

COUNCIL MEETING
December 6, 2011

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Communications & Information Technology and Finance - Approve purchase of annual software maintenance and support for City-wide financial system. Expenditure: \$65,293.

RECOMMENDATION

Recommendation of the Communications & Information Technology Director and Finance Director that City Council approve the purchase of annual software maintenance and support for the City-wide financial system from New World Systems of Troy, MI, in the amount of \$65,293 for the period beginning January 1, 2012, through December 31, 2012.

Funding

Funding is available in the Communications and Information Technology operating budget for FY 2011-2012.

BACKGROUND / ANALYSIS

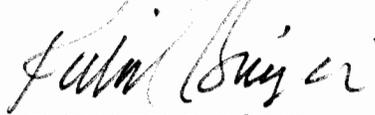
City Council authorized the purchase of a new City-wide financial system on June 13, 2006, from New World Systems. New World Systems provides a financial software suite consisting of General Ledger, Budget Management, Budget Preparation, Accounts Payable, Revenue/Cash Receipting, and several other financial management applications. The City completed the installation of New World on July 1, 2007.

The annual software maintenance and support agreement covers the period of January 1, 2012, through December 31, 2012. The 2012 cost for maintenance and support for existing software per Exhibit C of our current contract C2006-085 is \$53,095.00, a 2.5% increase over last year. In addition to this contract amount, on December 15, 2009, City Council authorized additional software support for Business Licensing and Business Analytics. On April 27, 2011, the City added 20 new Community Development users in the recently renovated One-Stop Permit Center. The 2012 cost increase for the additional software support of the Business Licensing and Business Analytics is in line

with the 2.5% increase allowed per the original contract. The new 20-user business license software support is in its first year. The total 2012 New World Systems software and maintenance support expenditure is \$65,293.00.

New World's maintenance and support provide the City with fixes, upgrades, support, and participation in user group meetings. The services provided under maintenance and support is proprietary to New World; therefore, the City cannot receive updates and enhancements from any other source. Services provided under maintenance are critical to keeping the system performing with minimal interruptions. Due to the critical nature of New World Systems being the City's financial software, it is recommended that the City Council approve the purchase of annual software maintenance and support from New World Systems.

Respectfully submitted,

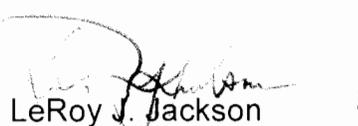


RICHARD SHIGAKI
Information Technology Director



ERIC E. TSAO
Finance Director

CONCUR:



LeRoy J. Jackson
City Manager

Attachment A: New World Systems Contract C2006-085

Attachment B: New World Contract for Business Licensing dated 12-30-2008

Attachment C: New World Contract for Business Analytics dated 11-06-2009

Attachment D: New World Contract for 20 new Business License users dated 5-09-2011



STANDARD SOFTWARE LICENSE AND SERVICES AGREEMENT

May 17, 2006

This *Standard Software License and Services Agreement* which includes the attached Exhibits ("this Agreement") is between New World Systems® Corporation ("New World"), a Michigan Corporation and City of Torrance, California, ("Customer"). This Agreement sets forth the terms and conditions under which New World will furnish the Licensed Products and will provide certain services described herein to Customer. The attached Exhibits include:

- Exhibit A LICENSED STANDARD SOFTWARE AND FEES
- Exhibit B..... INSTALLATION AND TRAINING SUPPORT SERVICES AND FEES
- Exhibit C STANDARD SOFTWARE MAINTENANCE AGREEMENT
- Exhibit D NON-DISCLOSURE AND SECURITY AGREEMENT FOR THIRD PARTIES
- Exhibit E..... DATA FILE CONVERSION ASSISTANCE
- Exhibit F..... CUSTOMER REQUESTED STANDARD SOFTWARE ENHANCEMENTS / MODIFICATIONS AND / OR CUSTOM SOFTWARE
- Exhibit G DEMONSTRATION SITE DISCOUNT

C2006-085

By signing below, each of us agrees to the terms and conditions of this Agreement together with the attached Exhibits. This Agreement contains the complete and exclusive statement of the agreement between us relating to the matters referenced herein and replaces any prior oral or written representations or communications between us. Each individual signing below represents that (s)he has the requisite authority to execute this Agreement on behalf of the organization for which (s)he represents and that all the necessary formalities have been met. If the individual is not so authorized then (s)he assumes personal liability for compliance under this Agreement.

ACKNOWLEDGED AND AGREED TO BY:

NEW WORLD SYSTEMS® CORPORATION
(New World)

By:
Larry D. Leinweber, President

CITY OF TORRANCE, CALIFORNIA
(Customer)

By:
Authorized Signature DAN WALKER, City Mayor Title

By:
Authorized Signature SUE HERBERS, CMCTitle City Clerk
Approved as to Form:

By:
John L. Fellows III, City Attorney

Date: 05-25-06

Date: 06-16-06

This Agreement is effective upon the last date as shown on this cover page.

