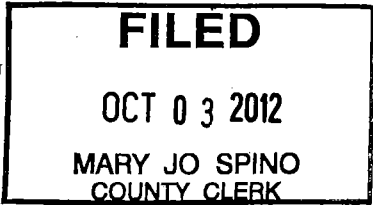


**SONANT CORPORATION
GENERAL CONTRACT TERMS AND CONDITIONS**

ORD. 4436

**FOR THE ACQUISITION OF HARDWARE,
SOFTWARE, SYSTEM DESIGN AND IMPLEMENTATION**



1.0 DEFINITIONS

- 1.1 "Contract" means the written agreement between Customer and Vendor for the acquisition of the equipment, hardware, software and/or services described therein, to which these terms and conditions are attached as an Exhibit.
- 1.2 "Customer" means Jackson County, Missouri Collection Department.
- 1.3 "Documentation" means any and all operator and user manuals, training materials, CD-ROMs, guides, media, commentary, listings, and other published and released materials for use in conjunction with the Hardware and Licensed Software which are to be supplied by Vendor to Customer.
- 1.4 "Functional Specifications" means the functionality requirements as described in this Contract.
- 1.5 "Hardware" and "Equipment" means all materials, excluding software and documentation, provided by Vendor for the operation of the System.
- 1.6 "Installation" means the process Vendor performs to make the System and System Components available for Customer's use, testing and training.
- 1.7 "Licensed Software" means individually each, and collectively all, of the computer programs or modules provided by Vendor under the Contract, and identified in Vendor's System License Agreement, including as to each program or module: The processes and routines used in the processing of data, the object code, tapes, disks, documentation, corrections, updates, enhancements, improvements, releases and versions to such programs or modules as may generally be made available by Vendor, and any and all programs or modules provided by Vendor in the future under this Contract pursuant to the mutual written agreement of the parties.
- 1.8 "Premises" means the site or location identified in the Contract for delivery and/or installation of the products and/or performance of the services to be furnished by Vendor pursuant to this Contract.
- 1.9 "System" means the functionally integrated operation of the Hardware, Licensed Software and all interfaces with databases, which enables System users to communicate between and among one another and to access and input information to, from, or between, database(s), Hardware, Licensed Software or any portion thereof, all in accordance with the Specifications.
- 1.10 "User(s)" means any individual or entity authorized by Customer to use the System or a System Component under this Contract, including but not limited to, Customer and/or Customer and their employees, agents, consultants and subcontractors.
- 1.11 "Vendor" means the person, firm or entity who has entered into a Contract with Customer to provide the equipment, hardware, software and/or services described therein and for which these terms and conditions apply.

2.0 INDEMNIFICATION

2.1 Patent/Copyright Infringement Vendor agrees to defend, indemnify and hold harmless Customer, its Users, directors, officers, agents, employees, consultants, members, subsidiaries, joint venture partners, Customers, and predecessors and successors in interest from and against any claim, action, proceeding, liability, loss, damage, cost or expense, including, without limitation, attorneys' fees, as provided herein, arising out of any claim that the System or System Components or any part of them, infringes upon or otherwise violates any copyright, trade secret, trademark, service mark, patent, invention, proprietary information, or other rights of any third party, or that

Customer's use of the System otherwise violates this Section [collectively referred to for purposes of this Section as "Infringement Claim(s)", by paying all amounts that a court finally awards or that Vendor agrees to in settlement of such Infringement Claim(s), as well as any and all expenses or charges arising from such Infringement Claim(s), including attorneys' fees, as they are incurred by Customer or any other party indemnified under this Section.

Customer also agrees that, if the operation of the System or System Components, or any part of them, becomes, or in Vendor's opinion is likely to become, the subject of an Infringement Claim(s), Customer will permit Vendor, at Vendor's option and expense for all associated costs, either to procure the right for Customer to continue to use the System or affected System Component, or part thereof, or to replace or modify the System or System Component with another item of comparable quality and performance capabilities to become non-infringing, provided such replacement or modification does not cause the System or System Component, or any part thereof, to fail to comply with any of the requirements of this Contract, including but not limited to, all functionality, technical specifications and performance warranties.

In the event Customer's ongoing use of the System or System Components, or any part of them, is the subject of any act by a third party arising from an Infringement Claim that would preclude or impair Customer's use of the System or System Component (e.g., injunctive relief), or if Customer's continued use of the System or System Component may subject it to punitive damages or statutory penalties, Customer shall give written notice to Vendor of such fact(s). Upon notice of such facts, Vendor shall procure the right for Customer to continue to use the System or affected System Component, or part thereof, or replace or modify the System or System Component(s) with another system or components of comparable quality and performance capabilities to become non-infringing.

If Vendor fails to complete the remedial acts set forth above within forty-five (45) calendar days of the date of the written notice from Customer, Customer shall have the right to take such remedial acts it determines to be reasonable to mitigate any impairment of its use of the System or System Components or damages (hereafter referred to as "Customer's Remedial Acts.") Vendor shall indemnify Customer for all amounts paid and direct and indirect costs associated with Customer's Remedial Acts. Failure by Vendor to pay such amounts within ten (10) calendar days of invoice by Customer shall, in addition to and cumulative to all other remedies, entitle Customer to immediately withhold payments due Vendor under this Contract up to the amount paid in connection with Customer's Remedial Acts.

