

SOFTWARE LICENSE AGREEMENT

BETWEEN

SunGard Bi-Tech Inc.
a Delaware Corporation
with Headquarters at:
890 Fortress Street
Chico, CA 95973

("SunGard")

AND

City of Redlands
35 Cajon Street, Suite 30
PO Box 3005
Redlands, CA 92373

("Customer")

By the signatures of their duly authorized representatives below, SunGard and Customer, intending to be legally bound, agree to all of the provisions of this Agreement and all Schedules and Addenda to this Agreement.

[SunGard]

BY:

PRINT NAME:

PRINT TITLE:

DATE SIGNED:

[Customer]

BY:

PRINT NAME:

PRINT TITLE:

DATE SIGNED:

ATTEST:

BY:

LORRIE POYZER, CITY CLERK

1. DEFINITION OF TERMS

As used in this Agreement, the following terms have the following meanings:

- (a) "Affiliate" means, with respect to a specified person, any person which directly or indirectly controls, is controlled by, or is under common control with the specified person as of the date of this Agreement, for as long as such relationship remains in effect.
- (b) "Agreement" means this Software License Agreement, including all Change Orders, Addenda, Contract Modifications, and the following Exhibits and Schedules: Exhibit A, the Statement of Work; Exhibit B, the Response to the RFP; Schedule A, Price Schedule; Schedule B, Payment Schedule; Schedule C, Scope of Software Use; Schedule D, Software Acceptance Test Procedures; and Schedule E, Help Desk and Software Release Support; Schedule F, Formal Modification and Acceptance Process, and all addenda to same.
- (c) "Change Order" means a mutually agreed upon written order to SunGard, approved and signed, by both a Redlands' authorized representative and a SunGard's authorized representative, ordering a change in the Services from those originally set forth in the Statement of Work. Either Redlands or SunGard may propose Change Orders, but it is at the discretion of Redlands as to whether or not it is performed. Any Change Order that would impact project schedule and/or fees will specify the agreed upon schedule and/or fee changes.

A change order shall not be considered an authorization to exceed the Maximum Contract Price unless the change order specifically increases the maximum contract price. The parties acknowledge that only the Contracting Officer of Redlands can authorize an increase in the Maximum Contract price.

- (d) "Concurrent User" means the highest total number of users making simultaneous use of the Software at any time during a calendar year period, whether use is via modem, direct connection, LAN connection, or via the Web.
- (e) "Confidential Information" means all business information disclosed by one party to the other in connection with this Agreement unless it is or later becomes publicly available through no fault of the other party or it was or later is rightfully developed or obtained by the other party from independent sources free from any duty of confidentiality. Without limiting the generality of the foregoing, Confidential Information shall include Customer's data and the details of Customer's computer operations and shall include SunGard's Proprietary Items. Confidential Information shall include the terms of this Agreement, but not the fact that this Agreement has been signed, the identity of the parties hereto or the identity of the products licensed under a Software Schedule.

- (f) "Contracting Officer" means Redlands' City Manager.
- (g) "Copy" means any paper, disk, tape, film, memory device, or other material or object on or in which any words, object code, source code or other symbols are written, recorded or encoded, whether permanent or transitory.
- (h) "Documentation" means technical manuals, SunGard's response to the RFP checklist as included in the Statement of Work, training manuals, user guides, and workbooks provided by SunGard to assist Customer with the use of Software.
- (i) "Final Project Acceptance" shall be defined as the point in time when the Software acceptance test has been completed and all test requirements have been met in accordance with Schedule D attached hereto.
- (j) "Execution Date" means the latest date shown on the signature line of this Agreement.
- (k) "Export Laws" means all laws, administrative regulations, and executive orders of any Applicable Jurisdiction relating to the control of imports and exports of commodities and technical data, software and related property, use or remote use of software and related property, or registration of this Agreement, including the Export Administration Regulations of the U.S. Department of Commerce, and the International Traffic in Arms Regulations of the U.S. Department of State. "Applicable Jurisdiction" means the U.S., and any other jurisdiction where any Proprietary Items will be located or from where any Proprietary Items will be accessed under this Agreement.
- (l) "Harmful Code" means any computer code, programming instruction, or set of instructions, which is introduced through a purposeful action of SunGard, that is damaging, interferes with, prevents or impedes the use of, or otherwise adversely affects computer programs, data files or hardware without the consent or intent of the computer user. These items include but are not limited to: Trojan horses, viruses, back doors, trap doors and time bombs and similar code.
- (m) "including" means including but not limited to.
- (n) "Modification" means a change to the Software source code which is custom for the Customer and is not a standard Software Update or Release as defined in items (r) and (s) below.

- (o) "Maximum Contract Price" means the maximum amount to be paid to SunGard as set forth in Schedule A of this Agreement. This amount excludes the cost for reimbursable expenses, the cost of annual maintenance beyond the first year, and the cost of any change orders to this Agreement.
- (p) "Proprietary Items" means, collectively, the Software and Documentation, the object code and the source code for the Software, the visual expressions, screen formats, report formats and other design features of the Software, all ideas, methods, algorithms, formulae and concepts used in developing and/or incorporated into the Software or Documentation, all future modifications, revisions, updates, releases, refinements, improvements and enhancements of the Software or Documentation, all derivative works based upon any of the foregoing, and all copies of the foregoing.
- (q) "Services" means all services to be performed by SunGard or its subcontractors under this Agreement, as specified in the Statement of Work.
- (r) "Software Update" means such revisions and updates to the Software which SunGard, in its sole discretion, incorporates into the Software under the Software Update provision of Schedule E.
- (s) "Software Release" means such revisions and updates to the Software which SunGard, in its sole discretion, incorporates into the Software under the Software Release provision of Schedule E.

2. LIMITED LICENSE

2.1 Grant. SunGard grants to Customer a non-transferable, non-exclusive, limited-scope, license to use SunGard's proprietary application software identified in Schedule A of this Agreement, known as Bi-Tech, hereinafter referred to as ("Software"). The term of the Software license shall commence upon installation of the Software and continue perpetually with its regular updates per the maintenance agreement in Schedule E. SunGard further grants the right to use the documentation associated to the Software, hereinafter referred to as ("Documentation"), as the Software and Documentation may be modified, revised and updated in accordance with this Agreement.

2.2 Rights to Modified Software. Upon payment of the undisputed applicable fees set forth in Schedule A, SunGard grants the Customer a perpetual, non-cancelable, nontransferable, non-exclusive, paid-up right and license to use all Modified Software developed by SunGard under this Agreement. To the extent any Software contains SunGard or Customer Confidential Information, it will be subject to all applicable Sections of this Agreement. The parties will cooperate

with each other and execute such other documents as may be reasonably necessary to achieve the objectives of this Section.

2.3 Scope. Customer may use the Software as provided in this Agreement, only in the ordinary course of its own business operations and for its own business purposes and within the limitations identified in Schedule C. Customer may copy and use the Software for inactive back-up or archival purposes, for disaster recovery purposes and for parallel testing. Customer may copy the Documentation to the extent reasonably necessary for use of the Software under the terms of this Agreement.

2.4 Source Code. Customer shall receive one copy of the source code which shall reside with the Customer for the Term of this Agreement for the sole purpose of aiding SunGard in performing its maintenance and support obligations as set forth herein. Customer is strictly prohibited from copying, distributing, modifying or using the source code for any purpose except to permit Customer to continue operations should SunGard become insolvent.

3 SOFTWARE ACCEPTANCE

3.1 Installation Acceptance. SunGard shall give written notice to Customer certifying that installation of the Software at the Initial Installation Site(s) is completed. Customer shall then be free to perform testing and review of the Software in all respects. Customer and SunGard agree that all Software license fees are non-refundable after installation acceptance herein, except as per Section 4.2.

3.2 Acceptance of Installation of Software. SunGard shall give written notice to Customer certifying that installation of the Software at the Initial Installation Site(s) is completed. Customer shall be deemed to have accepted the Software thirty (30) days after receiving SunGard's notice, unless, during that period, the Software fails to perform in accordance with the Documentation in some material respect that precludes acceptance of the Software by Customer, and, by the end of that thirty (30) day period, Customer gives written notice of non-acceptance to SunGard describing the material failure in reasonable detail and explaining why the failure precludes acceptance of the Software by Customer. If Customer gives a proper notice of non-acceptance to SunGard, then:

3.2.1 SunGard shall investigate the reported failure. Customer shall provide to SunGard reasonably detailed documentation and explanation, together with underlying data, to substantiate the failure and to assist SunGard in its efforts to diagnose, reproduce and if necessary correct the failure.

3.2.2 If there was no material failure to perform or the failure to perform was not attributable to a defect in the Software or an act or omission of

SunGard, then SunGard shall give written notice to Customer explaining its determination in reasonable detail, and Customer shall be deemed to have accepted the Software as of the date of SunGard's notice. In the event SunGard determines, that the reported error did not, in fact, exist or was not attributable to a defect in the Software or an act or omission of SunGard, then Customer shall pay for SunGard's investigation and related services at the then current professional service rates in effect.

3.2.3 If there was a material failure to perform that was attributable to a defect in the Software or an act or omission of SunGard, and if SunGard cannot correct the failure within thirty (30) days (or such longer period as may be reasonable under the circumstances) after receipt of Customer's notice of non-acceptance, then Customer shall promptly return to SunGard all copies of the Software and Documentation and any other items delivered to Customer by SunGard, and SunGard shall then refund to Customer the license fees paid by Customer. If, within such period, SunGard does correct the failure, then SunGard shall give written notice to Customer certifying that the failure has been corrected, and another thirty (30) day acceptance period shall begin in accordance with this Section 3.2.

3.3 Final Project Acceptance. Acceptance testing shall be completed as part of the implementation process. Final Project Acceptance shall be defined as the point in time when the software acceptance test has been completed and all test requirements have been met in accordance with Schedule D attached hereto.

4 WARRANTIES AND LIMITATIONS

4.1 Performance. SunGard warrants to Customer that the Software will perform as described in the Documentation in all material respects for a period of eighteen (18) months from the date of initial installation.