COPY

I. DEFINITIONS

The following terms as defined below are used throughout this Agreement:

1. **"Licensed Standard Software":**
The current version of **New World** standard and development application software package(s) (in machine readable code) listed on Exhibit A. **"Development Software"** is standard application software currently under development by **New World** which, if applicable, will be completed and delivered to **Customer** as Licensed Standard Software during the term of this Agreement
2. **"Upgrades":**
Any enhanced and/or improved versions of the Licensed Standard Software provided as Licensed Standard Software under Exhibit C of this Agreement and released after the execution of this Agreement.
3. **"Licensed Custom Software":**
Any software (programs or portions of programs) developed by **New World** specifically for **Customer's** own use.
4. **"Licensed Software":**
The Licensed Standard Software (including any Development Software), Upgrades, and Licensed Custom Software provided under this Agreement
5. **"Licensed Documentation":**
New World User Manuals which includes the current specifications for the Licensed Standard Software and other written instructions relating to the Licensed Software (such as Product Bulletins, installation instructions, and training materials)
6. **"Authorized Copies":**
Except as provided in Section II, subparagraph 1.3, the only authorized copies of the Licensed Software and Licensed Documentation are the copies of each application software package defined in this Paragraph. They are:
 - (i) the single copy of the Licensed Software and the related Licensed Documentation delivered by **New World** under this Agreement; and
 - (ii) any additional copies made by **Customer** as authorized in Section II, subparagraph 1.2.
7. **"Licensed Products":**
The Licensed Software, the related Licensed Documentation, and the Authorized Copies of the foregoing.
8. **"Delivery of Licensed Standard Software":**
Licensed Standard Software will be delivered in a machine readable form on the appropriate media or via an agreed upon network connection as soon as the software is available after this Agreement is signed.
9. **"Installation of Licensed Standard Software":**
Installation of the Licensed Standard Software shall be deemed to occur upon the earlier of:
 - (a) the transfer or loading of the Licensed Standard Software onto a **Customer** server or computer, or
 - (b) thirty (30) days after delivery of the Licensed Standard Software.
10. **"Customer Liaison":**
A **Customer** employee assigned to act as liaison between **Customer** and **New World** for the duration of this Agreement. Within ten (10) days of execution of this Agreement, **Customer** shall notify **New World** of the name of the Customer Liaison.
11. **"SSMA":**
The **New World** Standard Software Maintenance Agreement as set forth in Exhibit C.
12. **"Computer":**
The .NET Server(s), to be located at:
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503
Customer shall identify in writing the serial number of the Computer within ten (10) days of receipt of the Computer or within ten (10) days of execution of this Agreement, whichever is later. If the Computer is to be relocated, **Customer** shall notify **New World** of the new location in writing prior to the relocation.
13. **"Confidential Information":**
Information disclosed or obtained by one party in connection with, and during the term of, this Agreement and designated as "Confidential" by the party claiming confidentiality at the time of disclosure. Confidential Information does not include any information which was previously known to the other party without obligation of confidence or without breach of this Agreement, is publicly disclosed either prior or subsequent to the other party's receipt of such information, or is rightfully received by the other party from a third party without obligation of confidence.
14. **"An Authorized User":**
Subject to the number of users specified in Exhibit A, any PC workstation that is connected to access the Licensed Software resident on Computer and that may be actively logged on to access the programs, interfaces, data, or files created and/or maintained by the Licensed Software.

II. GENERAL TERMS AND CONDITIONS

1.0 SINGLE USE LICENSE

- 1.1 **New World** grants **Customer** a nontransferable and nonexclusive license to use the Licensed Software only on the Computer and only for its internal processing needs. **Customer** shall have the right and license to use, enhance, or modify the Licensed Software only for **Customer's** own use and only on the Computer by an authorized user. **New World** will deliver to **Customer** one copy of each application of the Licensed Software (in machine readable form compatible with the specified

operating environment) and one copy of the related Licensed Documentation. If **Customer** fails to pay all license fees specified in Exhibit A and the applicable custom software fees, if any, **Customer** shall forfeit the right and license to use the Licensed Products and shall return them to **New World**.

- 1.2 In order to assist **Customer** in the event of an emergency, **Customer** is permitted to make up to two (2) back-up copies on magnetic media of each application of the Licensed Software and one back-up copy of the related Licensed Documentation. These Authorized Copies may be stored off-site away from **Customer's** premises as specified in the Definitions so long as they are kept in a location secure from unauthorized use. **Customer** or anyone obtaining access through **Customer** shall not copy, distribute, disseminate, or otherwise disclose to any third party the Licensed Products or copies thereof in whole or in part, in any form or media. This restriction on making and distributing the Licensed Products or copies of any Licensed Product, includes without limitation, copies of the following:
- (i) Program libraries, either source or object code;
 - (ii) Operating control language;
 - (iii) Test data, sample files, or file layouts;
 - (iv) Program listings; and
 - (v) Licensed Documentation.
- 1.3 Upon written request by **Customer**, and with written permission by **New World**, additional Authorized Copies may be made for **Customer's** internal use only.

