00
Tyler Forms Processing	7.0	\$14,040.00	\$14,040.00	0 @ \$1,275.00	\$0.00	\$0.00

Other:

SaaS				One Time Fees		
Description	# Years	Annual Fee	Annual Fee Net	Impl. Days	Impl. Cost	Data Conversion
TCM-SE (Limited Use)	7.0	\$25,313.00	\$25,313.00	0 @ \$1,275.00	\$0.00	\$0.00
Payroll Tax Table Updates	7.0	\$1,000.00	\$1,000.00	0 @ \$1,275.00	\$0.00	\$0.00
TOTAL:		\$206,653.00	\$206,653.00	131	\$167,025.00	\$34,000.00

Tyler Software and Related Services

Description	License	Impl. Days	Impl. Cost	Data Conversion	Module Total	Year One Maintenance
Other:						
Accounting Standard COA - F	\$0.00	0 @ \$1,275.00	\$0.00	\$3,000.00	\$3,000.00	\$0.00
TOTAL:	\$0.00	0	\$0.00	\$3,000.00	\$3,000.00	\$0.00

Other Services

Description	Quantity	Unit Price	Unit Discount	Extended Price
AP/PR Check Recon Import	1	\$1,000.00	\$0.00	\$1,000.00
Business Process Consulting - HR Management	1	\$31,500.00	\$0.00	\$31,500.00
Business Process Consulting - Payroll	1	\$31,500.00	\$0.00	\$31,500.00
Project Management	1	\$61,200.00	\$0.00	\$61,200.00
PR Positive Pay Export Format	1	\$3,000.00	\$0.00	\$3,000.00
Tyler Forms Library - General Billing	1	\$2,500.00	\$0.00	\$2,500.00
Tyler Forms Library - Payroll	1	\$2,000.00	\$0.00	\$2,000.00
Tyler Forms Library - Personnel Action	1	\$1,800.00	\$0.00	\$1,800.00
Tyler Forms Processing Configuration	1	\$3,000.00	\$0.00	\$3,000.00
VPN Device	1	\$4,000.00	\$0.00	\$4,000.00
TOTAL:				\$141,500.00

3rd Party Hardware, Software and Services

Description	Quantity	Unit Price	Unit Discount	Total Price	Unit Maintenance	Unit Maintenance Discount	Total Year One Maintenance
Tyler Secure Signature System with 2 Keys	1	\$1,650.00	\$0.00	\$1,650.00	\$0.00	\$0.00	\$0.00

3rd Party Hardware, Software and Services

Description	Quantity	Unit Price	Unit Discount	Total Price	Unit Maintenance	Unit Maintenance Discount	Total Year One Maintenance
<i>3rd Party Hardware Sub-Total:</i>			\$0.00	\$1,650.00			\$0.00
TOTAL:				\$1,650.00			\$0.00

Summary	One Time Fees	Recurring Fees
Total SaaS	\$0.00	\$206,653.00
Total Tyler Software	\$0.00	\$0.00
Total Tyler Services	\$345,525.00	\$0.00
Total 3rd Party Hardware, Software and Services	\$1,650.00	\$0.00
Summary Total	\$347,175.00	\$206,653.00
Contract Total (Excluding Estimated Travel Expenses)	\$1,793,746.00	
Estimated Travel Expenses	\$72,610.00	

Detailed Breakdown of Conversions (Included in Contract Total)

Description	Unit Price	Unit Discount	Extended Price
Accounting Standard COA	\$3,000.00	\$0.00	\$3,000.00
Payroll - Option 10 Certifications	\$3,000.00	\$0.00	\$3,000.00
Payroll - Option 11 Education	\$3,000.00	\$0.00	\$3,000.00
Payroll - Option 1 Deductions	\$3,200.00	\$0.00	\$3,200.00
Payroll - Option 2 Accrual Balances	\$3,000.00	\$0.00	\$3,000.00
Payroll - Option 3 Accumulators	\$2,300.00	\$0.00	\$2,300.00
Payroll - Option 4 Check History	\$2,800.00	\$0.00	\$2,800.00
Payroll - Option 5 Earning/Deduction Hist	\$4,500.00	\$0.00	\$4,500.00
Payroll - Option 7 PM Action History	\$3,000.00	\$0.00	\$3,000.00
Payroll - Option 8 Position Control	\$3,000.00	\$0.00	\$3,000.00
Payroll - Option 9 State Retirement Tables	\$3,000.00	\$0.00	\$3,000.00
Payroll - Standard	\$3,200.00	\$0.00	\$3,200.00
TOTAL:			\$37,000.00