4.2 Right to License; No Infringement. SunGard warrants to Customer that it has the full legal right to grant to Customer the license granted under this Agreement, and that the Software and Documentation, as and when delivered to Customer by SunGard and when properly used for the purpose and in the manner specifically authorized by this Agreement, do not infringe upon any United States patent, copyright, trade secret or other proprietary right of any person. SunGard shall defend and indemnify Customer against any third party claim to the extent attributable to a violation of the foregoing warranty. SunGard shall have no liability or obligation under this Section 4.2 unless Customer gives written notice to SunGard promptly (within ten (10) days, provided that later notice shall relieve SunGard of its liability under this Section 4.2 only to the extent that SunGard is prejudiced by such later notice) after any applicable infringement claim is initiated against Customer and allows SunGard to have sole control of the defense or settlement of the claim. If any applicable infringement claim is initiated, or in SunGard's sole opinion is likely to be initiated, then SunGard shall have the option, at its expense, to:

- 4.2.1 correct or replace all or the infringing part of the Software or Documentation so that it is no longer infringing, provided that the Software functionality does not change in any material adverse respect nor would the correction adversely affect future software updates or software releases; or
 - 4.2.2 procure for Customer the right to continue using the infringing part of the Software or Documentation; or
 - 4.2.3 remove all of the impacted or the infringing part of the Software or Documentation, and refund to Customer the corresponding portion of the initial license fee paid by Customer to SunGard under Schedule B.
- 4.3 **Customer Infringement.** For any specification provided by the Customer for software modification or interface programming, the Customer assumes responsibility for the originality of the specification and warrants to SunGard that the specification is not the property of another entity.
- 4.4 **Exclusion for Unauthorized Actions.** SunGard shall be relieved of liability for Software performance or claim of infringement if: a) Customer refuses to accept current Software updates or software releases; b) the source of a Software error is due to the use of interfaces or other software not provided by SunGard.
- 4.5 **Harmful Code.** SunGard warrants that it will not intentionally introduce Harmful Code to the system. The Customer will assist SunGard in mitigating damages arising from such Harmful Code. Harmful Code introduced by sources other than SunGard is excluded from this warranty.
- 4.6 **Date Calculations.** SunGard warrants that the software will be Year 2000 Compliant in accordance with the Documentation.
- 4.7 **Force Majeure.** Except with respect to breach of confidentiality and except with respect to Customer's payment obligations hereunder, neither party shall be liable for, nor shall either party be considered in breach of this Agreement due to, any failure to perform its obligations under this Agreement as a result of a cause beyond its control, including any act of God or a public enemy, act of any military, civil or regulatory authority, change in any law or regulation, fire, flood, earthquake, storm or other like event, disruption or outage of communications, power or other utility, labor problem, unavailability of supplies, or any other cause, whether similar or dissimilar to any of the foregoing, which could not have been prevented by the non-performing party with reasonable care.
- 4.8 **Disclaimer.** EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, SUNGARD MAKES NO REPRESENTATIONS OR WARRANTIES, ORAL OR WRITTEN, EXPRESS OR IMPLIED, INCLUDING IMPLIED WARRANTY OF

TITLE, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, REGARDING THE SOFTWARE OR ANY OTHER MATTER PERTAINING TO THIS AGREEMENT.

4.9 Limitation of Liability.

4.9.1 EXCEPT FOR INDEMNIFICATION UNDER SECTION 4.2, WITH RESPECT TO EACH SOFTWARE SCHEDULE, SUNGARD'S TOTAL LIABILITY UNDER THIS AGREEMENT SHALL UNDER NO CIRCUMSTANCES EXCEED THE MAXIMUM CONTRACT PRICE AS SET FORTH IN SCHEDULE A OF THIS AGREEMENT.

4.9.2 UNDER NO CIRCUMSTANCES SHALL SUNGARD BE LIABLE TO CUSTOMER OR ANY OTHER PERSON FOR LOST REVENUES, LOST PROFITS, LOSS OF BUSINESS, OR ANY INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY NATURE, WHETHER OR NOT FORESEEABLE.

4.9.3 CUSTOMER AND SUNGARD HAVE FREELY AND OPENLY NEGOTIATED THIS AGREEMENT INCLUDING THE PRICING TERMS IN THE KNOWLEDGE THAT THE LIABILITY OF THE PARTIES IS TO BE LIMITED IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT.

4.10 Other Limitations. The warranties made by SunGard in this Agreement, and the obligations of SunGard under this Agreement, run only to Customer and not to its affiliates, its customers or any other persons. Under no circumstances shall any other person be considered a third party beneficiary of this Agreement or otherwise entitled to any rights or remedies under this Agreement. Customer shall have no rights or remedies against SunGard except as specifically provided in this Agreement. No action or claim of any type relating to this Agreement may be brought or made by Customer more than one (1) year after Customer first has knowledge of the basis for the action or claim.

4.11 Licensee's Remedies. Licensee's sole and exclusive remedies for any damages or loss in any way connected with the Software or services furnished by SunGard and its licensors, whether due to SunGard's negligence or breach of any other duty, shall be, : (i) to bring the performance of the Software into substantial compliance with the Documentation; (ii) re-performance of services; or only after using commercially reasonable efforts to perform (i) and/or (ii), (iii) return of an appropriate portion of any payment made by Licensee with respect to the applicable portion of the services.

5 CONFIDENTIALITY, OWNERSHIP AND RESTRICTIVE COVENANT

5.1 Disclosure Restrictions. All Confidential Information as defined in Section 1, of one party ("Disclosing Party") in the possession of the other ("Receiving Party"), whether or not authorized, shall be held in strict confidence, and the Receiving Party shall take all steps reasonably necessary to preserve the confidentiality thereof. One party's Confidential Information shall not be used or disclosed by the other party for any purpose except as necessary to implement or perform this Agreement, or except as required by law, provided that the other party is given notice (if permitted under law) within 10 (ten) days prior to the release of any confidential information allowing that party a reasonable opportunity to obtain a protective order. The Receiving Party shall limit its use of and access to the Disclosing Party's Confidential Information to only those of its employees whose responsibilities require such use or access. The Receiving Party shall advise all such employees, before they receive access to or possession of any of the Disclosing Party's Confidential Information, of the confidential nature of the Confidential Information and require them to abide by the terms of this Agreement. The Receiving Party shall be liable for any breach of this Agreement by any of its employees or any other person who obtains access to or possession of any of the Disclosing Party's Confidential Information from or through the Receiving Party.

5.2 SunGard's Proprietary Items, Ownership Rights. The Proprietary Items, as defined in Section 1, are trade secrets and proprietary property of SunGard, having great commercial value to SunGard. All Proprietary Items provided to Customer under this Agreement are being provided on a strictly confidential and limited use basis. Customer shall not, directly or indirectly, communicate, publish, display, loan, give or otherwise disclose any Proprietary Item to any person, or permit any person to have access to or possession of any Proprietary Item. Title to all Proprietary Items and all related patent, copyright, trademark, trade secret, intellectual property and other ownership rights shall remain exclusively with SunGard, even with respect to such items that were created by SunGard specifically for or on behalf of Customer. This Agreement is not an agreement of sale, and no title, patent, copyright, trademark, trade secret, intellectual property or other ownership rights to any Proprietary Items are transferred to Customer by virtue of this Agreement. All copies of Proprietary Items in Customer's possession shall remain the exclusive property of SunGard and shall be deemed to be on loan to Customer during the term of this Agreement.

5.3 Proprietary Restrictions. Customer shall not do, attempt to do, nor permit any other person to do, any of the following:

5.3.1 use any Proprietary Item for any purpose, or in any manner not specifically authorized by this Agreement; or

5.3.2 make or retain any copy of any Proprietary Item except as specifically authorized by this Agreement; or

- 5.3.3 create or recreate the source code for the Software, or re-engineer, reverse engineer, decompile or disassemble the Software; or
- 5.3.4 modify, adapt, translate or create derivative works based upon the Software or Documentation, or combine or merge any part of the Software or Documentation with or into any other software or documentation; or
- 5.3.5 refer to or otherwise use any Proprietary Item as part of any effort to develop a program having any functional attributes, visual expressions or other features similar to those of the Software or to compete with SunGard; or
- 5.3.6 remove, erase or tamper with any copyright or other proprietary notice printed or stamped on, affixed to, or encoded or recorded in any Proprietary Item, or fail to preserve all copyright and other proprietary notices in any copy of any Proprietary Item made by Customer; or
- 5.3.7 sell, market, license, sublicense, distribute or otherwise grant to any person, including any outsourcer, vendor, consultant or partner, any right to use any Proprietary Item, except on Customer's behalf or otherwise; or
- 5.3.8 use any Proprietary Item to become an outsourcer.

5.4 Notice and Remedy of Breaches. Each party shall promptly give written notice to the other of any actual or suspected breach by it of any of the provisions of this Section 5, whether or not intentional, and the breaching party shall, at its expense, take all steps reasonably requested by the other party to prevent or remedy the breach.

5.5 Dispute Resolution.

5.5.1 Inside/Outside Mediation: The parties will make a good faith effort to resolve any dispute relating to or arising under the Agreement before commencing any formal proceedings within five (5) business days of a written notice of a dispute sent by either party. The SunGard Account Manager and the Customer Project Manager will meet to discuss the issues involved in the dispute. If the dispute is not resolved within five (5) business days of the meeting of the SunGard Account Manager, the Customer Project Manager, the SunGard Senior Client Services Manager responsible for the Project and the Customer's Contracting Officer will meet on site to attempt to resolve the dispute. If the dispute is not resolved within ten (10) business days of the meeting, the SunGard Senior Client Services Manager responsible for the project and the Customer's Contracting Officer, the parties will mutually retain a representative from

the American Arbitration Association (AAA) to act as a neutral third party mediator to seek a consensus resolution in outside mediation. Outside mediation shall occur within twenty (20) business days of the date of internal mediation impasse reached between SunGard Senior Client Services Manager and Customer's Contracting Officer. If such consensus cannot be reached within fifteen (15) business days of the commencement of the mediation, the parties then may resort to other dispute resolution processes contained herein. The parties shall bear their own respective costs and Attorney's fees in connection with the mediation. Notwithstanding the foregoing, either party may file suit to seek temporary injunctive relief at any time in the event of actual or threatened breach of the Agreement justifying such relief. The prevailing party in any injunctive proceeding shall be entitled to recover its reasonable attorney's fees and costs from the other party.

5.5.2 Arbitration. If the disputed matter cannot be resolved pursuant to outside mediation, then either party may immediately after the completion of outside mediation, unless mutually agreed otherwise by the parties, upon written notice, submit the disputed matter to non-binding arbitration under the rules of then prevailing of the American Arbitration Association. The arbitration shall be heard before an arbitrator mutually agreeable to the parties; provided, that if the parties cannot agree on the choice of arbitrator within ten (10) days after the first party seeking arbitration has given written notice, then the arbitration shall be heard by three (3) arbitrators, one chosen by each party, and the third chosen by those two arbitrators. A hearing on the issues of all claims for which arbitration is sought by either party shall be commenced not later than sixty (60) days from the date demand for arbitration is made by the first party seeking arbitration. The arbitrator (s) must render a decision within ten (10) days after the conclusion of such hearing. Notwithstanding the foregoing, either party may pursue other legal means to resolve such dispute.

5.5.3 Applicable Law. The arbitration shall be governed by the United States Arbitration Act. The arbitrators shall apply the substantive law of the State of California. The arbitrators shall have the authority to grant any legal remedy available had the parties submitted the dispute to a judicial proceeding.

5.5.4 Situs. If arbitration is required to resolve any disputes between the parties, the proceedings to resolve the dispute shall be held in the State of California. This provision shall not be construed to prevent a party from instituting and a party is authorized to institute formal proceedings to avoid the expiration of any applicable limitation periods.

5.6 Enforcement. Each party acknowledges that the restrictions in this Agreement are reasonable and necessary to protect the other's legitimate business interests. Each party acknowledges that any breach of any of the provisions of this Section 5 shall result in irreparable injury to the other for which money

damages could not adequately compensate. If there is a breach, then the injured party shall be entitled, in addition to all other rights and remedies which it may have at law or in equity, to have a decree of specific performance or an injunction issued by any competent court, requiring the breach to be cured or enjoining all persons involved from continuing the breach. The existence of any claim or cause of action which a party or any other person may have against the other shall not constitute a defense or bar to the enforcement of any of the provisions of this Section 5.

6 TERMINATION

6.1 Termination by Customer. Customer may immediately terminate this Agreement, by giving written notice of termination to SunGard, upon the occurrence of any of the following events:

6.1.1 SunGard breaches any of its material obligations under this Agreement and does not cure the breach within thirty (30) days (or such other time period as may be reasonable under the circumstances) after Customer gives written notice to SunGard describing the breach in reasonable detail.

6.1.2 SunGard (or a surviving company in the event of a merger or sale of SunGard) dissolves or liquidates or otherwise discontinues substantially all of its business operations. Notwithstanding the foregoing, SunGard reserves the right to outsource professional services which will not be deemed grounds for Customer termination hereunder.