2.0 OWNERSHIP

- 2.1 The Licensed Products and all copyright, trade secrets and other proprietary rights, title and interest therein, remain the sole property of **New World** or its licensors, and **Customer** shall obtain no right, title or interest in the Licensed Products by virtue of this **Agreement** other than the nonexclusive, nontransferable license to use the Licensed Products as restricted herein.
- 2.2 The license to use any Licensed Custom Software provided under this **Agreement**, if any, is included in this license. **New World** shall have the right to use any data processing ideas, techniques, concepts, and/or know-how acquired by it in the performance of services under this **Agreement** including the development of Licensed Custom Software for the advancement of its own technical expertise and the performance of other Software License and Service Agreements or any other applicable agreements. **New World** shall have, without restriction, the right to use all programs, procedures, information, and techniques that are publicly available, obtained or obtainable from third parties and/or developed independently by **New World** without specific reference to **Customer's** organization.

3.0 CORRECTION AND SOFTWARE MAINTENANCE ON STANDARD SOFTWARE

- 3.1 For a warranty period of one hundred eighty (180) days after the date the Licensed Standard Software is delivered to **Customer** and during the term of **Customer's** SSMA (see Exhibit C), **New World** provides software correction service and maintenance for the Licensed Standard Software. See Exhibit C for a description of the warranty period, the services available, the applicable fees and procedures, and the SSMA start date.

4.0 WARRANTIES

- 4.1 **New World** warrants that the Licensed Standard Software will perform as specified in its user manuals based on the then-current release of the Licensed Standard Software.
- 4.2 **New World** warrants that it possesses the necessary intellectual rights to license to **Customer** the Licensed Software provided hereunder.

The foregoing warranties do not apply if the Licensed Product(s) have been modified by any party other than **New World**. **New World** does not warrant that the features or functions of the Licensed Software will meet **Customer's** requirements or in any combination or use **Customer** selects. EXCEPT AS SPECIFICALLY PROVIDED IN THIS PARAGRAPH 4.0, **NEW WORLD** MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE LICENSED PRODUCTS' CONDITION, ITS MERCHANTABILITY, ITS FITNESS FOR A PARTICULAR PURPOSE, OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE.

5.0 *INSTALLATION AND TRAINING SUPPORT SERVICES*

5.1 As provided for in Exhibit B and concurrent with timely payments, **New World** shall make available to **Customer** qualified representative(s) who will provide installation and training support services for each application of the Licensed Software delivered. See Exhibit B for a description of the services provided and the applicable fees and procedures.

6.0 *CUSTOMER LIAISON AND CUSTOMER RESPONSIBILITIES*

The successful implementation of the Licensed Products into **Customer's** environment requires **Customer's** commitment to and cooperation in the implementation process. Accordingly, **Customer** hereby agrees to the following:

- 6.1 **Customer** understands that the Licensed Software is designed to run in a specified operating environment which includes hardware, software and related equipment not provided by **New World**. **Customer** is responsible for assuring that the appropriate hardware equipment, related components and all cabling are installed timely and are suitable for the successful installation of the Licensed Software.
- 6.2 **Customer** agrees to provide the management interface and support necessary to successfully complete the implementation of the Licensed Software. This support includes upper level priority setting and timely involvement during and after a change in **Customer's** organization, **Customer's** operations and/or after changes in **Customer's** internal policies or procedures which directly affect the software implementation.
- 6.3 **Customer** shall assign an upper level employee to serve as the Customer Liaison for the duration of the Licensed Software implementation. If **Customer** must replace the Customer Liaison for reasons beyond its control, **Customer** will assign a new Customer Liaison as soon as reasonably possible. **New World** is not responsible for any delay caused directly or indirectly by the reassignment of the Customer Liaison. In addition to other duties and responsibilities, the Customer Liaison shall:
- (i) provide timely answers to **New World's** requests for information;
 - (ii) coordinate a mutually agreeable training schedule;
 - (iii) have authority to sign for and obligate **Customer** to any matters relating to service requests, design documents, performance test documents and/or delivery and service dates;
 - (iv) in situations where **Customer** participation is required, provide timely input for systems definition, detail design, and use of the software system.
- 6.4 **Customer** is responsible for creating and maintaining its master files, tables and the like which includes accurate data entry, accurate file editing and overall file control to assure successful systems performance.
- 6.5 **Customer** shall provide qualified personnel with sufficient backup to be trained to use the Licensed Software and to interpret the output. Applying the output information in **Customer's** environment is **Customer's** sole responsibility.