Optional SaaS

Description	# Years	Annual Fee	Annual Fee Net	One Time Fees		
				Impl. Days	Impl. Cost Data Conversion	
Payroll/HR:						
Applicant Tracking	7.0	\$10,208.00	\$10,208.00	8	\$10,200.00	\$0.00
TOTAL:		\$10,208.00	\$10,208.00	8	\$10,200.00	\$0.00

Optional Other Services

Description	Quantity	Unit Price	Discount	Extended Price
Business Process Consulting - Professional Development	1	\$15,750.00	\$0.00	\$15,750.00
Change Management Consulting Solution	1	\$60,000.00	\$0.00	\$60,000.00
TOTAL:				\$75,750.00

Unless otherwise indicated in the contract or Amendment thereto, pricing for optional items will be held for Six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____ Date: _____
 Print Name: _____ P.O. #: _____

All primary values quoted in US Dollars

Comments

Conversion prices are based on a single occurrence of the database. If additional databases need to be converted, these will need to be quoted.

Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the size and scope of your project. The actual amount of services depends on such factors as your level of involvement in the project and the speed of knowledge transfer.

Unless otherwise noted, prices submitted in the quote do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

Tyler's prices do not include applicable local, city or federal sales, use excise, personal property or other similar taxes or duties, which you are responsible for determining and remitting.

In the event Client cancels services less than two (2) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the cancelled services if Tyler is unable to re-assign its personnel.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

Tyler's form library prices are based on the actual form quantities listed, and assume the forms will be provided according to the standard Munis form template. Any forms in addition to the quoted amounts and types, including custom forms or forms that otherwise require custom programming, are subject to an additional fee. Please also note that use of the Tyler Forms functionality requires the use of approved printers as well. You may contact Tyler's support team for the most current list of approved printers.

General Billing library includes: 1 invoice, 1 statement, 1 general billing receipt and 1 miscellaneous receipt.

Programming for check reconciliation import and positive pay export assumes one bank format each. Multiple bank formats are extra.

Includes digitizing two signatures, additional charges will apply for additional signatures.

Tyler Forms Payroll Core library includes: 1 PR check, 1 direct deposit, 1 vendor from payroll check, 1 vendor from payroll direct deposit, W2, W2c, 1099 R, ACA 1095B and ACA 1095C.

Personnel Actions Forms Library includes: 1 Personnel Action form - New and 1 Personnel Action Form - Change.

Tyler's cost is based on all of the proposed products and services being obtained from Tyler. Should significant portions of the products or services be deleted, Tyler reserves the right to adjust prices accordingly.

Tyler Software Product General Ledger (Limited Use) is licensed only for use with the other Tyler Software Products licensed to the client. Client may use General Ledger (Limited Use) independent of the other Tyler Software Products licensed to the client by remitting to Tyler the then-current license and annual maintenance fees.

The MUNIS Accounts Payable module utilizes a label printer for batch-scanned document indexing. This printer is to be provided by the client and must support multi-page Adobe PDF files, such as the Brother QL-700.

Comments

The SaaS fees are based on 100 concurrent users. Should the number of concurrent users be exceeded, Tyler reserves the right to re-negotiate the SaaS fees based upon any resulting changes in the pricing categories.

The Tyler Software Product Tyler Forms Processing must be used in conjunction with a Hewlett Packard printer supported by Tyler for printing checks.



Exhibit B Invoicing and Payment Policy

We will provide you with the software and services set forth in the Investment Summary of the Contract. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Contract.

Invoicing: We will invoice you for the applicable software and services in the Investment Summary as set forth below. Your rights to dispute any invoice are set forth in the Contract.