6.2 Termination by SunGard. SunGard may immediately terminate this Agreement, by giving written notice of termination to Customer, upon the occurrence of any of the following events:

6.2.1 Customer fails to pay to SunGard, within Sixty (60) days after SunGard makes written demand therefor, any past-due amount payable under this Agreement (including interest thereon) that is not the subject of a good faith dispute.

6.2.2 Customer breaches any of its material obligations under this Agreement and does not cure the breach within sixty (60) days (or such other time period as may be reasonable) after SunGard gives written notice to Customer describing the breach in reasonable detail.

6.2.3 Customer dissolves or liquidates or otherwise discontinues substantially all of its business operations.

- 6.3 Termination for Convenience.** Customer may terminate this Agreement for any reason it determines that such termination is in its best interest. In such event, the Customer shall provide written notice to SunGard and termination shall be effective as of the date and time specified therein. This Agreement shall terminate as of that date, except SunGard shall be paid for all undisputed amounts for work performed and all Software which has passed installation acceptance as per Section 3.2 up to the time Customer terminates this Agreement. Upon Termination, Customer shall return all Software and Documentation and make no further use thereof whatever, and shall certify to SunGard that all copies of Software are removed from Customers computers.
- 6.4 Certain Remedies for Nonpayment.** If Customer fails to pay undisputed amounts to SunGard, within thirty (30) days after SunGard makes written demand therefor, any past-due amount payable under this Agreement (including interest thereon) that is not the subject of a good faith dispute in addition to all other rights and remedies which SunGard may have at law or in equity, SunGard may, after fully executing the Dispute Resolution process in Section 5.5 and without further notice to Customer, suspend performance or revoke the License granted under this Agreement until all past due amounts are paid in full.
- 6.5 Effect of Termination.** Upon a termination of this Agreement, whether under this Section 6 or otherwise, Customer shall: (a) discontinue all use of all Software and Documentation, (b) promptly return to SunGard all copies of the Software, the Documentation and any other Proprietary Items then in Customer's possession, and (c) give written notice to SunGard certifying that all copies of the Software have been permanently deleted from its computers. Customer shall remain liable for all undisputed payments due to SunGard with respect to the period ending on the date of termination. The provisions of Schedule B, and Sections 3, 4 (excluding 4.1), and 7 shall survive any termination of this Agreement, whether under this Section 6 or otherwise.

7 GENERAL PROVISIONS

- 7.1 Notice.** All notices, consents and other communications under or regarding this Agreement shall be in writing and shall be deemed to have been received on the earlier of the date of actual receipt, the third business day after being mailed by first class certified air mail, or the first business day after being sent by a reputable overnight delivery service. Any notice may be given by facsimile, provided that a signed written original is sent by one of the foregoing methods within twenty-four (24) hours thereafter. Customer's address for notices is City of Redlands, 35 Cajon Street (Suite 10), PO Box 3005, Redlands, CA 92373, Attention: Finance Director. SunGard's address for notices is SunGard Bi-Tech Inc., 890 Fortress Street, Chico, CA 95973, Attention: Vice President of Finance. Either party may change its address for notices by giving written notice of the new address to the other party in accordance with this Section.

7.2 Parties in Interest.

7.2.1 This Agreement shall bind, benefit and be enforceable by and against SunGard and Customer and, to the extent permitted hereby, their respective successors and assigns.

7.2.2 Neither party shall assign this Agreement or any of its rights hereunder, nor delegate any of its obligations hereunder, without the other party's prior written consent, except that such other party's consent shall not be required in the case of an assignment to a purchaser of or successor to substantially all of such party's business or to an affiliate of such party, provided that the scope of any license granted hereunder does not change and the assignor guarantees the obligations of the assignee. Any assignment by a party in breach of this Section shall be void.

7.2.3 Any express assignment of this Agreement, any change in control of Customer, any acquisition of additional business by Customer shall constitute an assignment of this Agreement by Customer for purposes of this Section 7.2 ("Customer Assignment"). Customer shall give written notice to SunGard thirty (30) days prior to an Assignment certifying the expected use of the Software to process any additional business related to such Customer Assignment ("Additional Business"). If any Customer Assignment occurs, Customer may continue to process the business to the extent it existed prior to any such Customer Assignment, but Customer may not use the Software to process any Additional Business until and unless Customer has paid SunGard an Additional Business fee, to be mutually agreed to, and any use to process any Additional Business prior to the payment of such fee shall be deemed a material breach of this Agreement. Customer shall promptly complete and return to SunGard periodic certifications which SunGard, in its sole discretion, may from time to time send to Customer, certifying the actual use of the Software to process any Additional Business.

7.3 Export Laws and Use Outside of the United States. Customer shall comply with the Export Laws. Customer shall not export or re-export directly or indirectly (including via remote access) any part of the Software or Confidential Information to any country to which a license is required under the Export Laws without first obtaining a license.

7.4 Relationship. The relationship between the parties created by this Agreement is that of independent contractors and not partners, joint venturers or agents.

7.5 Entire Understanding. This Agreement, which includes and incorporates the Schedules referred to herein, states the entire understanding between the parties with respect to its subject matter, and supersedes all prior proposals,

marketing materials, negotiations and other written or oral communications between the parties with respect to the subject matter of this Agreement. Any written, printed or other materials which SunGard provides to Customer that are not included in the Documentation are provided on an "as is" basis, without warranty, and solely as an accommodation to Customer.

- 7.6 Modification and Waiver.** No modification of this Agreement, and no waiver of any breach of this Agreement, shall be effective unless in writing and signed by an authorized representative of the party against whom enforcement is sought. No waiver of any breach of this Agreement, and no course of dealing between the parties, shall be construed as a waiver of any subsequent breach of this Agreement.
- 7.7 Severability.** A determination that any provision of this Agreement is invalid or unenforceable shall not affect the other provisions of this Agreement.
- 7.8 Headings.** Section headings are for convenience of reference only and shall not affect the interpretation of this Agreement.
- 7.9 Construction of Agreement.** The terms and conditions of this Agreement are the result of negotiations between the parties. No provision of this Agreement shall be construed in favor of or against any party because one party or its professional advisors participated in the preparation of this Agreement.
- 7.10 Personnel.** Neither party shall, directly or through one or more subsidiaries or other controlled entities, actively recruit any programmer, trainer, or member of a data processing, customer support or conversion team of the other at any time when such person is employed or engaged by such party or during the six (6) months after such employment or engagement ends. This provision will remain in effect during the term of this Agreement and for a period of one (1) year after expiration or termination of this Agreement.
- 7.11 Jurisdiction and Process.** In any action relating to this Agreement, (a) each of the parties irrevocably consents to the exclusive jurisdiction and venue of the federal and state courts located in the State of California, (b) each of the parties irrevocably waives the right to trial by jury, (c) each of the parties irrevocably consents to service of process by first class certified mail, return receipt requested, postage prepaid, to the address at which the party is to receive notice in accordance with Section 7.1, and (d) the prevailing party shall be entitled to recover its reasonable attorney's fees (including, if applicable, charges for in-house counsel), court costs and other legal expenses from the other party.
- 7.12 Governing Law.** THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF CALIFORNIA.

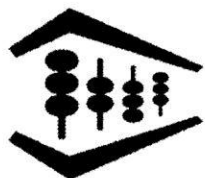
7.13 Piggy Back Clause. Whereas Customer has conducted a competitive evaluation and has concluded such efforts with this negotiated Agreement; therefore this Agreement may serve as the basis for other similar Agreements whereby like entities may contract separately with SunGard.

7.14 Order of Precedence. All reasonable attempts shall be made to impact this writing and all exhibits and addenda as being consistent with one another. In the event of a conflict between this Agreement (exclusive of Exhibits) and any of the Exhibits, the terms of the Agreement shall prevail over the terms of the Exhibits and addenda, unless the parties agree otherwise in writing. The parties will use good faith efforts to resolve any such conflict.

8.0 Special Provision 1. Help Desk Support, Software Update Support and Software Release Support may continue or be discontinued at the Customer's option from year to year. Discontinuance of the maintenance agreement shall not nullify or terminate any other provision of this Agreement and Customer may continue to use the Software even if support is discontinued.

9.0 Special Provision 2. SunGard and Advanced Utility Systems have agreed to work together to provide an interface between SunGard's Accounts Receivable module and Advanced Utility Systems Utility Billing module. The interface will function in accordance with the final specifications written by SunGard and agreed to by the consultant and signed off by the Customer, per the Formal Modification and Acceptance Process language found herein in Schedule F.

SCHEDULE A
TO SOFTWARE LICENSE AGREEMENT
Itemized list of Software and associated Professional Services



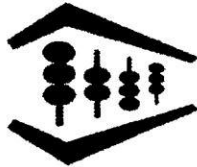
B I - T E C H
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SUMMARY PAGE

25 Concurrent User License

	License Fees	1st Year Support	Professional Service Fees	Totals
SunGard Application Software	150,120	30,028		180,148
Third Party Software	48,110	5,735		53,845
Standard Training, Conversion, & Task Hours			207,750	207,750
Custom Professional Services			160,882	160,882
Bi-Tech Grand Total	\$198,230	\$35,763	\$368,632	\$602,625
<i>Applicable Sales Tax</i>				<i>\$17,101</i>
Maximum Contract Value				\$619,726

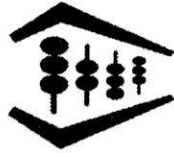
Note: The Maximum Contract Value shown herein does not include reimbursable travel costs incurred during the implementation. Such costs are estimated to be \$49,125



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CUSTOM PROFESSIONAL SERVICES

CUSTOM PROFESSIONAL SERVICES	Hourly Rate	Hours	Dollars
Account Manager @ SunGard BI-Tech	N/A	Fixed Fee	10,000
Special Needs Consulting/Set-up	150	120	18,000
Software Installation & Technical Training	138	64	8,832
System Level Setup & Training (printers, etc)	150	24	3,600
Additional Implementation Assistance	150	696	104,400
Interface AUSC Utility Billing to SunGard BI-Tech	150	40	6,000
Anticipated Modifications/Customizations	150	67	10,050
Total Custom Professional Services			160,882



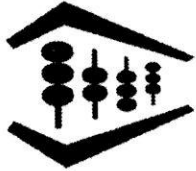
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BI-TECH LICENSE FEES, TRAINING & CONVERSION

25 Concurrent User License

P n o s e	Bi-Tech MODULE PRICING Modules:	License, Support, Training, & Conversion Fees			
		License Fee	First Year Support Fee	Training & Conversion Subtotal	Total Fees
1	General Ledger	\$24,325	\$4,379	\$37,950	\$66,654
1	NUCLEUS	3,475	626	4,800	8,901
1	Accounts Payable/Encumbrance	6,255	1,126	13,500	20,881
1	Accounts Receivable/Cash Receipts	6,255	1,126	3,600	10,981
1	Bank Reconciliation	3,475	626	8,400	12,501
1	Person/Entity Database (Vendor Database)	3,475	626	9,300	13,401
1	Job/Project Ledger	11,294	2,033	4,800	18,127
1	Budget Item Detail	5,803	1,045	2,400	9,248
1	Purchasing	9,000	1,620	5,100	15,720
1	Fixed Assets	5,664	1,020	2,400	9,084
1	Stores Inventory (Warehouse)	11,294	2,033	4,800	18,127
1	Click, Drag, & Drill (Report Writer)	8,688	1,564	15,600	25,852
1	Easy Laser Forms (1AP,3PY,1CR,1AR,1PO Forms)	2,606	469	8,400	11,475
1	Netsight (Graphical User Interface-includes Insi	14,943	2,690	3,600	21,233
2	Payroll	15,116	2,721	36,150	53,987
2	Human Resources	15,116	2,721	34,950	52,787
3	Position Budgeting	4,274	769	3,600	8,643
3	Bid & Quote Management	5,664	1,020	2,400	9,084
3	Image Enabler (ICR not Included)	10,078	1,814	6,000	17,892
Undiscounted Totals		\$166,800	\$30,028	\$207,750	\$404,578
10% Special Discount		-16,680			-16,680
Net Totals		\$150,120	\$30,028	\$207,750	\$387,898