7.0 *BILLING AND ADDITIONAL AUTHORIZED USER CHARGES*

- 7.1 The attached Exhibits set forth the manner in which fees and payments shall be allocated and made under this **Agreement**. Past due amounts are subject to a service charge of 1.5% per month, which charge **Customer** agrees to pay. To the extent **Customer** imposes additional requirements on **New World** for services other than those expressly provided in this **Agreement**, **New World** retains the right to make additional price adjustments and/or any other adjustments that may be necessitated. Before performing these additional services, **New World** will notify **Customer** that the services are subject to additional charge(s). No work will commence until mutually agreed upon in writing and signed by both parties.
- 7.2 If **Customer** wishes to add additional authorized users beyond the number(s) specified on Exhibit A, **Customer** agrees to pay the additional user fees at the then current user-based prices in effect. SSMA fees shall be increased according to the upgraded user-based charges on the next annual billing date after the additional authorized users are added. With said payments, the license provided in Section II, Paragraph 1.0 permits **Customer's** use of the Licensed Software for the specified users.
- 7.3 **Customer** shall notify **New World** if additional authorized users need to be added to access the Licensed Software and will pay the additional authorized user fees promptly when invoiced.

7.4 Any taxes or fees imposed from the course of this **Agreement** are the responsibility of the **Customer** and **Customer** agrees to remit when imposed. If an exemption is claimed by the **Customer**, an exemption certificate must be submitted to **New World**.

8.0 *NON-RECRUITMENT OF PERSONNEL*

8.1 During the term of this **Agreement** and for twenty-four (24) months thereafter, **Customer** agrees not to solicit or hire current **New World** employees without prior written consent.

9.0 *CONFIDENTIAL INFORMATION / NON-DISCLOSURE AGREEMENT*

9.1 Subject to the requirements of the Freedom of Information Act (FOIA) and/or other comparable applicable state law, each party shall hold all Confidential Information in trust and confidence for the party claiming confidentiality and not use such Confidential Information other than for the benefit of that party. The other party agrees not to disclose any such Confidential Information, by publication or otherwise, to any other person or organization. The obligations of Paragraph 9.0 shall not apply to any Confidential Information which the **Customer** can demonstrate:

- (i) Is or becomes available to the public through no breach of this **Agreement**;
- (ii) Was previously known by the **Customer** without any obligation to hold it in confidence;
- (iii) Is received from a third party free to disclose such information without restriction;
- (iv) Is independently developed by the **Customer** without the use of Confidential Information of **New World**;
- (v) Is approved for release by written authorization of **New World**, but only to the extent of such authorization;
- (vi) Is required by law, regulation, court order, or subpoena from a governmental body or regulatory agency to be disclosed, but only to the extent and for the purposes of such required disclosure only if the **Customer** first notifies **New World** of the requirement for disclosure and cooperates with **New World** in any efforts to seek an appropriate protective requirement, at **New World's** expense.

9.2 **Customer** hereby acknowledges and agrees that all Licensed Products are Confidential Information and proprietary to **New World**. In addition to the other restrictions set forth elsewhere in this **Agreement** or otherwise agreed to in writing, **Customer** agrees to implement all reasonable measures to safeguard **New World's** proprietary rights in the Licensed Products, including without limitation the following measures:

- (i) **Customer** shall only permit access to the Licensed Products to those employees who require access and only to the extent necessary to perform **Customer's** internal processing needs.
- (ii) With respect to agents or third parties, **Customer** shall permit access to the Licensed Products only after **New World** has received, approved and returned a fully executed Non-Disclosure Agreement to **Customer** (see Exhibit D). **New World** reserves the right to reasonably refuse access to a third party after it has evaluated the request. **Customer** agrees to provide information reasonably requested by **New World** to assist **New World** in evaluating **Customer's** request to permit third party access to the Licensed Products. In addition to any other remedies, **New World** may recover from **Customer** all damages and legal fees incurred in the enforcement of this provision on third party access;
- (iii) **Customer** shall cooperate with **New World** in the enforcement of the conditions set forth in the attached Non-Disclosure Agreement or any other reasonable restrictions **New World** may specify in writing in order to permit access;
- (iv) **Customer** shall not permit removal of copyright or confidentiality labels or notifications from its proprietary materials; and
- (v) **Customer** shall not attempt to disassemble, decompile or reverse engineer the Licensed Software.

- 9.3 **Customer** agrees that in addition to any other remedies that may be available at law, equity or otherwise, **New World** shall be entitled to seek and obtain a temporary restraining order, injunctive relief, or other equitable relief against the continuance of a breach or threatened breach of this paragraph 9.0 on Confidentiality and Non-Disclosure without the requirement of posting a bond or proof of injury as a condition for the relief sought.