1. **SaaS Fees.** SaaS Fees for year one (\$206,653) are invoiced quarterly in advance, beginning on the first day of the month immediately following the Effective Date. Subsequent annual SaaS Fees are invoiced every three (3) months in advance, beginning on the anniversary of the initial invoice date. Upon expiration of the initial term, your annual SaaS fees will be at our then-current rates.
2. **Other Tyler Software and Services.**
 - 2.1 ***Project Planning Services:*** Project planning services are invoiced upon delivery of the implementation planning document.
 - 2.2 ***VPN Device:*** The fee for the VPN device will be invoiced upon installation of the VPN.
 - 2.3 ***Implementation and Other Professional Services (including training):*** Implementation and other professional services (including training) are billed and invoiced as delivered, at the rates set forth in the Investment Summary.
 - 2.4 ***Consulting Services:*** If you have purchased any Business Process Consulting services, if they have been quoted as fixed-fee services, they will be invoiced 50% upon your acceptance of the Business System Design document, by module, and 50% upon your acceptance of custom desktop procedures, by module. If you have purchased any Business Process Consulting services and they are quoted as an estimate, then we will bill you the actual services delivered on a time and materials basis.
 - 2.5 ***Conversions:*** Fixed-fee conversions are invoiced 50% upon initial delivery of the converted data, by conversion option, and 50% upon City acceptance to load the converted data into Live/Production environment, by conversion option. Where conversions are quoted as estimated, we will bill you the actual services delivered on a time and materials basis.
 - 2.6 ***Requested Modifications to the Tyler Software:*** Requested modifications to the Tyler Software are invoiced 50% upon delivery of specifications and 50% upon delivery of the applicable modification. You must report any failure of the modification to conform to the

specifications within thirty (30) days of delivery; otherwise, the modification will be deemed to be in compliance with the specifications after the 30-day window has passed. You may still report Defects to us as set forth in the Maintenance and Support Agreement.

2.7 *Other Fixed Price Services*: Other fixed price services are invoiced upon complete delivery of the service. For the avoidance of doubt, where "Project Planning Services" are provided, payment will be due upon delivery of the Implementation Planning document.

2.8 *Change Management Services*: If you have purchased any change management services, those services will be invoiced in the following amounts and upon the following milestones:

Acceptance of Change Management Discovery Analysis	15%
Delivery of Change Management Plan and Strategy Presentation	10%
Acceptance of Executive Playbook	15%
Acceptance of Resistance Management Plan	15%
Acceptance of Procedural Change Communications Plan	10%
Change Management Coach Training	20%
Change Management After-Action Review	15%

3. Third Party Products.

3.1 *Third Party Software License Fees*: License fees for Third Party Software, if any, are invoiced when we make it available to you for downloading.

3.2 *Third Party Software Maintenance*: The first year maintenance for the Third Party Software is invoiced when we make it available to you for downloading.

3.3 *Third Party Hardware*: Third Party Hardware costs, if any, are invoiced upon delivery.

4. Expenses. The service rates in the Investment Summary do not include travel expenses, which are estimated at \$72,160. Expenses will be billed as incurred and only in accordance with our then-current Business Travel Policy. Our current Business Travel Policy is attached to this Exhibit B at Schedule 1. Copies of receipts will be provided upon request; we reserve the right to charge you an administrative fee depending on the extent of your requests. Receipts for miscellaneous items less than twenty-five dollars and mileage logs are not available.

Payment. Payment for undisputed invoices that have been approved by the Contract Administrator shall be due as set forth in Section 3.3 of the Contract. We prefer to receive payments electronically. Our electronic payment information is:

Bank: Wells Fargo Bank, N.A.
420 Montgomery
San Francisco, CA 94104
ABA: 121000248
Account: 4124302472
Beneficiary: Tyler Technologies, Inc. – Operating



Exhibit B
Schedule 1
Business Travel Policy

1. Air Travel

A. Reservations & Tickets

Tyler's Travel Management Company (TMC) will provide an employee with a direct flight within two hours before or after the requested departure time, assuming that flight does not add more than three hours to the employee's total trip duration and the fare is within \$100 (each way) of the lowest logical fare. If a net savings of \$200 or more (each way) is possible through a connecting flight that is within two hours before or after the requested departure time and that does not add more than three hours to the employee's total trip duration, the connecting flight should be accepted.

Employees are encouraged to make advanced reservations to take full advantage of discount opportunities. Employees should use all reasonable efforts to make travel arrangements at least two (2) weeks in advance of commitments. A seven day advance booking requirement is mandatory. When booking less than seven days in advance, management approval will be required.

Except in the case of international travel where a segment of continuous air travel is scheduled to exceed six hours, only economy or coach class seating is reimbursable.

B. Baggage Fees

Reimbursement of personal baggage charges are based on trip duration as follows:

- Up to five days = one checked bag
- Six or more days = two checked bags

Baggage fees for sports equipment are not reimbursable.