Training, Conversion, and Task Hours				
Class Hours @ Bi-Tech	Class Hours @ Client	Conversion Hours	Task Hours	Total Hours
32	117	64	40	253
0	32	0	0	32
6	28	56	0	90
4	20	0	0	24
0	24	16	16	56
6	24	32	0	62
8	24	0	0	32
0	16	0	0	16
6	28	0	0	34
0	16	0	0	16
0	32	0	0	32
48	56	0	0	104
0	0	0	56	56
0	24	0	0	24
24	157	40	20	241
24	109	80	20	233
0	24	0	0	24
0	16	0	0	16
0	40	0	0	40
158	787	288	152	1,385



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THIRD PARTY SOFTWARE

THIRD PARTY SOFTWARE	List License	Discount	Net License	First Year Support	Users
ORACLE STANDARD EDITION					
Oracle v8 Personal Edition	5,600	0%	5,600	1,232	35
SQL Plus	495	0%	495	109	1
Programmer	4,975	0%	4,975	1,095	5
Querix development per Unix Server	10,000	N/A	10,000	2,200	N/A
ORACLE and Querix TOTAL	21,070	0	21,070	4,635	
MICROFOCUS PRODUCTS					
MF Cobol Dvlpr-1 dvlpr, 5 runtime	2,851	N/A	2,851	Included	6
MF Cobol, RT (initial bundle of 10)	844	N/A	844	Included	10
MF Cobol, RT (add'l bundles of 10)	1,204	N/A	1,204	Included	20
MICROFOCUS SUBTOTAL	4,899		4,899	Included	
UTILITY SOFTWARE					
Openlink--ODBC Driver--Concurrent Us	6,250	10%	5,625	1,000	25
Image/ifax.net Graphic Utility	625	N/A	625	100	25
Barcoding for FA (BMI Systems)	15,245	N/A	15,245	included	unlimited
WRQ-Reflection Suite (Two Workstation	718	10%	646	NA	2
UTILITY SOFTWARE SUBTOTAL	22,838		22,141	1,100	
Total of Third Party Software	48,807		48,110	5,735	

**SCHEDULE B
TO SOFTWARE LICENSE AGREEMENT
Payment Schedule and Terms**

B-1. PAYMENT SCHEDULE

B-1.1. Due upon execution of the Software License Agreement and the delivery of the Software and reference manuals.

30% of all applicable Bi-Tech License Fees	\$ 45,036.00
100% of Fixed Fee Services for Account Management	10,000.00
100% Third Party Products	48,110.00

If applicable, 100% of the sales/use tax due on the taxable amount for the entire Agreement.

B-1.2. Due upon the conclusion of the initial installation visit.

40% of all applicable Bi-Tech License Fees	\$ 60,048.00
100% Third Party Maintenance	5,735.00
100% Bi-Tech Maintenance	30,028.00

B-1.3. Due upon Installation Acceptance Approval per Section 3.1

30% of all applicable Bi-Tech License Fees	\$ 45,036.00
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B-1.4 Due monthly as services are performed.

100% of Professional Service Fees (excluding Fixed Fee Services) \$ 358,632.00

B-2. PAYMENT TERMS

B-2.1 License Fees. Customer shall pay to SunGard license fees in the amount stated in Schedule A, in accordance with the Payment Schedule and Terms stated herein.

B-2.2 Annual Support Fees. Beginning at Installation Acceptance per Section 3.2, Customer shall pay to SunGard annual support fees in the amount stated on Schedule A (which fees shall not be reduced or increased based on the extent of use or lack of use of any module) as increased from year to year as follows: All support fees will be subject to increase annually in accordance with the increases in the percentage of the San Francisco Regional Office CPI Adjustment published by the U.S. Department of Labor and Statistics with calendar year 1999 as the baseline plus two percent (2%). The Customer has the option to continue such maintenance or to end such maintenance at the end of each annual maintenance period.

B-2.3 Professional Services. Professional Services will be provided to the Customer in accordance with the Professional Services Addendum to this Agreement.

B-2.4 Additional Concurrent Users. If Customer elects to increase the number of Concurrent Users of the Software, then Customer shall pay to SunGard the then current rates in effect for such additional Software use.

B-2.5 Taxes. The fees and other amounts payable by Customer to SunGard under this Agreement do not include any taxes of any jurisdiction that may be assessed or imposed upon the copies of the Software and Documentation delivered to Customer, the license granted under this Agreement or the services provided under this Agreement, or otherwise assessed or imposed in connection with the transactions contemplated by this Agreement, including sales, use, excise, value added, personal property, export, import and withholding taxes, excluding only taxes based upon SunGard's net income. Customer shall directly pay any such taxes assessed against it, and Customer shall promptly reimburse SunGard for any such taxes payable or collectable by SunGard.

B-2.6 Amounts Due. Initial payments under this Agreement are due as per this Schedule B Section B-1. Future annual maintenance fees shall be invoiced by SunGard annually in advance. All other fees and all expense reimbursements shall be invoiced by SunGard as and when incurred. Customer's payments shall be due within thirty (30) days after receipt of invoice. Except as provided in Section 4.2.3 and Section 4.11, all fees and other amounts paid by Customer under this Agreement are non-refundable, including license fees paid for third party products.

SCHEDULE C
TO SOFTWARE LICENSE AGREEMENT
Scope of Software Use, Limitations, and Notices

C-1. LIMITED CONCURRENT USERS

Software use is limited by the number of Concurrent Users named in Schedule A and defined in Section 1, as amended from time to time.

C-2. LIMITED TO CUSTOMER'S OWN USE

The Software licensed under this Agreement is for use by the Customer on the Customer's computers for its own internal processing. Customer shall not use the Software to conduct any type of service bureau or time-sharing operation or to provide remote processing, network processing, network telecommunications or similar services to any person, whether on a fee basis or otherwise.

C-3. NOTICES AND CERTIFICATIONS

Customer shall promptly complete and return to SunGard periodic certifications which SunGard, in its sole discretion, may from time to time send to Customer, certifying that Customer has complied and is then in compliance with the Software Use Limitations of this Agreement. Customer shall give written notice to SunGard (and pay added user fees as applicable) if Customer exceeds the authorized number of Concurrent Users.

- (a) SunGard may, at its expense and by giving reasonable advance written notice to Customer, enter Customer locations during normal business hours and audit the number of Concurrent Users of the Software, and other information pertaining to Customer's compliance with the provisions of Section 2 and Section 5 and this Schedule C. If SunGard discovers that there is an unauthorized number of Concurrent Users or that Customer is not in compliance with the provisions of Sections 2 and 5 and Schedule C in any material respect, then Customer shall reimburse SunGard for the expenses incurred by SunGard in conducting the audit.
- (b) If the Customer violates the terms of Section 2 or Section 5 or this Schedule C, SunGard shall have the right, in addition to any other remedies available to them, to injunctive relief enjoining use of the Software and termination of this Agreement.

SCHEDULE D
TO SOFTWARE LICENSE AGREEMENT
Software Acceptance Test Procedures

A software acceptance test shall be conducted as soon as the software configuration and data are in place to support the test. The elements of the Test are identified in this Schedule D. Only the items in *Italics* on this Schedule D constitute the test. Data to be used for the test is data converted by SunGard, or for modules not planned for programmatic conversion, data entered by Customer. If Customer has not entered sufficient data to allow a timely test, SunGard and Customer may mutually agree to enter sample data as necessary to complete the test. The software test shall be deemed completed once the Software has been accepted subject to the procedures stated below.

Acceptance of the Software Test.

SunGard shall give written notice to Customer certifying that the Software Acceptance Test is completed. Customer shall be deemed to have accepted the Software thirty (30) days after receiving SunGard's notice, unless, during that period, the Software fails to perform in accordance with the Documentation in some material respect that precludes acceptance of the Software by Customer, and, by the end of that thirty (30) day period, Customer gives written notice of non-acceptance to SunGard describing the material failure in reasonable detail and explaining why the failure precludes acceptance of the Software by Customer. If Customer gives a proper notice of non-acceptance to SunGard, then:

- 1) SunGard shall investigate the reported failure. Customer shall provide to SunGard reasonably detailed documentation and explanation, together with underlying data, to substantiate the failure and to assist SunGard in its efforts to diagnose, reproduce and if necessary correct the failure.
- 2) If there was no material failure to perform or the failure to perform was not attributable to a defect in the Software or an act or omission of SunGard, then SunGard shall give written notice to Customer explaining its determination in reasonable detail, and Customer shall be deemed to have accepted the Software as of the date of SunGard's notice. In the event SunGard determines, that the reported error did not, in fact, exist or was not attributable to a defect in the Software or an act or omission of SunGard, then Customer shall pay for SunGard's investigation and related services at the then current professional service rates in effect.

Definition of Terms

In addition to the terms defined below, uniquely named reports are referenced herein and the definition of each report shall be the standard format of the report. There are also many software screen names mentioned and the definition of each screen name shall be that screen as it presently exists.

BID. Budget Item Detail

CALC. Calculation; most often used to reference a calculation code.

GL. General Ledger

GLIQ. General Ledger Inquiry
AP. Accounts Payable
AR. Accounts Receivable
ARIQ. Accounts Receivable Inquiry
ARMV. Accounts Receivable Multi-View
CDD. Click Drag and Drill Report Writer
EN. Encumbrance
FACODES. Software configuration codes for Fixed Assets
ID. Identification
Mask. The string of two character codes that represents a software function
PE or PEID. Person-Entity database which includes vendors and vendor product data
PO. Purchase Order
PR. Purchase Requisition
SI. Stores Inventory

The titles and categories listed below are provided for convenience and organization only, and do not constitute any part of the Software Acceptance Test. The items italicized below and which have a “bullet” in front comprise the actual test.