- 2.2 General Vendor agrees to defend, indemnify and hold harmless Customer, its Users, directors, officers, agents, employees, consultants, members, subsidiaries, joint venture partners, Customers, and predecessors and successors in interest harmless from and against any and all claims, losses, expenses, suits, actions, decrees, judgments, awards, attorneys' fees, and court costs which Customer or its respective officers, employees or agents or any combination thereof may suffer or which may be sought against, recovered or obtained from Customer or its respective officers, employees or agents or any combination thereof, as a result of, by reason of or arising out of or in consequence, directly or indirectly, of Vendor's installation and operation of the System.

Vendor agrees that it shall at its sole cost and expense defend Customer and its respective officers, employees and agents and each of them in any suit or action that may be brought against any of them by reason of Vendor's installation and operation of the System or any act or omission, negligent or otherwise, against the consequences of which Vendor has agreed to indemnify Customer and its respective officers, employees or agents. If Vendor fails to do so, Customer shall have the right, but not the obligation, to defend the same and charge all of the direct or incidental costs of such defense, including any attorneys' fees or court costs, to and recover the same from Vendor.

No protection, indemnification, holding harmless, or defense is required to be paid for or provided by Vendor for any claim, loss or expense arising from the sole negligence or willful misconduct of Customer or its respective officers, employees or agents.

3. LIMITATION OF REMEDIES AND LIABILITY

THE REMEDIES PROVIDED HEREIN ARE BUYER'S SOLE AND EXCLUSIVE REMEDIES. IN NO EVENT, WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, SHALL SONANT BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF USE OF PRODUCTS, LOSS OF DATA, COST OF CAPITAL, COST OF SUBSTITUTE PRODUCTS, FACILITIES OR SERVICES, DOWNTIME COSTS, OR

CLAIMS OF CUSTOMERS OF THE BUYER FOR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

Vendor's liability for property damage claims of any kind, whether based on contract, warranty, tort (including negligence) or otherwise and for any loss or damage arising out of, connected with, or resulting from this Agreement or from the performance or breach thereof, or from any services covered by or furnished under this Agreement shall in no case exceed the Purchase Order price. Any action against Sonant must be brought within twelve (12) months after the cause of action accrues.

4.0 GENERAL RELATIONSHIP

This Contract calls for the performance of the services of Vendor as an independent contractor. Vendor shall not be considered an employee of Customer for any purpose. Vendor also shall not be considered as an agent of Customer. Any provision in this Contract that may appear to give Customer the right to direct Vendor as to the details of doing the work or to exercise a measure of control over the work means that Vendor shall follow the wishes of Customer as to results of the work only.

5.0 RIGHTS AND OBLIGATIONS

5.1 Confidentiality and Non-disclosure Customer and Vendor each acknowledge that, in the course of performing this Contract, certain Customer and/or Vendor employees, agents or representatives may be exposed to or acquire information which is proprietary or confidential to Customer and its clients or to Vendor. Such proprietary and confidential information may include, but not be limited to, information related to research, development, designs, plans, reports, investigations, materials, data, pricing, trade secrets, Customer lists, salaries or business affairs ("Proprietary and Confidential Information") of Customer and its clients or of Vendor.

Customer and Vendor, to the extent permitted by Missouri law, each agree to hold each other's Proprietary and Confidential Information in strict confidence and not to make each other's Proprietary or Confidential Information available in any form to any third party or to use each other's Proprietary or Confidential Information for any purpose other than for the performance of work under and implementation of this Contract.

5.2 Ownership Customer's Proprietary and Confidential Information shall remain the sole and exclusive property of Customer. Vendor's Proprietary and Confidential Information shall remain the sole and exclusive property of Vendor.

5.3 Employees Each party shall ensure that its employees, agents and consultants, and in the case of Customer's granting access to the System, its Users, as described herein, shall be permitted access to the other party's Proprietary or Confidential Information only on a need-to-know basis and are instructed regarding, and agree in writing to act in accordance with, the obligations of non-disclosure and non-use imposed by this Contract. Neither Customer nor Vendor shall solicit or hire any personnel of the other during the term of this project, or for a period of one (1) year following the completion of the implementation, without the written consent of the other party.

5.4 Proprietary or Confidential Markings Each party expressly agrees to include, maintain, reproduce and perpetuate all notices or markings on all copies of all tangible media comprising each party's Proprietary or Confidential Information in the manner in which such notices or markings appear on such tangible media or in the manner in which either party may reasonably request.

5.5 Customer's Data All Customer data, records, documentation, source codes, software and information ("Customer Data") processed by or input onto the System to which Vendor has access, or otherwise provided to Vendor under this Contract, shall be and remain the property of Customer, and Customer shall retain exclusive rights and ownership thereto. Vendor shall not use Customer Data for any purpose other than as required under this Contract, and shall return all such data to Customer upon implementation of the System or termination of this Contract. No Customer data, or any part thereof, shall be disclosed, sold, assigned, leased or otherwise disposed of to third parties by Vendor or commercially exploited or otherwise used by or on behalf of Vendor, its officers, directors, employees, consultants or agents.