2. Ground Transportation

A. Private Automobile

Mileage Allowance – Business use of an employee's private automobile will be reimbursed at the current IRS allowable rate, plus out of pocket costs for tolls and parking. Mileage will be calculated

by using the employee's office as the starting and ending point, in compliance with IRS regulations. Employees who have been designated a home office should calculate miles from their home.

B. Rental Car

Employees are authorized to rent cars only in conjunction with air travel when cost, convenience, and the specific situation reasonably require their use. When renting a car for Tyler business, employees should select a "mid-size" or "intermediate" car. "Full" size cars may be rented when three or more employees are traveling together. Tyler carries leased vehicle coverage for business car rentals; additional insurance on the rental agreement should be declined.

C. Public Transportation

Taxi or airport limousine services may be considered when traveling in and around cities or to and from airports when less expensive means of transportation are unavailable or impractical. The actual fare plus a reasonable tip (15-18%) are reimbursable. In the case of a free hotel shuttle to the airport, tips are included in the per diem rates and will not be reimbursed separately.

D. Parking & Tolls

When parking at the airport, employees must use longer term parking areas that are measured in days as opposed to hours. Park and fly options located near some airports may also be used. For extended trips that would result in excessive parking charges, public transportation to/from the airport should be considered. Tolls will be reimbursed when receipts are presented.

3. Lodging

Tyler's TMC will select hotel chains that are well established, reasonable in price, and conveniently located in relation to the traveler's work assignment. Typical hotel chains include Courtyard, Fairfield Inn, Hampton Inn, and Holiday Inn Express. If the employee has a discount rate with a local hotel, the hotel reservation should note that discount and the employee should confirm the lower rate with the hotel upon arrival. Employee memberships in travel clubs such as AAA should be noted in their travel profiles so that the employee can take advantage of any lower club rates.

"No shows" or cancellation fees are not reimbursable if the employee does not comply with the hotel's cancellation policy.

Tips for maids and other hotel staff are included in the per diem rate and are not reimbursed separately.

4. Meals and Incidental Expenses

Employee meals and incidental expenses while on travel status are in accordance with the federal per diem rates published by the General Services Administration. Incidental expenses include tips to maids, hotel staff, and shuttle drivers and other minor travel expenses. Per diem rates are available at www.gsa.gov/perdiem.

A. Overnight Travel

For each full day of travel, all three meals are reimbursable. Per diems on the first and last day of a trip are governed as set forth below.

Departure Day

Depart before 12:00 noon	Lunch and dinner
Depart after 12:00 noon	Dinner

Return Day

Return before 12:00 noon	Breakfast
Return between 12:00 noon & 7:00 p.m.	Breakfast and lunch
Return after 7:00 p.m.*	Breakfast, lunch and dinner

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner

The reimbursement rates for individual meals are calculated as a percentage of the full day per diem as follows:

- Breakfast 15%
- Lunch 25%
- Dinner 60%

B. Same Day Travel

Employees traveling at least 100 miles to a site and returning in the same day are eligible to claim lunch on an expense report. Employees on same day travel status are eligible to claim dinner in the event they return home after 7:00 p.m.*

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner

5. Internet Access – Hotels and Airports

Employees who travel may need to access their e-mail at night. Many hotels provide free high speed internet access and Tyler employees are encouraged to use such hotels whenever possible. If an employee's hotel charges for internet access it is reimbursable up to \$10.00 per day. Charges for internet access at airports are not reimbursable.



Exhibit C
SERVICE LEVEL AGREEMENT

I. Agreement Overview

This SLA operates in conjunction with, and does not supersede or replace any part of, the Contract. It outlines the information technology service levels that we will provide to you to ensure the availability of the application services that you have requested us to provide. All other support services are documented in the Support Call Process.

II. Definitions. Except as defined below, all defined terms have the meaning set forth in the Contract.

Attainment: The percentage of time the Tyler Software is available during a billing cycle, with percentages rounded to the nearest whole number.

Client Error Incident: Any service unavailability resulting from your applications, content or equipment, or the acts or omissions of any of your service users or third-party providers over whom we exercise no control.

Downtime: Those minutes during which the Tyler Software is not available for your use. Downtime does not include those instances in which only a Defect is present.

Service Availability: The total number of minutes in a billing cycle that the Tyler Software is capable of receiving, processing, and responding to requests, excluding maintenance windows, Client Error Incidents and Force Majeure.