A. HUMAN RESOURCES

Demonstrate the following requirements:

1. Applicant Tracking

- a. Ability to track applicants through the recruiting process by
 - (1) Applications received
 - *Enter application information into APPLMSTR. Verify record still exists in browse mode.*
 - (2) Multiple testing
 - *Enter testing information into HURDALT, APPLTEST, or HURDLE. Verify record still exists in browse mode.*
 - (3) Applicants tested (written, practical, and/or oral, etc.)
 - *Enter application information into APPLMSTR. Verify record still exists in browse mode.*
 - (4) Applicants passed/failed (written, practical, and/or oral, etc.)
 - *Indicate test is passed by using a 1 for passed and 0 for not passed on HURDALT and HURDLE.*
 - (5) Applicants on eligibility list
 - *Create eligibility list on REQST screen. Associate applicants with eligibility list on POSTAPPL.*
 - (6) Applicants medically examined
 - *Create hurdle for medical examination or use APPLCHEM to track results. 1 on hurdle screen represents passed medical.*
 - (7) Applicants medical exam passed/failed
 - *Create hurdle for medical examination or use APPLCHEM to track results. 1 on hurdle screen represents passed medical.*

- (8) Date of medical exam
 - *Enter date of medical exam on APPLCHEM. Verify record exists in browse mode.*
 - (9) Provider of medical exam
 - *Enter provider of exam in contact person field on APPLCHEM.*
 - (10) Top applicant(s) selected
 - *View most qualified applicants on REQPST for an entered requisition.*
 - (11) Status of selected applicants (i.e., background checks, budget constraints)
 - *Define applicant status on APPLMSTR.*
 - (12) Applicant hired and automatically set up as an employee in the system
 - *Hire most qualified applicant on POSTAPPL. Verify created EMPMSTR entry.*
 - (13) Applicants not selected remain on file for future consideration
 - *Hire applicant on POSTAPPL. Verify, after entering hire date and hire code, EMPMSTR record is created.*
 - (14) Referral source
 - *Enter referral source for applicant on POSTAPPL.*
 - (15) Veterans status
 - *Enter veteran status on APPLMSTR.*
 - (16) Safety sensitive positions
 - *Flag safety sensitive positions as such on PCNTBLE.*
- b. Ability to tabulate and analyze test results (i.e., adverse impact, etc.)
- *View most qualified applicants on REQPST based on previously established minimum criteria for that requisition.*
- c. Provide statistics (number and percent) of applicants
- *View filled and vacant positions on REQPST. Field 'filled' will indicate number of positions filled per requisitions*
- (1) Sex
- *Using F3 select, then entering desired information for a count, then pressing F2 the system will return a total count of that data element.*
- (2) Ethnicity
- *Using F3 select, then entering desired information for a count, then pressing F2 the system will return a total count of that data element.*
- d. Ability to track filled and vacant positions
- *View filled positions on REQPST.*
- e. Ability to generate recruitment features such as:
- (1) Opening and closing a position for recruitment
 - *Open position for recruitment by entering approval code and date on REQPST.*

- (2) Preparing applicant notification list
 - *Define letter sent code on POSTAPPL. This can be used for user defined CDD reports to notify applicants.*
- f. Ability to generate appropriate letters upon applicant disposition and relate to mailing list for distribution via the system
 - *Define letter sent code on POSTAPPL. This can be used for user defined CDD reports to notify applicants.*
- g. Ability to purge applicants information two years after the position closing date
 - *Using dbaccess delete all applicants from POSTAPPL screen based on end date for posting on REQPOST or demonstrate new HRDELETE utility.*
- h. Ability to track eligible applicants by job classification and/or applicant name
 - *F3 select on applicants on any screen using applicant type and/or name.*

2. Position Control

- a. Position Control Table:
 - (1) Position number
 - *Enter position number on PCNTBLE.*
 - (2) Position classification code
 - *Enter class in position type on PCNTBLE.*
 - (3) Position title
 - *Enter position title in PCNTBLE.*
 - (4) Incumbent employee name and number
 - *View employees in position on PCNTBLE field = Show All Employees with Positions*
 - (5) Position filled date
 - *Enter position filled date on EMPPAY pay begin date.*
 - (6) Position authorized date
 - *Enter authorized date on PCNTBLE, board approval date.*
 - (7) Position bargaining unit
 - *Enter bargaining unit on PCNTBLE2.*
 - (8) Position organization unit/classification
 - *Enter position type on PCNTBLE.*
 - (9) Name of incumbents
 - *View employees in position on PCNTBLE field = 'Show All Employees with Positions*
 - (10) Description of position changes
 - *Enter reason code for position changes on EMPPAY.*
 - (11) Position history
 - *View budgetary position changes on PCREGFTE. View incumbents holding position in EMPPAY.*
 - (12) Other user defined fields
 - *Enter misc fields on PCNTBLE2.*

3. Insurance Billing:

- a. Ability to maintain insurance codes and premium amounts by employee
 - *Enter benefit plans and premium amounts in BENETBLE.*
- b. Ability to group employees by type of coverage
 - *In BENEINFO, select on all employees in a certain plan.*
- c. Ability to track employee by class
 - *In BENEINFO, view employees by type and/or status.*
- d. Ability to maintain rates for each provider.
 - *Enter all applicable rates for a given user defined plan in BENETBLE.*
- e. Ability to automatically calculate employee life insurance and health insurance deductions and other deductions
 - *User defined deductions set up as a calc code.*

4. Online Inquiries – Section M, 4, .c.

- a. Ability to calculate the effects ("What If") on salary of various dollar or percent increases/decreases by employee or job/range classification and performance, bargaining unit, etc.
 - *Perform various 'what if' calculations on an imported model in the position budgeting module.*

5. Reports-Section M

1. Employee Master List
 - *Load and run CDD report "EMPMSTR_BSI"*
2. Number of Employees by Position
 - *Load and run CDD report "HR_PCN_EMP_BT"*
 - *Maintain detail recap and summary reports for EEO reporting for the number of employees within departments, job grouping, etc. and analysis by applicant, hires, terminations, promotions, etc.*
3. COBRA letters
 - *Load and run CDD report "COBRA_LETTER"*
- a. Generate employee benefit statements
 - *Load and run report "BENEFIT_CHANGE"*

B. PAYROLL

1. Establish Employee Master File
 - *Establish ee master file on EMPMSTR.*
2. Identify Compensation/Fringe Benefit Packages
 - a. Salary/Rate Table

- *Enter salary rate for employee on EMPPAY based on salary table created on SLRYTBLE.*
- b. PERS
 - *Enter PERS information on RETIRECA screen.*
- (1) Group Benefits
 - *Enter group benefit information on BENEMSTR (Packages of Benefits).*
- (2) Online Electronic Timesheets
 - *Enter time for employees online via mask PYTCDTUB.*
- (3) Calculate Bi-Weekly Payroll
 - *Calculate payroll via mask PYP AFC.*
- (4) Labor Distribution to General Ledger/Grant/Project
 - *Distribute to GL via mask PYPADP.*
- (5) Process Non-Payroll Information
 - *Enter non-payroll information in TDHREM.*
- (6) Print Checks on Demand
 - *Run a force calc on 3 employees. Then run check maintenance PYPACM to print a check 'on demand'.*
- (7) Multiple Salary and Rate Table
 - *Create multiple salary and rate tables in SLRYTBLE.*
- (8) Integrated with Human Resources
 - *Enter data in any of screens in TDHRPY. Verify record successfully updates payroll screens.*
- (9) Direct Deposit
 - *Set up direct deposit in DIRDEP for employee. Run payroll to create NACHA standard file for transmission to bank.*
- (10) Online Inquiries
 - *View employee payroll history on PYUPPH. View employee assignment information on TDHRPY.*
- (11) Security
 - *Payroll and/or HR security is entered in NUUPUS and TDUS.*
- (12) Check Register
 - *View check register when running PYPADP.*
- (13) PERS
 - *Run PERS reports and perform various other PERS tasks via menu mask PYPARRCA...*
- (14) Fringe Benefits
 - *View all employees associated with a particular benefit CDH in contribution register.*
- (15) Labor Distribution
 - *View labor distribution information on distribution register.*
- (16) Paychecks
 - *Print checks when running PYPADP.*
- (17) W-2's
 - *Perform various W2 set up functions and produce forms/file via mask PYW2...*

C. GENERAL LEDGER

1. Establish Chart of Accounts
 - a. Organization

- *Demonstrate a Chart of Accounts organization which includes Organization Keys, Key Parts, Object Codes, and Object code groups by running Standard Reports GLREFLKY, GLREFLPT, GLREFLOB, and GLREFLOG.*
2. Journal Entries
 - a. General Journal Entries
 - *Post a debit/credit balanced Journal Entry batch to the General Ledger.*
 - b. Postings to/from other integrated/interfaced applications
 - *Post a debit/credit balanced Journal Entry batch to the General Ledger. Integrated/interfaced applications is interpreted to mean the offset postings of interfund balancing entries to control accounts.*
 3. Online Inquiries
 - *Run GLIQ mask*
 4. Reports
 - a. General Ledger
 - *Run report named GLRESR01*
 - b. Trial Balance
 - *Run report named GLRESR02*
 - c. Balance Sheet
 - *Run Standard Report GLRESR06*

D. PROJECT ACCOUNTING

1. Establish Chart of Accounts
 - *Create two Projects through Project Allocation, which creates the GL/JL Account structure. (One small Capital Improvement Project and one other departmental small project) The integration with the General Ledger is part of the above process. Create three test vendors with Product detail to be used for the entry of project transactions. The Purchasing and Accounts Payable subsystems will be used to create three sets of batch detail to each project. Two of the Purchasing batches would be extracted to the Accounts Payable and authorized for payment.*
2. Multiple period budgets
 - *Set up two budgets with different date criteria per Project. Verify that the entries have been recorded and are available for comparison against encumbrance and actuals by using the Ad Hoc Budget to Actual report.*
3. Online Inquires
 - *Verify that project activity entered in Item # 1 can be accessed by the use of the GLRESR11 Budget Officer, and Detail Trial Balance GLRESR02 standard report printed to screen.*
4. Journal Entries
 - a. General Journal Entries:
 - *Enter two sample journal entries for transfer of transactions within the*

account structure. Establish the account structure to allow for department charge backs within the system. Test two department transfers.

- b. Posting to and from integrated/interfaced applications:
 - *Process three transactions for the interface with the PO subsystem as driven by the Contract Management subsystem. Product ID detail and association codes testing from the entry of the three test vendors established in step 1. Payroll needs to include Project # in pay string or time card. Security Nucleus/Triad two test User Classes to be setup verifying the restrictions of entry into screens and the account structure.*

5. Reports:

- a. General Ledger
 - *Run the report GLRRESR001*
- b. Trail Balance
 - *Run the report GLRESR02*
- c. Balance Sheet
 - *Run the report GLIQBA, GLIQBU, and CDD*
- d. Revenue & Expenditures
 - *Run Ad Hoc Budget to Actuals report*
- e. Budgetary
 - *Run Ad Hoc Budget to Actuals report*

E. ACCOUNTS RECEIVABLE/CASH RECEIPTS

1. Invoicing

- *Demonstrate the creation of an invoice, run a batch proof, and distribute the batch.*

2. Online Inquiries

- *Using ARIQ and ARMV, illustrate an online inquiry of transaction details for a particular customer.*

3. Reports

- a. Statement of Charges
 - *Print a billing statement for a particular customer.*
- b. Invoices
 - *Print an Invoice for a customer with AR transactions.*
- c. Other defined transaction reports
 - *Load and Run "AR Aging Report"*

F. PURCHASING

1. Requisitions/Purchase Orders

- *Create a Purchase Request with a security code, item one flagged as a fixed asset (automatically) and item two with an inventory product.*
- *Create 3 vendor records in the Person/Entity Database and run a report to show their existence.*

2. Required Approvals
 - *Run the standard Awaiting Approval report using POREAP (see attached).*
 - *Access the on-line approval queue and approve the Request*
3. Interface with Encumbrance/Accounts Payable/Fixed Assets/Inventory
 - *Print PO and access Receiving to display interface to EN, FA tag number and Inventory warehouse*
 - *Use the PO Status Inquiry for the PR to show fixed asset flag, inventory product and encumbrance interface.*
 - *Use PO Status Inquiry to display a PO with payment information to show AP interface.*
4. Online Inquiries
 - *Run the on-line PO Inquiry program to look up Approval Hierarchies*
 - *See item 3 for additional Inquiry option*
5. Reports
 - a. Approvals
 - *Print standard report for PR's awaiting any approval using POREAP (see attached)*
 - b. Receiving
 - *Run the standard PO receiving report for all PO's with receiving in the last month using PORERR (see attached)*
 - c. Requisition/Purchase Orders
 - *Print Worksheet for PR information using POPW (see attached)*
 - *Print Purchase Order using POPO (see attached)*
 - d. Item Listings
 - *Print standard PO Item listing for one PO using PORELI (see attached)*
 - e. Other defined transaction reports
 - *Run standard PO Click Drag and Drill report, POITEM_BT*