6.0 TITLE, RIGHTS AND OWNERSHIP

- 6.1 Ownership of Materials and Documents Excepting such items which are specifically identified by Vendor as proprietary trade secrets, any and all sketches, drawings, tracings, field survey notes, computations, detail, and other materials and documents prepared by Vendor in the performance of this Contract shall be the property of Customer from the moment of their preparation, and Vendor shall deliver such materials and documents to Customer, upon request. However, Vendor shall have the right to make duplicate copies of such materials and documents for its own file, or for other purposes as may be authorized in writing by Customer.
- 6.2 Warranty of Title
- 6.2.1 Equipment and Hardware Vendor warrants that it has good title to the equipment and hardware furnished under this Contract, and further has the right to sell it to Customer free and clear of any proprietary rights of any other party or any liens or encumbrances whatever, and that it is being sold to Customer free and clear of any such proprietary rights, liens and encumbrances. Title and risk of loss for equipment and hardware shall pass to Customer upon delivery.
- 6.2.2 Software Vendor hereby warrants and represents that it is the owner of the Licensed Software or otherwise has the right to grant to Customer the license, and provide all related materials and services, without violating any rights of any third party, and there is currently no actual or threatened suit by any such third party based on an alleged violation of such right by Vendor.
- 6.3 Licensed Software
- 6.3.1 Scope of License Licensing of Licensed Software is subject to the terms and conditions of Attachment A to this Contract.

7.0 WARRANTY

- 7.1 The hardware shall have a warranty period of one year from acceptance by Customer. During the warranty period, Sonant shall provide the Services required under the Maintenance Agreement all at no charge to Customer (except for enhanced onsite warranty fees).
- 7.2 Sonant and Customer each represent and warrant to the other that: a) it has the full right, power and authority to enter into this Agreement and to perform fully all of its obligations hereunder; b) it is free of any obligation or restriction that would prevent it from entering into this Agreement or from performing fully any of its obligations hereunder; and c) it has not entered into and will not enter into any contract which would impede the full performance of its obligations hereunder or would in any way limit or restrict the rights of the other under this Agreement.
- 7.3 Compliance with Laws. Sonant warrants that the hardware and software provided hereunder and under any related agreements will at all times, when operated in accordance with sonant's specifications and for the purposes provided herein, be in compliance with all applicable federal, state, and local laws, ordinances, rules and regulations.
- 7.4 Sonant will have no obligation to correct defects or difficulties due to Customer modifying the Equipment, changing its system or computer environment, using the Software on equipment not approved by Sonant, or other causes external to the Equipment. Sonant shall have no obligation to correct defects or difficulties due to an environment out of specification (i.e. temperature, humidity, etc.) or utility power transient.

8.0 TAXES

- 8.1 Unless specified herein, Sonant's prices do not include sales, use, excise or similar taxes. In addition to the price specified herein, the amount of any present or future sales, use, excise or other similar tax (but excluding taxes based solely upon Sonant's income, for which Sonant is solely responsible) applicable to the Equipment or Services supplied hereunder shall be paid by the Customer, or in lieu thereof the Customer shall provide Sonant with appropriate tax-exemption evidence

acceptable to the taxing authorities.

9.0 FEDERAL, STATE AND LOCAL REGULATIONS

Vendor shall comply with all federal, state and local laws and ordinances applicable to the work under the terms of this Contract.

10.0 SAFETY AND OSHA REQUIREMENTS

Vendor will take all precautions necessary for the safety of the work undertaken and directly within its control pursuant to this Contract, the safety and adequacy of the methods and means Vendor employs in performing that work, and the safety of all employees performing that work and, all other persons who may be affected thereby.

Vendor will at all times in the performance of the work comply with and provide the safeguards required by Federal, State and local laws, rules and regulations concerning the Occupational Safety and Health Act of 1970 ("OSHA"), and applicable state labor laws and the regulations and standards issued hereunder. Vendor warrants that any work performed on the Premises under its control will be performed in accordance with OSHA requirements.

11.0 EXCUSABLE DELAYS - Vendor will notify Customer promptly of any material delay and will specify the revised delivery date as soon as practicable. Vendor shall not be liable for delays in delivery or performance or for failure to manufacture, deliver or perform due to: (a) causes beyond its reasonable control or (b) acts of God, acts or failures to act of Customer, acts of civil or military authority, or (c) government priorities, strikes or other labor disturbances, floods, materials, components, services or facilities. In the event of any such delay, the date of delivery or of performance shall be extended for a period equal to the time lost by reason of the delay.

12.0 DISPUTE RESOLUTION

12.1 Intent The parties shall resolve their disputes informally to the maximum extent possible. The parties shall negotiate all matters of separate and joint concern in good faith, with the intention of resolving issues between them in a mutually satisfactory manner. Only disputes within the scope of this Contract are subject to this clause. However, nothing in this clause shall preclude the parties from exercising their termination rights granted under law.