10.0 LIMITATION OF LIABILITY AND RECOVERABLE DAMAGES

New World's entire liability and **Customer's** exclusive remedies are set forth below:

- 10.1 For any claim relating to the non-conformance or imperfection of any licensed software provided under this **Agreement**, **New World** will correct the defect so that it conforms to the warranties set forth in Section II, subparagraph 4.1; or if after repeated attempts to correct the non-conformity, **New World** is unable to correct the non-conformity, then **Customer** may recover its actual damages subject to the limits set forth in subparagraph 10.2 below. For any other claim arising under or in connection with this **Agreement**, **Customer** may recover its actual damages subject to the limits set forth in subparagraph 10.2 below.
- 10.2 **New World's** liability for damages, regardless of form of action, is limited to the recovery of direct damages up to the Exhibit A Licensed Standard Software fees paid to **New World**.
- 10.3 In no event shall **New World** be liable for any damages relating to **Customer's** failure to perform its responsibilities or for loss of use, revenue or profits, or for any incidental or consequential damages, even if **New World** has been advised of the possibility of such damages. If it is determined that a limitation of liability or a remedy contained herein fails of its essential purpose, then the parties agree that the exclusion of incidental and/or consequential damages is still effective.

11.0 INTEGRATION WITH U.S. COPYRIGHT ACT

- 11.1 In addition to all other provisions provided under this **Agreement**, **Customer** agrees to be bound by and to comply with any and all provisions of the U.S. Copyright Act (*The Copyright Act of 1976, U.S.C. Sections 101-810 (1976) as amended*). If a provision of the U.S. Copyright Act and this **Agreement** conflict, the more restrictive of the two applies. If it cannot be determined which is the more restrictive, then the provision within this **Agreement** shall apply.

12.0 INDEPENDENT CONTRACTOR

- 12.1 **New World** is an independent contractor. The personnel of one party shall not in any way be considered agents or employees of the other. To the extent provided for by law, each party shall be responsible for the acts of its own employees.
- 12.2 Each party shall be responsible for Workers' Compensation coverage for its own personnel.

13.0 INSURANCE REQUIREMENTS

New World shall not commence work under this **Agreement** until it has obtained the insurance required under this paragraph.

- 13.1 **Workers' Compensation Insurance:** **New World** shall procure and maintain during the term of this **Agreement**, Workers' Compensation Insurance for all of its employees who engage in the work to be performed.
- 13.2 **Liability and Property Insurance – Comprehensive Form:** **New World** shall procure and maintain during the term of this **Agreement**, Liability and Property Damage Insurance in an amount not less than \$1,000,000 on account of each accident; and in an amount not less than \$1,000,000 for each accident for damage to property.
- 13.3 **Automobile Liability Insurance:** **New World** shall procure and maintain during the term of this **Agreement**, Hired and Non-Ownership Motor Vehicle Bodily Injury and Property Damage Insurance in an amount not less than \$500,000 for injuries, including accidental death, to each person; and, subject to the same limit for each person, in an amount not less than \$500,000 for each accident; and in an amount not less than \$500,000 on account for each accident for damage to property.

14.0 DISPUTE RESOLUTION BY ARBITRATION

- 14.1 Except for matters in which the dispute relates to a breach of the provisions set forth in Section II, Paragraphs 8.0 (employee non-recruitment) or 9.0 (non-disclosure or confidentiality), any controversy or claim arising out of or relating to this **Agreement**, or breach thereof, shall be settled in arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
- 14.2 Before a demand for arbitration may be filed by either party, the management of both parties shall have met at least two times in face-to-face meetings in an effort to resolve any dispute or controversy through normal business management practices. Unless otherwise agreed to in writing, a minimum of one meeting shall take place at each party's home office location.
- 14.3 The arbitrator(s) shall have no power or authority to add to or detract from this **Agreement** of the parties. The arbitrator(s) shall have no authority to award damages over and above those provided for in this **Agreement** and in any event shall not exceed the limitations set forth in Section II, subparagraph 10.2, even if the remedy or limitation of liability provisions set forth in this **Agreement** shall for any reason whatsoever be held unenforceable or inapplicable.
- 14.4 Neither party nor the arbitrator(s) may disclose the existence or results of any arbitration hereunder, except if the arbitration results in a Court imposed judgment, the non-disclosure restriction shall not be effective to the extent the matter becomes a public record.
- 14.5 Each party shall bear its own costs in preparing for and conducting arbitration, except that the joint costs, if any, of the actual arbitration proceeding shall be shared equally by the parties.