G. ENCUMBRANCE ACCOUNTING

1. Interface with Purchase Order/Accounts Payable/General Ledger
 - *Run standard GL budget to actual CDD report to drill down to PO encumbrance and AP payment (see attached)*
2. Online Inquiries
 - *Access on line Interactive EN Inquiry to display PO transaction details.*
3. Account, Budget and Vendor Validation
 - *Create a Purchase Request using an invalid Vendor, perform an Account lookup, select an over budget account then correct all items*
4. Reports
 - a. Purchase Order/Encumbrance
 - *Run standard EN CDD report with PO drill down*
 - b. Aging
 - c. *Access EN Inquiry to print Aging by PO number*
 - d. Detail/Summary

- *Print standard EN Transaction detail report using PORETB*
- *Print standard EN Summary report using POREPS*
- e. General Ledger with Encumbrances
 - *Run standard GL including EN CDD report with drill down to EN*
- f. Other defined transaction reports
 - *Run standard EN CDD report*

H. ACCOUNTS PAYABLE/CHECK MANAGEMENT

1. Interface with Purchase Order/Encumbrance/General Ledger
 - *Will create an Open Hold batch and use PO extraction to show interface with PO, EN and GL*
2. Online Inquires
 - *Will use standard Open Hold on-line Inquiry to list summary of unpaid invoices*
3. Vendor History
 - *Will run standard AP Transaction CDD report with vendor payment history*
4. Multiple Bank Accounts
 - *Run Common Code CDD report listing all Check ID's (bank accounts)*
5. Manual Checks
 - *Run CK on-line Inquiry displaying various check types (Machine Written vs. Hand Written)*
6. Support Bank Reconciliation
 - *Will create a Cancelled Check batch to flag checks cleared by the bank.*
7. Reports
 - a. Checks
 - *See sample check produced by the system*
 - b. 1099's
 - *Run standard AP 1099 report using APOHRECC*
 - c. Summary/Detail
 - *Run standard CDD Open Hold Summary report*
 - *Run standard CDD Open Hold Transaction Detail report*
 - d. Aging
 - *Run standard CDD Open Hold Aging report*
 - e. Check Register
 - *Run standard CK Consolidated Check Register report using CKRECR*
 - f. Bank Reconciliation
 - *Print a CK Consolidated Check register for cancelled checks using, CKRECR*
 - g. Other defined transaction reports
 - *Print standard AP CDD Inquiry and drill down to payment*

I. FIXED ASSETS

1. Establish Fixed Asset Master Record
 - a. Asset ID
 - *Manually generate a Fixed Asset ID.*
 - b. Acquisition Dates
 - *Input the acquisition date of the fixed asset.*
 - c. Book Value
 - *Manually enter the book value of the asset.*
 - d. Original Cost
 - *Manually enter the purchase price of the asset.*
 - e. Classification Codes
 - *Create a Primary Class in FACODES.*
 - f. Insurance Codes
 - *Identify the Insurance Carrier type as 'P' for Primary, or 'S' for Secondary.*
 - g. Location Codes
 - *Create a Location Code in FACODES.*
 - h. Deletion Dates
 - *Dispose of the asset using the Fixed Asset Disposal Screen, then view transaction details for that particular asset to view the date that it was disposed.*
 - i. Replacement cost
 - *Enter the Replacement Cost of the asset.*
 - j. Other defined information
 - *Create a Secondary Class in FACODES.*
2. Calculate Depreciation
 - *Assign Straight Line Depreciation to a fixed asset, setup a selection template, and then distribute depreciation.*
3. Interface with Purchase General Ledger/Purchasing/Accounts Payable
 - *Flag the fixed asset field on a purchase order, receive the asset in PO Receiving, pay the asset in accounts payable using PO extraction, show the FAAPPO screen to view the purchasing and accounts payable information.*
4. Reports
 - a. Additions
 - *Load and run CDD Report "Fixed Asset Transaction Information"*
 - b. Deletions
 - *Load and run CDD Report "Fixed Asset-Disposal Information"*
 - c. Detail/Summary by Department
 - *Load and run CDD Report "Fixed Asset Information by Department"*
 - d. Detail/Summary by Classification
 - *Load and run CDD Report "General Fixed Assets by Class"*
 - e. Other defined transaction reports
 - *Load and run CDD Report "Fixed Assets - Identification Information"*

J. INVENTORY

1. Interface with Purchase General Ledger/Purchasing/Accounts Payable
 - *Access PO Status Inquiry to display Inventory Product reference on PO Item and interface with GL account and AP payments*
 - *Run SI Standard Transaction report showing GL, PO details*
 - a. Receiving
 - *Show PO Receiving screen to display Inventory Product and warehouse interface*
2. Pricing Calculation
 - *Access SI Inventory screen to display FIFO, LIFO and AVG pricing per product*
3. Tickets
 - *Run print pick ticket process using SIOEPK*
4. Online Inquiries
 - *Access SI on-line Inquiry to display order items*
5. Reports
 - a. Tickets
 - *Run print pick ticket process using SIOEPK*
 - *Run print packing slip process using SIOEPS*
 - b. Product Activity
 - *Print standard SI Product Activity report using SIRESRPA*
 - c. Inventory Item
 - *Print standard SI Product Catalog using SIRESRPC*
 - d. Transaction
 - *Print standard SI Transaction report using SIREFLTR*
 - e. Other defined
 - *Run standard SI Backorder report using SIRESRBK*

K. BUDGETING

1. Identify Budget Levels
 - *Demonstrate that budget checking (block or warn) occurs at the object code level.*
2. Multiple Versions of Budgets
 - a. *Demonstrate the existence of a location to hold 10 budget versions by running GLUPGN-screen 5.*
3. General Ledger/Grant/Project
 - *Run GLIQBA and GLIQBU by ledger, key and object.*
4. Budgetary Detail
 - a. Text
 - b. Positions

- c. Capital Outlay
- d. Miscellaneous
 - *Demonstrate the ability to create text and budgets in the existing Positions, Equipment and Miscellaneous screens in Budget Item Detail. Demonstrate the BID/GL interface to post budgets to the desired General Ledger budget version.*

5. Interface with General Ledger/Grant/Project

- *Demonstrate Budgeting's interface with General Ledger and Project Ledger by setting Block/Warn flags on, and showing that users cannot create and post an over-budget Journal Entry without proper authorization.*

6. Online Inquiries

- *Run standard online inquiries GLIQBA and GLIQBU.*

7. Security

- *Demonstrate restricted timeline access to budgets on GLUPGN screen 5. Limit access to budget versions through Nucleus User Security – NUUPUS. Demonstrate security in GLBUUP by attempting to create illegal budgets.*

8. Reports

- a. *Run standard budget reports:*
 - *CDD-Budget to Actual with (or with out) Encumbrances, GLRESR11, GLRESR19, GLIQBU and GLIQBA.*

L. CLICK, DRAG AND DRILL REPORT WRITER

1. Identify Special Reports

- a. Final Budget Document -
 - Run CDD report "GLBUDACT_BT" with drill down to CDD reports "GLTRNS_BT", "ENTRANS_BT", and "ENTRANS2"

M. CAFR REPORTS

1. *Run a Combined Balance Sheet Report.*
2. *Run a Combined Statement of Revenues, Expenditures and Changes in Fund Balances Report.*
3. *Maintain detail recap and summary reports for EEO reporting for the number of employees within departments, job grouping, etc. and analysis by applicant, hires, terminations, promotions, etc.*

SCHEDULE E
TO SOFTWARE LICENSE AGREEMENT
Help Desk and Software Release Support

E-1. HELP DESK SUPPORT

E-1.1 Help Desk Support. SunGard shall provide to Customer, from 5a.m. to 5p.m. PST, Monday through Friday (SunGard Holidays excepted), telephone assistance regarding Customer's proper and authorized use of the Software. Customer agrees to attempt to locate information provided in Documentation prior to use of telephone assistance. Non Software assistance calls (e.g. calls for assistance with hardware, operating systems, database management systems, networks, printer configuration, etc.) are outside the scope of this support agreement; however non Software assistance is available at the then current hourly professional service rate in effect.

E-1.2 Other Resolution Support. In addition to Help Desk Support, SunGard shall provide self service-based issue resolution, and e-mail supported issue resolution. For all issue resolution methods, SunGard shall provide to Customer, during SunGard's normal business hours, commercially reasonable efforts in solving problems that arise in connection with Customer's proper and authorized use of the Software in accordance with the Documentation. Customer shall provide to SunGard reasonably detailed documentation and explanation, together with underlying data, to substantiate any such problem or failure and to assist SunGard in its efforts to diagnose, reproduce and correct the problem or failure. These Issue Resolution Support services shall be provided remotely by SunGard.

E-2. SOFTWARE UPDATE AND RELEASE SUPPORT

Software Updates: So long as Customer remains on annual support (Schedule B, item B-2.2), SunGard shall provide to the Customer Software Updates for server based Software via Hassle Free Support™. Hassle Free Support (HFS) is the Software Update method employed by SunGard for server based software. HFS means that SunGard will log-on to Customer's designated Unix server system, with authorization from Customer, and load the Unix server-based Software Update into a single account for the Customer. HFS is strictly Internet delivered therefore, the exchange of magnetic/optical media for server-based Software Updates is not available. For PC-client Software Updates, media will be sent to Customer to update the PC-client Software, including Customer loading instructions for all PC-client Software. All Updates shall be accompanied by updates to the Documentation whenever SunGard determines, in its sole discretion, that such updates are necessary.

Software Releases: So long as Customer remains on annual support as described in Schedule B, item B-2.2.1, SunGard shall provide to the Customer Software Releases without additional charge. This Software Release support includes the release of all new versions and Software re-writes for those modules licensed herein, including versions which may become available for new software or hardware architectures.

With respect to Software Updates and Releases, the following provisions apply:

- E-2.1** From time to time new optional features may be available in the Software as a result of a Software Update or Release. In some instances the optional new feature may require the use of third party software or hardware. Customer shall have the option to purchase or not to purchase such third party products to effect such new features.
- E-2.2** The Customer agrees to maintain, for the duration of this Agreement, an Internet connection (consisting of FTP and TELNET allowing SunGard access to Customer's server system) and Microsoft Netmeeting (free from Microsoft) to facilitate Software Releases and remote support. If an internet connection cannot be provided the Customer must provide a minimum of a 56.6k modem until such time as an internet connection can be established.
- E-2.3** SunGard shall provide Customer with such modifications to the Software as SunGard deems necessary to maintain the compatibility of the Software with new releases of the operating system under which the Software is licensed.
- E-2.4** This Agreement specifically does not include any modifications to the Software. Any modifications not made by SunGard or made by SunGard upon the specific instruction and specification of Customer, and the results caused thereby to the Software shall be the sole responsibility of the Customer.
- E-2.5** For the term of this Agreement, SunGard shall provide Customer, on a timely basis, with Software Releases necessary for the System to continue to accomplish its principal computing functions and including Software Releases reflecting improvements made to the Software by SunGard.
- E-2.6** SunGard will use commercially reasonable efforts to provide Software Releases to cause the Software to continue to conform to GASB and GAAP requirements, and to maintain accurate Federal and State payroll tax tables and their related calculation processes. In the event that original programming is required to meet any other mandated Software change (including State, Federal, or Local mandated changes), the development costs will be borne by all Customers who utilize that Software change.