12.2 Informal Resolution If a dispute arises under this Contract, then within three (3) business days after a written request by either party, the Project Managers and Procurement Representatives of both parties shall promptly confer to resolve the dispute. If these representatives cannot resolve the dispute within three (3) business days after their initial conference, then the dispute may be submitted to the individual designated by Customer and the individual designated by Vendor, who shall promptly confer to resolve the dispute. If these individuals cannot resolve the dispute, or either one of them determines that they are not making reasonable progress toward resolution of the dispute within five (5) business days after the dispute is first submitted to them, then and only then the issue may proceed to any juridical remedies available

12.3 Dispute Resolution Mandatory The dispute resolution process provided in this clause is a prerequisite to the exercise of any juridical remedies available to the parties, except in cases where a party is seeking injunctive or other equitable relief.

13.0 TERMINATION

Subject to the provisions below, and without prejudice to any other rights of Customer hereunder or provided by law, this Contract may be terminated by Customer upon 30 days prior written notice to Vendor, but if any work or service hereunder is in progress, but not completed as of the date of termination, then this Contract may be extended upon written approval of Customer until said work or services are completed and accepted.

13.1 Termination for Convenience In the event the Contract is terminated or canceled upon request and for the convenience of Customer, without the required prior written notice, then Customer shall pay Vendor the amounts due and payable to the effective date of such termination, together with all charges and disbursements reasonably and properly incurred with respect to or as a result of the said termination. Reasonable efforts will be made by Vendor to minimize all costs incurred.

13.2 Termination for Cause Customer at its discretion, can terminate this Contract for cause, default, or negligence on

the part of Vendor which then shall be excluded from the foregoing provision; termination costs, if any, shall not apply. The prior written notice requirement is waived in the event of Termination for Cause.

15.0 MISCELLANEOUS

15.1 Entire Agreement Each party acknowledges that this written Contract and the documents incorporated by reference constitute the complete and exclusive statement of the terms and conditions between the parties, which supersede and merge all prior proposal understandings and all other agreements, oral and written, between the parties relating to this Contract.

This Contract may not be modified or altered except by written amendment duly executed by both parties.

15.2 Force Majeure Neither party shall be liable to the other for any delay or failure to perform due to traditional force majeure events beyond either party's reasonable control; i.e., acts of God and certain governmental activities. Performance times shall be considered extended for a period of time equivalent to the time lost because of any such delay.

15.3 Assignment Except as otherwise stated in this Contract, Vendor may not assign this Contract or its obligations hereunder without the prior written consent of Customer. Any such assignment, sublicense or transfer attempted by Vendor without Customer's prior written consent shall be null and void.

15.4 Severability If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions of this Contract shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

15.5 Survival All provisions of this Contract relating to confidentiality, non-disclosure, indemnity and publicity shall survive termination of the Contract.

15.6 Notice Any notice, payment or instrument required or permitted to be given under this Contract shall be deemed received upon personal delivery or seventy-two (72) hours after deposit in any United States post office, first class postage prepaid and addressed to the party for whom intended, as follows:

If to Vendor: Sonant Corporation
 6215 Ferris Square, Suite 220.
 San Diego, CA 92121
 ATTN: President and CEO

If to Customer: Jackson County, Mo
 ATTN: Q. Troy Thomas

Notices, requests or demands may also be given by facsimile transmission to the respective facsimile numbers given by the parties to each other, and any such notice, request or demand shall be deemed to be delivered upon receipt, provided successful transmission of any such facsimile is confirmed by telephone by the receiving party.

15.7 Waiver No waiver shall be deemed to have been made by either party hereto unless expressed in writing and signed by the waiving party. The failure of either party to insist in any one or more instances upon strict performance of any of the terms or provisions of this Contract, or to exercise any election herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, provisions, or election, but the same shall continue and remain in full force and effect. No waiver by either party of any one or more of its rights or remedies under this Contract shall be deemed to be a waiver of any prior or subsequent rights or remedy hereunder or at law. All remedies afforded in this Contract shall be taken and construed as in addition to every other remedy available at law or in equity.

15.8 Contract Governed by Law of State of Missouri. This Contract and its performance and all suits and special proceedings under this Contract shall be construed in accordance with the laws of the State of California. In any action, special proceeding, or other proceeding that may be brought arising out of, under, or because of this

Contract, the laws of the State of California shall be applicable and shall govern to the exclusion of the law of any other forum, without regard to the jurisdiction in which the action or special proceeding may be instituted.

15.9 All rights and remedies conferred under this Agreement and by any other instrument or law shall be cumulative and may be exercised singularly or concurrently. Failure by either party to enforce any contract term shall not be deemed a waiver of future enforcement of that or any other term. The provisions of this Agreement are declared to be severable.

15.10 Publicity. Neither party shall issue any press release or other publicity which mentions the other party or the transactions contemplated by this Agreement without the prior consent of the other party. Notwithstanding anything in this Agreement to the contrary, either party may disclose to the public the existence of this Agreement, the parties to the Agreement, and the material terms of the Agreement, including price, projected term, and scope of work.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized representatives effective as of the date set hereinabove.