15.0 TERMINATION

- 15.1 **By Customer:** If **New World** fails to provide the Licensed Software as warranted in accordance with the terms of this **Agreement**, **Customer** may at its option terminate this **Agreement** with ninety (90) days written notice as follows:
- (i) The termination notice shall provide a detailed description (with examples) of any warranty defects claimed;
 - (ii) **New World** shall have ninety (90) days from receipt of said notice to correct any warranty defects in order to satisfy the terms of this **Agreement**;
 - (iii) During the ninety (90) day cure period, **Customer** shall apply sound management practices and use its best efforts to resolve any issues or obstacles – including cooperating with **New World** and reassigning personnel if necessary to improve the working relationship;
 - (iv) At the end of ninety (90) days unless the termination has been revoked in writing by **Customer**, the **Agreement** terminates.
- 15.2 **By New World:** If **Customer** fails to make prompt payments to **New World** when invoiced, or if **Customer** fails to fulfill its responsibilities outlined in Section II, Paragraph 6.0, then **New World** may at its option terminate this **Agreement** with written notice as follows:
- (i) The termination notice shall define the reason for termination;
 - (ii) If the cited reason for termination is **Customer's** failure to make prompt payment, **Customer** shall have ten (10) days from receipt of said notice to make payment in full for all outstanding invoiced payments due;
 - (iii) If the cited reason for termination is **Customer's** failure to fulfill its responsibilities, **Customer** shall have ninety (90) days from receipt of said notice to correct any actual deficiencies in order to satisfy the terms of this **Agreement**;
 - (iv) During the applicable cure period, **New World** will use sound management practices and its best efforts to resolve any issues or obstacles – including the reassignment of personnel if necessary to improve the working relationship;
 - (v) At the end of the applicable cure period, unless the termination has been revoked in writing by **New World**, the **Agreement** terminates.

- 15.3 In the event of termination by either party, **New World** shall continue to provide its services, as previously scheduled, through the termination date and the **Customer** shall continue to pay all fees and charges incurred through the termination date as provided in the attached Exhibits.
- 15.4 Upon termination under subparagraph 15.1, **Customer** shall return to **New World** all copies of each application of Licensed Software and related Licensed Documentation provided to **Customer** under this **Agreement**.
- 15.5 Nothing in this paragraph on termination is intended to infer that either party has or does not have a claim for damages.
- 15.6 The Terms and Conditions relating to ownership, warranties, non-recruitment of personnel, confidentiality and non-disclosure, limitation of liability and recoverable damages, Copyright Act, dispute resolution and the General provisions (18.0), survive termination.

16.0 *PATENT AND TRADEMARK INDEMNIFICATION*

New World agrees to indemnify and save the **Customer** harmless from and against any and all judgments, suits, costs, and expenses subject to the limits set forth in this **Agreement** resulting from any alleged infringement of any patent or copyright arising from the licensing of the Licensed Standard Software pursuant to this **Agreement**, provided that **Customer** has notified **New World** in writing of such allegation within thirty (30) days of the date upon which the **Customer** first receives notice thereof. **New World's** obligation to indemnify and save **Customer** harmless under this paragraph is void if the claim of infringement arises out of or in connection with any modification made to the Licensed Standard Software or any use of the Licensed Standard Software not specifically authorized in writing by **New World**.

17.0 *NOTICES*

- 17.1 Notices to **Customer** shall be deemed effective when sent by Registered or Certified U.S. Mail to the business address of the **Customer**.
- 17.2 Notices to **New World** shall be deemed effective when sent by Registered or Certified U.S. Mail to the following address (or to any other address so specified by **New World**):
 New World Systems Corporation
 888 West Big Beaver, Suite 600
 Troy, Michigan 48084
 Attention: President

18.0 *GENERAL*

- 18.1 This **Agreement** is the entire agreement between the parties superseding all other communications, written or oral, between the parties relating to the subject matter of this **Agreement**. **This Agreement may be amended or modified only in writing signed by both parties.**
- 18.2 This **Agreement** is governed by the laws of the State of California and it shall be binding on the successors and assigns of the parties. Subject to the provisions of Paragraph 14, jurisdiction of any litigation arising from the **Agreement** will be in Los Angeles County, California.
- 18.3 Failure to enforce any provision of this **Agreement** shall not be deemed a waiver of that provision or any other provision of this **Agreement**.
- 18.4 No action, regardless of form, arising out of the services performed or Licensed Products delivered hereunder, may be brought by either party more than one (1) year after the cause of action has occurred except that an action for non-payment of fees may be brought within two (2) years of the date the payment was due.
- 18.5 The paragraph headings which appear herein are included solely for convenience and shall not be used in the interpretation of this **Agreement**. Any provision of this **Agreement** determined to be invalid or otherwise unenforceable shall not affect the other provisions, which other provisions remain in full force and effect.