SCHEDULE F
TO SOFTWARE LICENSE AGREEMENT
Formal Modification and Acceptance Process

The following steps are meant to outline the actions which must occur whenever Software Modifications are proposed:

Stage One—Specifications Written by the Customer.

When any Modification to the Software is requested, great care should be taken to document exactly how the Software would operate with the requested Modification. The specification should include the following:

- ⇒ A purpose statement which defines the need for the Modification and clearly describes why the Modification is required and how this feature will be used by the Customer.
- ⇒ A clear definition of the Integration to and from other areas of IFAS and any interfaces with external systems that may be desired.
- ⇒ A description of any variables or required points of flexibility that must be defined into the Modification
- ⇒ If any calculations are to be a part of the Modification, the specification must include the logic which should be used to derive calculated values. This portion of the specification should include several examples.
- ⇒ A discussion of any special circumstances or various business rules that may apply.
- ⇒ A description of any checks or edits that may be necessary.
- ⇒ A description of the desired cosmetic presentation.
- ⇒ Any graphical exhibits that will aid SunGard in the creation of the Modification.
- ⇒ If magnetic media is to be produced, file layouts with detailed field descriptions must be provided.
- ⇒ The specification should be signed by the Customer to indicate that the Modification does represent complete requirements for the Modification and that the Customer will accept the Software Modification if delivered according to the specification.
- ⇒ The specification should only be written after a conference call with a SunGard analyst so that the Modification can be written in such a way that the existing Software design is taken into account. Where the creation of the specification requires considerable SunGard assistance, SunGard will bill for specification development on an hourly basis.

Stage Two—Bidding Process

- ⇒ Upon receiving the detailed written specification SunGard will offer a bid to complete the Modification.
- ⇒ The bid is sent to the Client who must approve the bid by signature for the Modification before any work can be done.
- ⇒ Upon Customer approval, the bid is assigned a task number at SunGard and an estimated time for delivery of the Modification will be given.

Stage Three—Specification Review

- ⇒ A conference call will be initiated by SunGard to discuss the specification. The Customer must ensure that the people at the Customer site who are knowledgeable about the Modification requirements participate.
- ⇒ Any changes or additions to the specification that are discussed verbally which are intended to be part of the Modification should be sent to SunGard as an amendment to the specification. Such amendments to the specification must also be signed by the Customer as described in Stage One item I.
- ⇒ Modification amendments will likely affect the bid amount. SunGard will therefore produce and updated bid after receiving the Modification amendment.

Stage Four—Programming

- ⇒ SunGard programmers will complete the Modification as specified. If questions arise during the programming stage the Customer must submit amendments to the original specification in writing with signature. Note item III-C above.

Stage Five—Quality Assurance

- ⇒ When the programmer has completed the Modification according to the written specifications and any amendments, the program Modification and the specifications shall be delivered to SunGard's Quality Assurance Division where module and integration testing shall occur. This level of testing is alpha testing.

Stage Six—Modification Delivery

- ⇒ When the Modification passes quality assurance testing within SunGard, it will be delivered by electronic means to the Customer. The Customer shall acknowledge delivery of the Modification in writing.

Stage Seven—Acceptance

- ⇒ The Client shall have 30 days to complete beta testing to validate that the Modification does operate as specified.
- ⇒ SunGard will accept written requests for changes during the 30 day beta test period that are necessary to cause the Modification to operate as described in the original specification.
- ⇒ Additional Modifications outside the scope of the original specification, which may be requested, shall go through this Formal Modification and Acceptance Process and shall not be considered deliverable as part of the original specification.
- ⇒ Acceptance of the Modification shall be when 30 days have passed since the delivery of the Modification; or when 30 days have passed since the latest delivery of updates to the Modification which make the Modification operate as originally specified. Cosmetic preferences of the Customer or functionality beyond the original specification (with amendments) shall not delay acceptance of the Modification.

**PROFESSIONAL SERVICES ADDENDUM TO THE SOFTWARE LICENSE AGREEMENT
FOR
CITY OF REDLANDS, CALIFORNIA**

This Addendum amends Section B-2.3 of the Software License Agreement, ("Agreement") dated June 20, 2000, by and between SunGard ("SunGard") and the City of Redlands, California ("Customer") in consideration of their mutual promises and subject to its Terms and Conditions as follows:

WHEREAS, the Customer desires to obtain certain services from SunGard; and

WHEREAS, SunGard desires to provide such services to the Customer on the terms set forth below;

FOR AND IN CONSIDERATION OF the premises and mutual agreements herein, SunGard and the Customer agree as follows:

1. SOFTWARE SERVICES AND TRAINING

1.1 Scope. SunGard and its subcontractors will provide all of the Services under the terms and conditions of this Agreement. The intent of this Agreement is for the Services to be completed in all detail in the Statement of Work which is attached to the Agreement as Exhibit A. Except as otherwise explicitly stated in this Agreement, SunGard will furnish all labor, materials, equipment, products, tools, transportation, and supplies required to complete the Services. SunGard will provide services to Customer as required in the Agreement. Any additional Services will be mutually agreed to in writing by the parties.

1.2 Change Orders. The Customer and SunGard may, from time to time, agree in writing upon Change Orders to change particular aspects of the Statement of Work. With respect to proposed Change Orders that do not materially impact the scope of either party's work effort required under this Agreement, the parties will cooperate in good faith to agree upon such Change Orders and will not unreasonably withhold approval of such Change Orders that are proposed by the other party. If either party causes or requests a change that materially impacts the scope of the parties' work effort required under this Agreement, such as changes in the allocation of Customer and SunGard's resources applied to a task, changes in completion schedules for individual tasks or for overall implementation, and changes in staffing that require a party to provide additional work hours, the other party may propose a Change Order to cover the additional work effort required of it. Approval of such a Change Order will not be unreasonably withheld, and any disputes regarding Change Orders shall be handled pursuant to applicable dispute resolution section contained herein.

1.3 Applications Software and Hardware Acquisition. All Hardware will be supplied by the Customer, except Software as specifically otherwise stated in the Statement of Work.

1.4 The Customer's Preparation and Effort. The Customer will prepare the installation site and will provide such of its information and data as is reasonably necessary to enable SunGard to perform its obligations. The Customer will perform such other duties and tasks as may be specifically identified as the Customer's obligations in the Statement of Work, including providing personnel who are appropriately skilled and trained to complete the tasks that are specified as the Customer's obligations in the Statement of Work. Any delays caused by defects or delays by the Customer's failure to meet its obligations as set forth in the Statement of Work, will entitle SunGard to an equitable adjustment under this Agreement, which may include without

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limitation schedule relief and reimbursement of additional costs incurred—provided SunGard will make reasonable effort to mitigate the impact of such delays.

- 1.5 Computer Access.** SunGard will be given access to the Customer's computer systems as needed to perform the Services. SunGard will utilize the Customer's computer system only as needed in performance of the Services and will otherwise protect Customer's Confidential Information.
- 1.6 Other Accommodations.** In addition to any particular items which may be specified in this Agreement, the Customer will supply on-site SunGard personnel with suitable office space, office furniture, storage, and other normal office equipment support, work stations with desktop software, adequate computer resources (including necessary third party rights to use software), clerical support, telephone and facsimile service, postage, copying, and general office supplies which may be necessary in connection with SunGard's performance of the Services while onsite.
- 1.7 The Customer's Property.** If the Customer supplies any item for SunGard's use, no title to such item will pass to SunGard. All such items not consumed in the performance of the Services will be returned to the Customer upon termination of the Agreement or upon request. SunGard will use items supplied, and its access to the Customer's property, including confidential property, computers and other facilities, with the same degree of care as it does with its own similar items, but in no event less than reasonable care. Except as stated in this Section 1, no bailment will be created and no interest or obligation will be conferred upon SunGard regarding the Customer's property, beyond the limited right to use such property in furtherance of this Agreement. All such property, regardless of its physical location or use, will be deemed to be in the care, custody and control of the Customer. Neither SunGard nor any third parties/subcontractors of SunGard will make use of any information stored on Customer computerized and non-computerized records, whether or not such information constitutes Confidential Information, except only as required in connection with its performance of the Services. SunGard will specifically require all third parties/subcontractors retained or chosen by it to agree in writing to abide by this section and all others regarding protection of Confidential Information of Customer (see Section 1. (b) of the Software License Agreement), and provide same to Customer before execution of this Agreement. SunGard agrees to be fully responsible for these third parties/subcontractors for their actions in any way related to this Agreement.
- 1.8 Time.** SunGard will perform the Services according to the schedule set forth in the Statement of Work. In agreeing to such schedule, SunGard is relying upon the Customer's timely and effective performance of the Customer responsibilities identified in the Statement of Work, and upon the project assumptions specifically identified as such in the Statement of Work being met. Material delay in SunGard's performance of the Services caused directly by SunGard's acts or omissions, or the acts of third parties/subcontractors retained or chosen by SunGard, constitute a breach of this Agreement. SunGard will not be responsible for delays caused by the Customer.
- 1.9 Post-Implementation Consultation.** SunGard will, upon the Customer's request, provide the Customer post-implementation consultation and support by using available hours in the current Agreement or by providing additional hours at then current hourly rates.

2. PAYMENT FOR SERVICES AND EXPENSES

- 2.1 Price.** The Services will be charged to the Customer at the rates and under the schedule set forth in Schedule A, on a not-to-exceed basis subject to the maximum cost to the Customer of

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\$368,632 as set forth in Schedule A. As used in this Section 2, "not-to-exceed" means that SunGard will perform its obligations under this Agreement even if it is required to expend more than the number of hours used to determine the cost set forth in Schedule A and will not charge the Customer for such excess hours unless otherwise permitted under this Agreement. In no event will the cost to the Customer of the Services exceed the Maximum Contract Price as set forth in Schedule A, unless agreed upon in advance in writing signed by authorized representatives of both parties. Services to be provided by SunGard under any duly authorized Change Orders that increase the Maximum Contract Price will be provided at then current hourly rates. If material changes in the timing of the Services to be provided by SunGard are agreed upon in a Change Order, the parties will also amend the payment schedule set forth in Schedule B to reflect the change in the timing of the Services.

- 2.2 Appropriation of Funds.** Notwithstanding anything herein contained to the contrary, the obligations of the Customer under this Agreement are expressly subject to an annual appropriation being made by the Customer in an amount sufficient to allow it to perform its obligations hereunder. In the event sufficient funds are not so appropriated, this Agreement may be terminated by the Customer immediately and without penalty; provided, however, that the Customer will in any event make all undisputed payments for all Services rendered under this Agreement prior to the date of such termination. The obligations of the Customer under this Agreement will not constitute a general obligation indebtedness or multiple year direct or indirect debt or other financial obligation whatsoever within the meaning of the Constitution or laws of the State of California.
- 2.3 Travel, Meal, and Lodging Expenses.** Reimbursable expenses are estimated to be \$49,125 as set forth in Schedule A. All expenses should be at the lowest available prices/fares, including coach airfare and car leasing and hotels.
- 2.4 Customer Audit.** SunGard will maintain accurate books and records relating to the Services performed and the amounts charged under this Agreement for at least three (3) years after the completion of its performance under this Agreement. SunGard will make those books and records available to the Customer for audit during regular business hours at SunGard's premises at a mutually agreeable time and such audits will not unreasonably interfere with SunGard's business activities.