1. <u>Sonant</u>
By <u>J. Step</u>
<u>DAMRS B. RABG</u>
Title <u>CFO</u>
Date <u>9/27/12</u>

2. Customer: JACKSON COUNTY, MO
By <u>Q. Troy Thomas</u>
<u>Q. TROY THOMAS</u> DIRECTOR OF FINANCE & PURCHASING
Date <u>September 24, 2012</u>
APPROVED AS TO FORM: <u>W. Stephen Nixon</u>
<u>W. STEPHEN NIXON, JACKSON COUNTY COUNSELOR</u>
ATTEST: <u>Mary Jo Spino</u>
<u>MARY JO SPINO, CLERK OF THE COUNTY LEGISLATURE</u>

REVENUE CERTIFICATE

I hereby certify that there is a balance otherwise unencumbered to the credit of the appropriation to which this contract is chargeable, and a cash balance otherwise unencumbered in the treasury from which payment is to be made, each sufficient to meet the obligation of \$ 28,290.00 which is hereby authorized.

September 24, 2012
Date

Q. Troy Thomas
Director of Finance and Purchasing
Acct. # 049-1403-66661
14032012001

Sonant Corporation

STANDARD TERMS AND CONDITIONS OF SALE

Acceptance of Buyer's Purchase Order for any systems, material, equipment, parts or software (hereinafter called "products"), or services to be supplied by Sonant Corporation (hereinafter called "Sonant") is expressly conditioned upon acceptance by Buyer of the terms and conditions contained herein, (such acceptance of these items by the parties shall be referred to as the "Agreement"). Any additional or different terms and conditions proposed by Buyer or contained in any of Buyer's forms shall not be binding upon Sonant unless accepted in writing by Sonant's authorized representative. Any other form, any statement of intent to purchase such products or services, or any direction by Buyer for Sonant to proceed shall constitute assent to these terms and conditions. Sonant's failure to object to provisions contained in any of Buyer's forms shall not be deemed a waiver of the provisions of Sonant's terms and conditions.

1. PRODUCTS OR SERVICES - All products provided by Sonant hereunder shall be the model numbers as listed on the Purchase Order which shall perform in accordance with the Functional Specification (if any) incorporated as an Addendum to the Purchase Order. All Services provided by Sonant hereunder shall be in accordance with the Scope of Work (if any) incorporated as an Addendum to the Purchase Order.

2. DELIVERY, TITLE, SECURITY INTEREST - Delivery dates are approximate and are based upon prompt receipt by Sonant of Buyer's Purchase Order and all information, specifications and approvals to be furnished by Buyer. Unless otherwise agreed, delivery will be made and title will pass f.o.b. point of shipment to Buyer. Risk of loss or damage to products will pass to Buyer upon delivery to carrier at shipping point. Title to software products remains with Sonant. Buyer will be responsible for all subsequent charges. Sonant will, however, unless otherwise directed in writing by Buyer, prepay transit insurance and freight and bill the Buyer. Buyer hereby grants Sonant a security interest in the products and in any proceeds (including accounts receivable) as security for its obligations hereunder and will execute any document required to perfect this security interest.

3. TERMS OF PAYMENT - The Buyer shall make payment to Sonant within thirty (30) days after date of invoice. Even with contrary or incompatible terms, interest at the rate of one and one half percent (1.5%) per month will be charged on all balances beginning 30 days after the payment due date. Sonant reserves the right to require cash on delivery if Buyer's financial condition is unsatisfactory to Sonant. For purposes of invoicing and payment, each shipment by Sonant to Buyer shall be considered a separate and independent transaction.

4. STANDARD PRODUCT CANCELLATION CHARGES - In the event Buyer (i) cancels all or any part of any order, or (ii) fails to meet any obligation hereunder, causing cancellation of any order or portion, Buyer agrees to pay Sonant the following cancellation charges: if cancellation notice is received 31-60 days prior to scheduled delivery date, the cancellation charge will be 15% of the order price or \$400, whichever is greater; if notice is received 30 days or less prior to scheduled delivery date, the charge will be 25% or \$400, whichever is greater.

5. CUSTOM SERVICES CANCELLATION CHARGES - In the event Buyer (i) cancels all or any part of any order, Buyer agrees to pay Sonant the amount due and payable for the work done up to the effective date of cancellation, together with all charges and disbursements reasonably and properly incurred by Sonant with respect to, or as a result of, the cancellation. Reasonable efforts will be made by Sonant to minimize all costs incurred.

6. CHANGES - The Buyer may at any time, by a written order, make changes within the general scope of work under the Purchase Order, in any one or more of the following: (a) specifications or designs, where the products or services to be furnished are to be specifically manufactured/performed for the Buyer in accordance therewith; (b) method of shipment or packaging; (c) place of delivery/installation; and the amount of Buyer furnished property. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any part of the work under this Agreement, whether changed or not changed by any such order, an equitable adjustment shall be made in the Purchase Order price or delivery schedule, or both, and the Purchase Order shall be modified in writing accordingly. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this Agreement.

Any change to the Functional Specification (if applicable) subsequent to joint approval by Buyer and Sonant will be considered a constructive change which is out of the scope of work and as such, will be subject to negotiation by the parties hereto prior to incorporation into the Purchase Order. Buyer is aware that adjustments to the scheduled performance dates may result from any changes to the Functional Specification.

7. TAXES - Unless otherwise specified herein, Sonant's prices do not include sales, use, excise or similar taxes. In addition to the price specified herein, the amount of any present or future sales, use, excise or other similar tax applicable to the products or services supplied hereunder shall be paid by the Buyer, or in lieu thereof the Buyer shall provide Sonant with appropriate tax-exemption evidence acceptable to the taxing authorities.