EXHIBIT A
LICENSED STANDARD SOFTWARE AND FEES

1. License Fee for Licensed Standard Software And Documentation Selected By Customer:

LOGOS.NET STANDARD APPLICATION SOFTWARE^{1,2,3}		
ITEM	DESCRIPTION	INVESTMENT
	FINANCIAL MANAGEMENT	(Users included - 300) ⁴
1.	Logos.NET Financial Management Base Suite	\$90,000
	- General Ledger	
	- Budget Management	
	- Annual Budget Preparation	
	- Accounts Payable Module	
	- Revenue/Cash Receipting	
2.	Logos.NET Additional Financial Management Software	
	- Asset Management	11,000
	- Grant Management	11,000
	- Project Accounting	11,000
	- Misc. Billing & Receivables	11,000
	- Government (GASB) Reporting	26,000
	- Financial Report Writer ⁵	8,000
	- Bank Reconciliation	8,000
3.	Expanded Revenue Collections	
	- 3rd Party Receivables Interface (Batch)	11,000
4.	Logos.NET Procurement Management Suite	
	- Purchasing Base	26,000
	- Requisition Processing	11,000
	- Bid & Quote Management	11,000
	- Contract Accounting	11,000
	eSUITE	
5.	Logos.NET eSuite Base Software	8,000
6.	Logos.NET eFinance	
	- eSupplier	5,000
	NEW WORLD STANDARD SOFTWARE LICENSE FEE	\$259,000
	Less: Demonstration Site Discount if Contract Signed before June 20, 2006.	(46,620)
TOTAL SOFTWARE LICENSE FEE^{6,7}		\$212,380

Exhibit A / LICENSED STANDARD SOFTWARE AND FEES

ENDNOTES

- ¹ *Personal Computers must meet the minimum hardware requirements for New World Systems' Logos.NET product. Microsoft Windows 2000 or Windows/XP with IE 6.0 are the required operating systems for all client machines. Windows 2000 Server is required for the Application Server(s), Web Server(s) and Database Server. SQL Server 2000 is required for the Database Server.*
- ² *New World Systems Logos.NET product requires Microsoft Windows 2000 Server and SQL Server 2000 including required Client Access Licenses (CALs) for applicable Microsoft products. Servers must meet minimum hardware requirements provided by New World Systems.*
- ³ *Suggested minimum: 100MB Ethernet Network. 10MB CAT5 Ethernet Network may have less than adequate response time. Further consultation would be required to assess your network.*
- ⁴ *Additional cost per group of 5 for standard user is \$5,000. Additional cost per limited user is \$500 each.*
- ⁵ *Requires a Third Party writing tool. New World recommends Crystal Reports 8.5 or greater, not included in this proposal. However, several other tools may be utilized that support an ODBC connection.*
- ⁶ *Prices assume that all software proposed is licensed.*
- ⁷ *Any taxes or fees imposed are the responsibility of the purchaser and will be remitted when imposed.*

Exhibit A / LICENSED STANDARD SOFTWARE AND FEES

2. License Fee Payment Schedule for Licensed Standard Software and Documentation

a)	DOWN PAYMENT 40% of the total Exhibit A cost [Invoiced upon receipt of signed <i>Standard Software License and Services Agreement.</i>]	\$84,952
b)	DELIVERY PAYMENT 50% of each application cost [Invoiced as each Exhibit A Licensed Standard Software package is delivered to Customer.]	\$106,190
c)	FINAL PAYMENT 10% of each application cost [Invoiced ninety (90) days after delivery of each Licensed Standard Software package.]	\$21,238
	TOTAL LICENSED STANDARD SOFTWARE PAYMENTS DUE.....	<u>\$212,380</u>

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE

PRICING VALID THROUGH JUNE 20, 2006.

EXHIBIT B
PROJECT MANAGEMENT, INSTALLATION AND
TRAINING SUPPORT SERVICES AND FEES

1. Project Management Services

New World shall act as Project Manager to assist Customer's management in implementing the Exhibit A software. This responsibility will include documenting, coordinating and managing the overall Implementation Plan with Customer's management and the Customer Liaison. Project Management Services include:

- a) a summary level Implementation Plan;
- b) a detail level Implementation Plan;
- c) revised Implementation Plans (if required);
- d) monthly project status reports; and
- e) project status meetings
 - a project review (kickoff) meeting at Customer's location
 - progress status meeting(s) will occur during implementation via telephone conference or at Customer's location; and
 - a project close-out meeting at Customer's location to conclude the project.

To implement the Exhibit A applications, the Project Management fee will be \$22,000.