III. Service Availability

The Service Availability of the Tyler Software is intended to be 24/7/365. We set Service Availability goals and measures whether it has met those goals by tracking Attainment.

a. Your Responsibilities

Whenever you experience Downtime, you must make a support call according to the procedures outlined in the Support Call Process. You will receive a support incident number.

You must document, in writing, all Downtime that you have experienced during a calendar quarter. You must deliver such documentation to us within 30 days of a quarter's end.

The documentation you provide must evidence the Downtime clearly and convincingly. It must include, for example, the support incident number(s) and the date, time and duration of the Downtime(s).

b. Our Responsibilities

When our support team receives a call from you that a Downtime has occurred or is occurring, we will work with you to identify the cause of the Downtime (including whether it may be the result of a Client Error Incident or Force Majeure). We will also work with you to resume normal operations.

Upon timely receipt of your Downtime report, we will compare that report to our own outage logs and support tickets to confirm that a Downtime for which we were responsible indeed occurred.

We will respond to your Downtime report within 30 day(s) of receipt. To the extent we have confirmed Downtime for which we are responsible, we will provide you with the relief set forth below.

c. City Relief

When a Service Availability goal is not met due to confirmed Downtime, we will provide you with relief that corresponds to the percentage amount by which that goal was not achieved, as set forth in the Client Relief Schedule below.

Notwithstanding the above, the total amount of all relief that would be due under this SLA will not exceed 5% of one quarter of the then-current SaaS Fee. To the extent any credit is identified in any quarter, it will accumulate, and all credits will be deducted from the SaaS Fee for the immediately following year. Issuing of such credit does not relieve us of our obligations under the Contract to correct the problem which created the service interruption. A correction may occur in the quarter following the service interruption. In that circumstance, if service levels do not meet the corresponding goal for that later billing cycle, your credits will be reissued in that following quarter.

Every quarter, we will compare confirmed Downtime to Service Availability. In the event actual Attainment does not meet the targeted Attainment, the following City relief will apply, on a quarterly basis:

100%	98-99%	Remedial action will be taken.
100%	95-97%	4% credit of fee for affected billing cycle will be posted to next billing cycle
100%	<95%	5% credit of fee for affected billing cycle will be posted to next billing cycle

You may request a report from us that documents the preceding quarter's Service Availability, Downtime, any remedial actions that have been/will be taken, and any credits that may be issued.

IV. Applicability

The commitments set forth in this SLA do not apply during maintenance windows, Client Error Incidents, and Force Majeure.

We perform maintenance during limited windows that are historically known to be reliably low-traffic times. If and when maintenance is predicted to occur during periods of higher traffic, we will provide advance notice of those windows and will coordinate to the greatest extent possible with you.

V. Force Majeure

You will not hold us responsible for not meeting service levels outlined in this SLA to the extent any failure to do so is caused by Force Majeure. In the event of Force Majeure, we will file with you a signed request that said failure be excused. That writing will at least include the essential details and circumstances supporting our request for relief pursuant to this Section. You will not unreasonably withhold its acceptance of such a request.



Exhibit C
Schedule 1
Support Call Process

Support Channels

We provide the following channels of software support:

- (1) Tyler Community – an on-line resource, Tyler Community provides a venue for all Tyler clients with current maintenance agreements to collaborate with one another, share best practices and resources, and access documentation.
- (2) On-line submission (portal) – for less urgent and functionality-based questions, users may create unlimited support incidents through the customer relationship management portal available at the Tyler Technologies website.
- (3) Email – for less urgent situations, users may submit unlimited emails directly to the software support group.
- (4) Telephone – for urgent or complex questions, users receive toll-free, unlimited telephone software support.

Support Resources

A number of additional resources are available to provide a comprehensive and complete support experience:

- (1) Tyler Website – www.tylertech.com – for accessing client tools and other information including support contact information.
- (2) Tyler Community – available through login, Tyler Community provides a venue for clients to support one another and share best practices and resources.
- (3) Knowledgebase – A fully searchable depository of thousands of documents related to procedures, best practices, release information, and job aides.
- (4) Program Updates – where development activity is made available for client consumption

Support Availability

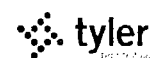
Tyler Technologies support is available during the local business hours of 8 AM to 5 PM (Monday – Friday) across four US time zones (Pacific, Mountain, Central and Eastern). Clients may receive coverage across these time zones. Tyler’s holiday schedule is outlined below. There will be no support coverage on these days.