8. LIMITATION OF REMEDIES AND LIABILITY - THE REMEDIES PROVIDED HEREIN ARE BUYER'S SOLE AND EXCLUSIVE REMEDIES. IN NO EVENT, WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, SHALL SONANT BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF USE OF PRODUCTS, LOSS OF DATA, COST OF CAPITAL, COST OF SUBSTITUTE PRODUCTS, FACILITIES OR SERVICES, DOWNTIME COSTS, OR CLAIMS OF CUSTOMERS OF THE BUYER FOR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

Sonant's liability for property damage claims of any kind, whether based on contract, warranty, tort (including negligence) or otherwise and for any loss or damage arising out of, connected with, or resulting from this Agreement or from the performance or breach thereof, or from any services covered by or furnished under this Agreement shall in no case exceed the Purchase Order price. Any action against Sonant must be brought within twelve (12) months after the cause of action accrues.

9. WARRANTY - Sonant's warranty provisions applicable to this Agreement shall be those shown in the attached Appendices, which are made a part hereof by this reference.

Sonant Corporation

STANDARD TERMS AND CONDITIONS OF SALE

10. EXCUSABLE DELAYS - Sonant will notify Buyer promptly of any material delay and will specify the revised delivery date as soon as practicable. Sonant shall not be liable for delays in delivery or performance or for failure to manufacture, deliver or perform due to: (a) causes beyond its reasonable control or (b) acts of God, acts or failures to act of Buyer, acts of civil or military authority, or (c) government priorities, strikes or other labor disturbances, floods, materials, components, services or facilities. In the event of any such delay, the date of delivery or of performance shall be extended for a period equal to the time lost by reason of the delay.

11. CONFIDENTIAL INFORMATION - All drawings, specifications or other information furnished by Sonant and identified as confidential or proprietary will, to the extent permitted by Missouri law, be held in confidence by Buyer, will be used only for the purpose furnished, and may not be reproduced or further distributed without the written consent of Sonant. These restrictions shall not apply to information (a) known to Buyer prior to receipt from Sonant, (b) generally known in the industry prior to receipt or (c) after the same is published or becomes generally available in the industry through no act or failure to act by Buyer. If disclosure is required by governmental authority, disclosure may be made provided Sonant is notified in writing and every reasonable effort is made to protect Sonant's proprietary interests in the information.

12. INTELLECTUAL PROPERTY RIGHTS INDEMNITY - Sonant shall defend, at its expense, any claim (including any suit) brought against Customer alleging that any Equipment furnished by Sonant hereunder infringes a United States patent, copyright, trade secret or other intellectual property right of a third party, and shall pay all costs and damages finally awarded, provided that Customer gives Sonant prompt written notice of such claim, and information, reasonable assistance and sole authority to defend or settle the claim. In the defense or settlement of the claim, Sonant may obtain for Customer the right to continue using the Equipment, replace or modify the Equipment so it becomes non-infringing, or, if such remedies are not reasonably available, grant Customer a refund for the Equipment as depreciated and accept their return.

Sonant shall not be liable for any costs or damages and Customer will indemnify, defend and hold Sonant harmless from any expenses, damages, costs or losses resulting from any suit or proceeding based upon a claim arising from (a) a modification of the Equipment by a party other than Sonant after delivery by Sonant; (b) the use of the Equipment or any part thereof furnished by Sonant in combination with any other product; or (c) the direct or contributory infringement of any process patent using Equipment furnished by Sonant. Sale of the Equipment or any part thereof by Sonant does not confer upon the Customer any license under any patent rights.

13. COPYRIGHTED MATERIALS - Unless otherwise agreed to in writing by Sonant, Sonant copyrighted materials (software and printed documentation) may not be copied except for archive purposes, to replace a defective copy or for program error verification. Sonant's patent and copyright indemnification obligations arising from Buyer's use of software products furnished hereunder are governed by the software license agreement discussed in Article 14 hereof.

14. SOFTWARE PRODUCTS - Software products are copyrighted by and remain the property of Sonant. In accordance with the conditions of the sale, Sonant delivers software products either with a standard shrink-wrap license or a special license agreement. Failure to agree to a software product license will entitle Sonant to hold delivery without penalty. Buyer agrees not to sell, assign or transfer any rights in such software except as permitted under the license agreement with Sonant.

Any software products furnished hereunder to the U.S. Government shall be furnished with "Restricted Rights" in accordance with DFARS 252.227-7013.

With respect to those products which Sonant licenses and which are supplied hereunder, the word "purchase" or similar or derivative words are understood to mean "license" and "Buyer" or similar or derivative words are understood to mean "Licensee." Title to licensed products shall remain with Sonant, notwithstanding anything to the contrary herein.

15. APPLICABLE LAW - This Agreement shall be governed by, subject to and construed according to the laws of the State of Missouri.

16. VENUE - Both parties agree that any claims asserted by or against either party arising out of or under this Agreement or related thereto shall be heard and determined exclusively in the Courts of the State of California, located in the County of San Diego.

18. DISPUTES - In the event of any dispute concerning a question of law or fact, or both, arising under this Agreement which the parties are unable to resolve by mutual agreement, either party may pursue any right or remedy which it may have at law or in equity in any court of competent jurisdiction.