3. WARRANTIES

- 3.1 Services Warranty.** SunGard represents and warrants that it is qualified to perform the Services, and that it will perform the Services in a good and workmanlike manner. SunGard must be notified in writing on any failure of the Services to meet this warranty within eighteen (18) months after Final Project Acceptance of such Services by the Customer. SunGard further represents and warrants that the Software will operate in conformity with the Documentation set forth in the Statement of Work. SunGard must be notified in writing of any non-conformity in the Software covered by this warranty and comprising or relating to any modules of the System within eighteen (18) months after the Software is first put into production by the Customer (or within eighteen (18) months if the Customer terminates this Agreement before implementation of the all modules). SunGard must be notified in writing of any non-conformity in the Software covered by this warranty and comprising or relating to the System, or of any non-conformity in the integration of the modules with the Advanced Utilities software, within eighteen (18) months after the entire System is first put into production by the Customer. For purposes of this Section

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3.1, "into production" means that the Customer is processing its daily data transactions using the applicable modules of the System.

3.2 Determination of Warranty Responsibility. During the term of the warranty set forth in Section 3.1, the Customer will notify SunGard of any nonconformity and it shall be SunGard's responsibility to cure such nonconformity, irrespective of whether it relates to products, services, or both. If Customer gives a proper notice of non-conformity to SunGard, then:

3.2.1 SunGard shall investigate the reported failure. Customer shall provide to SunGard reasonably detailed documentation and explanation, together with underlying data, to substantiate the failure and to assist SunGard in its efforts to diagnose, reproduce and if necessary correct the failure.

3.1.2 If there was no material failure to perform or the failure to perform was not attributable to a defect in the Software or an act or omission of SunGard, then SunGard shall give written notice to Customer explaining its determination in reasonable detail. In the event SunGard determines, that the reported error did not, in fact, exist or was not attributable to a defect in the Software or an act or omission of SunGard, then Customer shall pay for SunGard's investigation and related services at the then current professional service rates in effect.

4. PERFORMANCE AND CONTROL OF THE SERVICES

4.1 Project Managers. The SunGard Account Manager and the Customer Project Manager are designated in the Statement of Work. Each party will have the right to change its designations by written notice, subject to the conditions of this Section but will endeavor in good faith to maintain one person in each such capacity during the term of this Agreement. SunGard's Account Manager will have the overall responsibility for the Services until Final Project Acceptance under the Statement of Work, and will be the Customer's primary contact person. SunGard will not reassign or replace the Account Manager without providing 45 days written notice to the Customer. The Customer's Project Managers and SunGard's Account Manager will meet regularly to discuss the progress of the implementation effort and will provide written progress reports.

4.2 SunGard Key Personnel. Prior to commencement of the Services and, to the extent necessary, throughout the course of this Agreement, SunGard and the Customer will mutually designate in certain individuals from SunGard as "Key Personnel," which designation is included in the Statement of Work. Customer shall have the right to perform background checks and pre-screening of SunGard's Key Personnel to the extent Customer deems it necessary to protect its interests and duties owed to its employees, agents and the public at large. If the Customer determines in good faith that any such individual is not so qualified, SunGard will use its reasonable efforts to substitute such individual with a qualified replacement subject to the Customer's approval. SunGard will not reassign or replace its Key Personnel without written 45-day notice to the Customer, except for extenuating circumstances. SunGard and the Customer will agree on a reasonable amount of non-chargeable time that will be used to acquaint new personnel to the project in such an instance. Should any SunGard Key Personnel leave the employ of SunGard during the term of this Agreement, SunGard will make a good faith effort to

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present to the Customer an individual with equal or greater qualifications as a replacement subject to the Customer's approval, which will not unreasonably be withheld following Customer's investigation of the person in the manner referenced herein. SunGard will provide sufficient personnel to complete its obligations set forth in the Statement of Work. The Customer may ask SunGard to remove an individual performing SunGard's obligations under this Agreement if, in the Customer's reasonable opinion, the person does not have the ability to perform the task assigned or is not compatible with the Customer's personnel.

- 4.3 SunGard Personnel & its Subcontractors.** SunGard will provide sufficient personnel to complete the Services within the schedules set forth in this Agreement. SunGard represents and warrants that its personnel will have sufficient skill, knowledge, and training to perform the Services. While on the Customer's premises, SunGard's personnel will comply with the Customer's written site rules and regulations as delivered to SunGard. The Customer shall be permitted to investigate any SunGard personnel in the manner set forth above and reserves the right to require any SunGard personnel to immediately and permanently leave the Customer's premises in the event of any noncompliance with such rules or with any applicable law or in the event such person is engaged in activities that the Customer believes could be detrimental to the Customer or its personnel. The Customer may also ask SunGard to remove an individual performing Services under this Agreement if, in the Customer's opinion, the person does not have the ability to perform the task assigned or is not compatible with Customer personnel, and SunGard will comply with such request. Any person removed from the Customer's premises under this paragraph will be replaced by SunGard as soon as practicable with an individual acceptable to the Customer.
- 4.4 Customer Key Personnel.** Prior to commencement of the Services and, to the extent necessary, throughout the course of this Agreement, SunGard and the Customer will mutually designate in writing certain individuals from the Customer as "Key Personnel," which designation will be included in the Statement of Work. If SunGard determines in good faith that any such individual is not qualified to perform his or her responsibilities under the Statement of Work, the Customer will confer with SunGard and, if it concurs with SunGard's assessment, will use its reasonable efforts to substitute such individual with a qualified replacement. The Customer will have the sole authority and discretion to reassign or replace its Key Personnel. The Customer has the sole responsibility of acquainting new Key Personnel to the project and ensuring that the new personnel receive the training required to sufficiently perform duties as set forth in the Statement of Work. Should any Customer Key Personnel leave the employ of the Customer during the term of this Agreement, the Customer will make a good faith effort to replace the individual with another individual with equal or greater qualifications.
- 4.5 Customer Personnel.** The Customer will provide sufficient personnel to complete its obligations set forth in the Statement of Work. SunGard may ask the Customer to remove an individual performing the Customer's obligations under this Agreement if, in SunGard's opinion, the person does not have the ability to perform the task assigned or is not compatible with SunGard's personnel. If the Customer concurs with SunGard's assessment, the Customer will promptly make all reasonable efforts to comply with such request. If Customer does not concur, the request shall be deemed denied.
- 4.6 Reassignment of non-Key Personnel.** Each party may reassign, without the other party's consent or consultation, such party's personnel other than Key Personnel to different tasks or to other projects as such party will deem necessary; provided, however, that each party will use

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reasonable efforts not to reassign any personnel in a way that would unreasonably interfere with or disrupt the services provided hereunder. This Section is also subject to Customer's rights as delineated above.

- 4.7 Subcontracting for Work or Services.** No contract will be made by SunGard with any third party for furnishing any of the products or services to be furnished by SunGard under this Agreement without the prior written approval of the Customer's Project Manager, but this provision will not require the approval of contracts of employment between SunGard and its employees assigned for services hereunder other than the requirement that SunGard must provide written notification to its employees in any way related to this Agreement of the requirement of nondisclosure of Confidential Information belonging to Customer. SunGard will be responsible for its obligations under this Agreement regardless of whether the obligations are performed by SunGard, its subcontractors, third parties, or agents on its behalf, and each of SunGard's subcontractors, third parties, and/or agents will be subject to the same obligations and rights as SunGard under this Agreement. Without limiting the foregoing, SunGard may subcontract for no more than twenty-five percent of the total hours involved in performance of the Services without the prior written consent of the Customer.
- 4.8 Progress Reports.** SunGard will prepare, in conjunction with the Customer, and submit to the Customer's Project Manager bi-weekly written progress reports. The content and format of such reports will be mutually agreed upon between the Customer and SunGard.
- 4.9 Independent Contractor.** SunGard and its partners, employees and agents will act at all times in an independent capacity with regard to performance of services or work rendered pursuant to this Agreement; and SunGard and its partners, employees and agents will not act as, will not be, and will not in any manner be considered to be agents, officers or employees of the Customer. There will be no employer-employee relationship between the Customer and SunGard; and SunGard and its partners, employees and agents will not be entitled to any benefits payable to Customer employees. SunGard is responsible for payment and deduction of all employment-related taxes on SunGard's behalf and for SunGard's employees, including but not limited to all federal and state income taxes and withholdings. The Customer will not be required to make any deductions from compensation payable to SunGard for these purposes. SunGard will indemnify the Customer against any and all claims that may be made against the Customer based upon any contention by a third party that an employer-employee relationship exists by reason of this Agreement; and SunGard will indemnify the Customer for any and all federal or state withholding or retirement payments which Customer may be required to make pursuant to federal or state law.
- 4.10 Conflict of Interest.** SunGard and its partners, employees and agents will have no interest, and will not acquire any interest, direct or indirect, which will conflict in any manner or degree with the performance of Services required under this Agreement. SunGard will immediately inform the Customer in writing if SunGard or any of its employees or agents has or obtains any interest which is or could be incompatible with the interests of the Customer. SunGard (including its partners, employees and agents) will not, under circumstances which might reasonably be interpreted as an attempt to influence the recipient in the conduct of his/her duties, accept any gratuity or special favor from any person or organization related in any way to the services or work performed under this Agreement. SunGard (including its partners, employees and agents) will not offer gifts, gratuities, favors, or entertainment directly or indirectly to Customer employees.

**PROFESSIONAL SERVICES ADDENDUM TO THE SOFTWARE LICENSE AGREEMENT
FOR
CITY OF REDLANDS, CALIFORNIA**

5. INSURANCE

At all times during its performance under this Agreement, SunGard will maintain in force, from companies authorized to transact business in California, insurance in the following forms of coverage and minimum amounts specified below. Said Commercial General Liability insurance policies must contain an endorsement that the Customer is named as an additional insured with respect to the work covered hereunder and must provide sixty (60) days notice be given to the Customer prior to cancellation or material reduction in coverage of the policy. SunGard must then seek and secure replacement coverage in the same form as stated in this section within the 60 days or will be deemed in material breach of this Agreement. Should Customer secure coverage on its own so as to avoid a lapse in coverage, the full amount of the premium shall be debited from any amounts due SunGard. SunGard will provide the Customer with certificates of insurance evidencing this coverage prior to the commencement of work.

- A. WORKER'S COMPENSATION - \$1,000,000 per occurrence or an amount that meets the State of California's statutory requirements.
- B. COMPREHENSIVE GENERAL LIABILITY - \$1,000,000 per occurrence and \$2,000,000 in the aggregate for public liability, property damage, and personal injury.
- C. AUTOMOBILE LIABILITY - \$500,000 per occurrence and \$1,000,000 aggregate for damage to property and injury to persons for vehicles used in the performance of this Agreement.
- D. PROFESSIONAL LIABILITY - \$500,000 per occurrence and \$1,000,000 in the aggregate.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first written above.

SUNGARD

By

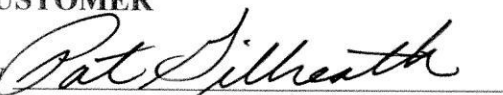

Name Bruce E. Langston

Title V.P. Finance

Date 6/12/00

CUSTOMER

By


Name Pat Gilbreath

Title Mayor

Date June 20, 2000

ATTEST:

By


Lorrie Poyzer, City Clerk