New Year’s Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day
Labor Day	

Issue Handling

Incident Tracking

Every support incident is logged into Tyler’s Customer Relationship Management System and given a unique incident number. This system tracks the history of each incident. The incident tracking number is used to track and reference open issues when clients contact support. Clients may track incidents, using 14595157v1



the incident number, through the portal at Tyler’s website or by calling software support directly.

Incident Priority

Each incident is assigned a priority number, which corresponds to the Client’s needs and deadlines. The Client is responsible for reasonably setting the priority of the incident per the chart below. The goal of this structure is to help the client clearly understand and communicate the importance of the issue and to describe expected responses and resolutions.

Priority Level	Characteristics of Support Incident	Resolution Targets
<p style="text-align: center;">1 Critical</p>	<p>Support incident that causes (a) complete application failure or application unavailability; (b) application failure or unavailability in one or more of the client’s remote location; or (c) systemic loss of multiple essential system functions.</p>	<p>Tyler shall provide an initial response to Priority Level 1 incidents within one (1) business hour of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within one (1) business day. Tyler’s responsibility for lost or corrupted data is limited to assisting the Client in restoring its last available database.</p>
<p style="text-align: center;">2 High</p>	<p>Support incident that causes (a) repeated, consistent failure of essential functionality affecting more than one user or (b) loss or corruption of data.</p>	<p>Tyler shall provide an initial response to Priority Level 2 incidents within four (4) business hours of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within ten (10) business days. Tyler’s responsibility for loss or corrupted data is limited to assisting the Client in restoring its last available database.</p>
<p style="text-align: center;">3 Medium</p>	<p>Priority Level 1 incident with an existing circumvention procedure, or a Priority Level 2 incident that affects only one user or for which there is an existing circumvention procedure.</p>	<p>Tyler shall provide an initial response to Priority Level 3 incidents within one (1) business day of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents without the need for a circumvention procedure with the next published maintenance update or service pack. Tyler’s responsibility for lost or corrupted data is limited to assisting the Client in restoring its last available database.</p>
<p style="text-align: center;">4 Non-critical</p>	<p>Support incident that causes failure of non-essential functionality or a cosmetic or other issue that does not qualify as any other Priority Level.</p>	<p>Tyler shall provide an initial response to Priority Level 4 incidents within two (2) business days. Tyler shall use commercially reasonable efforts to resolve such support incidents, as well as cosmetic issues, with a future version release.</p>

Incident Escalation

Tyler Technology's software support consists of four levels of personnel:

- (1) Level 1: front-line representatives
- (2) Level 2: more senior in their support role, they assist front-line representatives and take on escalated issues
- (3) Level 3: assist in incident escalations and specialized client issues
- (4) Level 4: responsible for the management of support teams for either a single product or a product group

If a Client feels they are not receiving the service needed, they may contact the appropriate Software Support Manager. After receiving the incident tracking number, the manager will follow up on the open issue and determine the necessary action to meet the client's needs.

On occasion, the priority or immediacy of a software support incident may change after initiation. Tyler encourages Clients to communicate the level of urgency or priority of software support issues so that we can respond appropriately. A software support incident can be escalated by any of the following methods:

- (1) Telephone – for immediate response, call toll-free to either escalate an incident's priority or to escalate an issue through management channels as described above.
- (2) Email – clients can send an email to software support in order to escalate the priority of an issue
- (3) On-line Support Incident Portal – clients can also escalate the priority of an issue by logging into the Client incident portal and referencing the appropriate incident tracking number.

Remote Support Tool

Some support calls require further analysis of the client's database, process or setup to diagnose a problem or to assist with a question. Tyler will, at its discretion, use an industry-standard remote support tool. Support is able to quickly connect to the client's desktop and view the site's setup, diagnose problems, or assist with screen navigation. More information about the remote support tool Tyler uses is available upon request.



Exhibit D
End User License Agreement

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DocOrigin

SOFTWARE LICENSE

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City of Scottsdale Contract # 2016-067-COS
Exhibit D

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Last Updated: [July 18 2013]



Exhibit E
City's RFP

The City of Scottsdale's Request for Proposal 15RP034 for a Human Resources and Payroll Management System is incorporated herein by reference.

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Exhibit F
Tyler Proposal

Tyler's Proposal dated September 25, 2015 is incorporated herein by reference.

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