19. COMPLETE AGREEMENT - No addition, modification, amendment, rescission, waiver or other change to these terms and conditions will be binding on either party unless assented to in writing by an authorized representative of such party.

20. ASSIGNMENT - Neither party's obligations under this Agreement are assignable by one party without prior written approval of the other party.

21. EXPORT NOTIFICATION - The Buyer is hereby notified that Sonant's hardware and software products and technical data may be controlled by the U.S. Department of Commerce prior to export. The Buyer assumes all responsibility for obtaining the necessary export license approvals for exporting any Sonant products. The Buyer further agrees that any software or technical data provided by Sonant will not be exported or re-exported to the countries listed in Section 779.4 and associated or successor Sections of the U.S. Export Administration Regulations without the proper approval from the U.S. Department of Commerce.

22. MISCELLANEOUS - All rights and remedies conferred under this Agreement and by any other instrument or law shall be cumulative and may be exercised singularly or concurrently. Failure by either party to enforce any contract term shall not be deemed a waiver of future enforcement of that or any other term. The provisions of this Agreement are declared to be severable.

Statement of Work
Electronic Payment System Upgrade

Overview

The PCI Council controls the requirements for data security associated with credit card electronic payment processing. To meet PCI council requirements, the County is upgrading its web-based tax payment system to use Sonant Corporation's PCI Council certified PA-DSS compliant product, EPS 5. The County will provide the new server that will host the production copy of the EPS 5 product and its associated instance of the SQL Server that will contain the payment transaction data, encryption keys, EPS 5 configuration settings, etc. The server will be located on the County's protected vlan subnet, sometimes referred to as the Cardholder Data Environment (CDE). If the County chooses to implement this server as a virtual machine, it will not host any software that is accessed from outside the CDE.

Additionally, the County will supply a server to host a Development and Test (D&T) copy of the EPS 5 Software suite.

With this upgrade:

- EPS will run as a service under a dedicated service account.
- Mandatory masking of sensitive transaction data is implemented.
- Key Management is performed using EPS Manager. This feature requires dual Key Custodians and two-factor Authentication.
 - Two-factor authentication is not needed if logging in from within the CDE.
- Data Management support provides for truncating of PAN data and purging of transaction data in the EPS database. The rules relating to the above are configurable in EPS Manager.
- A new module, the EPS Financial Manager, is a browser-based administrative tool used by an organization's finance staff for accessing daily reports and transactional data for research and reconciliations and to do refunds, if supported by the card processor.

Tasks related to the Production system

- The County will provide a server that will meet or exceed the requirements specified below in "Minimum Requirements for a customer-provided Production EPS 5 server"
- The County will provide the license and media for the copy of MS SQL Server 2008 R2 Standard Edition for the production EPS 5 database.
- Sonant will remotely install and configure (per PA-DSS requirements) the SQL Server database on the new EPS 5 production server.
- Sonant will remotely install and configure (per PA-DSS requirements) the EPS 5 software on the server.
- Sonant will provide a new EPS 5 SDK to Manatron
- Thomson Reuters (Manatron) will modify the web applications interface to EPS to use the new EPS 5 SDK.
- Thomson Reuters will provide a modified version of the web application that is compatible with EPS 5, to be installed by the County on the County's test web server.
- Sonant will migrate a sample of EPS 4 test transactions, not production transactions, to the server.
[Note: If production transactions that contain the actual PAN data are used the server has to be subject to full PCI-DSS as of the time the transactions are migrated.]
- Sonant and the County will confirm that the migrated transactions match the original EPS 4 test transactions.

Statement of Work
Electronic Payment System Upgrade

- The County, with Sonant's support, will perform acceptance testing of EPS 5 using the new server and the modified web application.
- After completion of the testing, Sonant will migrate the production EPS 4 transactions, beginning with 1/01/2006, to the new production EPS 5 server.
- The County will perform limited verification of the migrated transactions.
- Upon successful completion of verification:
 - ❖ The County will accept the EPS 5 software.
 - ❖ Sonant and the County will review the cutover steps, password rules and fallback plan.
 - ❖ Public access to the production web server will be disabled.
 - ❖ If there are any new EPS 4 transactions since the migration an EPS 4, an EPS 4 Settlement will be performed and the new transactions will be migrated to the new production EPS 5 server.
 - ❖ Public access to the production web will be enabled.
 - ❖ Sonant will conduct a remote training course of up to 2 hours for up to 4 County staff members in the use of the browser-based EPS 5 Financial Manager program.
 - ❖ Sonant will conduct an EPS 5 software administration training course of up to 2 hours for up to 3 County staff members. (Both classes will be conducted remotely on the same day). As part of this training, Sonant will provide guidance to the County regarding periodic backup of the EPS server (and its database) and recommended handling, relative to PCI compliance, of backup media.
 - ❖ After several days of successful use of EPS 5 by the County's customers and financial staff, Sonant will re-key the transactions in the EPS 5 SQL Production database (EPS 4 migrated transactions and the new EPS 5 transactions), using the PA-DSS approved encryption process.

Tasks related to the D&T system

- The County will create the virtual server that will host the D&T applications, services, and database.
- Sonant will install and configure an instance of SQL Express database for EPS 5 on the D&T.
- Sonant will install and configure the test copy of EPS 5 on the D&T.
- Sonant will migrate a set of EPS 4 test transactions to the EPS 5 format on the D&T.
- County will install the modified web application on the D&T
- The County, with Sonant's support, will perform limited verification testing of the test installation of the web payment application and the test copy of EPS 5 and its database.

Assumptions

- Handling and storage of EPS 5 crypto keys will be subject to strict PA-DSS requirements. Sonant will provide the on-going key custodian services to the County at no additional cost providing the County is covered by an active Sonant Maintenance contract.
- The County is responsible for application of OS patches to the production server's operating system and for implementing and managing the anti virus protection on the new server.

Statement of Work
Electronic Payment System Upgrade

- The County will provide the copy of the Thomson Reuters Ascend DLL for new production and D&T systems.
- Testing will be done using the new EPS 5 production server before it is put into public use.
- County will provide the virtual server that will host the D&T copy of EPS and its SQL express database. Access to the virtual server will be available to Sonant at the time of the delivery of the production server.
- During installation, configuration and testing, the County will provide Sonant with VPN access to the new EPS 5 production server and the D&T server.
- Sonant will have administrative rights to the EPS 5 Production server and the D&T server.
- No changes are being made to the accepted card types; only Visa and MasterCard will be accepted.
- Once in production, the County will provide Sonant with VPN access to the EPS Production server and the D&T server for maintenance and problem resolution.
- Support of EPS 5 for both Production and D&T will be covered as part of this year's maintenance contract with Sonant. At renewal, 1/1/2013, support for these licenses will be added to the maintenance contract.
- County is responsible for getting the Test credit card and echeck account numbers from United Missouri Bank (UMB) and arranging for the Test environment with UMB.
- Sonant will ensure that EPS 5, as installed on the County's servers, will provide identical communication to UMB and return equally (or more) meaningful information to AscendWeb as currently provided by EPS 4.

Typical Requirements for a customer-provided Production EPS 5 server:

- Fault tolerant server with redundant cooling fans and hot-swappable redundant power supplies
- Quad Core XEON Processors
- 4 GB RAM, minimum
- RAID Hard Disk array
- Dual Ethernet Controllers
- DVD/RW Drive
- MS Windows Server O.S. 2008, R2
- IPMI remote management module, or equivalent

Project Schedule:

Milestone	Deliverable	Completion (Wks/ARO)	Owner
#1	Approve documents for Production upgrade	2	County
#2	Approve documents for D&T system	3	County
#3	Deliver and install the SQL database and EPS 5 on new EPS Production server	4	Sonant
#4	Deliver and install of the SQL database and EPS 5 on D&T server	5	Sonant & County
#5	Accept EPS 5 production software	6	County
#6	Accept D&T installation	7	County

Statement of Work
Electronic Payment System Upgrade

P120723-01 Upgrade to EPS 5

	Part	Description	Price
Production System			
1	CC4000-EPS5SL	EPS 5 Electronic Payment Processing Base Software License for 2 Departments, 3 Merchant Account and 5 Manager accounts	\$18,000
2	Credit	Credit for EPS 4 license	<\$12,120>
3	CC4000-SCD	EPS 5 Installation, Configuration, Delivery and Support including: <ul style="list-style-type: none"> • Installation and configuration of EPS 5 on the new server • Installation and configuration of SQL Server 2008 database software on the EPS 5 server • Migration of EPS 4 transactions data to the EPS 5 database from 1/1/2006 • Up to 8 hours of support to the County's acceptance testing • Project management • Documentation 	\$11,520
4	CC4000-ITA	Remote Training Classes including preparation of training material and one 2-hour class for EPS 5 Software Administration with up to 3 students and one 2-hour class for EPS 5 Financial Manager users with up to 4 students (travel expenses included)	\$1,250
		Total	\$18,650
Development and Test System			
5	CC4000-EPSL	Test copy of Electronic Payment Processing Base Software License for D&T	\$5,000
6	CC4000-SCD	Professional Services <ul style="list-style-type: none"> • Installation and configuration of SQL Express on D&T • Installation and configuration of EPS 5 on D&T • Installation and configuration of web application on D&T • Up to 8 hours of support to the County's acceptance testing • Project management • Documentation 	\$4,640
		Total	\$9,640
7	CC4000-AMSL	Increase in System Software Annual Standard Level System Maintenance Support providing business hour coverage for EPS 5 on Production and D&T servers, assuming County provides production EPS server. (To be added at next renewal 1/16/2013.)	\$2,610

Statement of Work
Electronic Payment System Upgrade

Payment Terms:

- **Payment #1, Milestone #1, #2, #3 & #4** - 80% (Net 30 days) upon delivery and installation of the EPS 5 software and database on the new EPS 5 production server and for delivery and installation of the test copy EPS 5 software and database on the virtual D&T server
- **Payment #2, Milestone #5 & #6** - 20% (Net 30 days) no later than
 - 1 week after Sonant provides County-approved corrections for all problems documented during the first week of testing on the EPS Production server or when the upgraded software is put into use by the public, whichever comes first, and
 - upon completion of verification testing of the D&T installation or 1 week after initiation of the D&T testing, whichever comes first.