2. Implementation and Training Support Hours Recommended

It is recommended that appropriate support hours are allocated for all License Standard Software listed in Exhibit A to insure successful implementation and training on each application package. Based on the Licensed Standard Software listed on Exhibit A, 600 hours of New World implementation and training support services have been allocated. Implementation and training hours are not to exceed 600 hours unless mutually agreed upon by both parties in writing as provided under Section 18.1 of the General Terms and Conditions of this Agreement. Avoiding or minimizing custom or modified features will aid in keeping the support costs to the amount allocated. Customer agrees to reimburse New World for support trips canceled by Customer less than ten (10) days before the scheduled start date to cover New World's out-of-pocket costs and lost revenues. In the event New World cancels a trip less than ten (10) days before the scheduled start date, New World agrees to cover the out-of-pocket expenses incurred by Customer. The recommended implementation and training support services include:

- a) implementation of each package of Licensed Standard Software; and
- b) Customer training and/or assistance in testing for each package of Licensed Standard Software.

The project management, implementation and training support services are performed at Customer's premises and/or at New World national headquarters in Troy, Michigan (e.g., portions of project management are performed in Troy).

3. Other Installation Service Fees

A flat rate fee is charged for quality assurance of the Customer's existing .Net Server(s). This fee does not include hardware and/or third-party product costs. Whenever possible, this work will be done remotely, resulting in savings in travel costs. If an on-site installation review is required, Customer will be responsible for the actual travel costs.

a) Hardware Quality Assurance Fee	\$6,000
TOTAL QUALITY ASSURANCE SERVICE FEES	<u>\$6,000</u>

Exhibit B / PROJECT MANAGEMENT, INSTALLATION AND TRAINING SUPPORT SERVICES AND FEES

4. Support Service Fees Estimate

The 600 hours of installation and training support services cost has been calculated using a rate of \$130 per hour. Additional services are also available at the rate of \$130 per hour. This rate is protected for two years from the date **New World** executes this **Agreement**. After two years, **Customer** shall pay the then-current hourly rate for all Exhibit B support services rendered.

Based on the services suggested above, the Project Management, Installation and Training Support Services and Quality Assurance Services costs will be a total of \$106,000. (Plus all actual and reasonable travel expenses incurred by **New World** divided proportionately between all **New World** customers visited on a single trip and actual employee travel time for Installation and Training up to but not exceeding four (4) hours per **Customer** visit.)

5. Additional Services Available

Other **New World** services may be required or requested for the following:

- a) additional software training;
- b) tailoring of Licensed Standard Software by **New World** technical staff and/or consultation with **New World** technical staff;
- c) **New World** consultation with other vendors or third parties;
- d) modifying the Licensed Standard Software;
- e) designing and programming custom software; and
- f) maintaining modified Licensed Standard Software and/or custom software.

Customer may request these additional services in writing using **New World's** Request For Service (RFS) procedure (or other appropriate procedures mutually agreed upon by **Customer** and **New World**).

6. Payments for Project Management Services

Project Management Services will be billed as follows:

a) Day 10 after Agreement signed	\$6,600
b) Day 90 after Agreement signed	6,600
c) Day 180 after Agreement signed	6,600
d) Upon project completion or 365 days after Agreement signed, whichever comes first.	2,200
TOTAL PROJECT MANAGEMENT SERVICES FEE	<u>\$22,000</u>

7. Payments for Other Installation Services

Hardware Quality Assurance Services will be billed as follows:

a) 50% of the total amount is due upon Agreement being signed	\$3,000
b) 50% of the total amount is due upon completion of Quality Assurance	\$3,000
TOTAL HARDWARE QUALITY ASSURANCE SERVICES FEE	<u>\$6,000</u>

Exhibit B / PROJECT MANAGEMENT, INSTALLATION AND TRAINING SUPPORT SERVICES AND FEES**8. Payments for Installation and Training Support Services and Travel Costs**

All hours for installation and training support services and all travel costs will be billed weekly for services provided in the previous calendar week.

Note: Any taxes imposed from the course of this **Agreement** are the responsibility of the **Customer** and **Customer** agrees to remit when imposed. If an exemption is claimed by the **Customer**, an exemption certificate must be submitted to **New World**.

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE.

EXHIBIT C
STANDARD SOFTWARE MAINTENANCE AGREEMENT

This Standard Software Maintenance Agreement (SSMA) between **New World Systems Corporation (New World)** and **City of Torrance, California, (Customer)** sets forth the standard software maintenance support services provided by **New World**.

1. Warranty Period and Service Period

The warranty period shall begin on the delivery date of the Licensed Standard Software and end one-hundred-eighty (180) days after the delivery date.

This SSMA shall remain in effect for a period of ten (10) years beginning on the 181st day after the delivery of the Licensed Standard Software to **Customer** (the start date) and ending on the same calendar date ten (10) years after the start date.

2. Services Included

The following services or features are available under this SSMA:

- a) upgrades, including new releases, to the Licensed Standard Software (prior releases of Licensed Standard Software application packages are supported no longer than nine (9) months after a new release is made commercially available by **New World**);
- b) temporary fixes to Licensed Standard Software (see paragraph 6 below);
- c) revisions to Licensed Documentation;
- d) reasonable telephone support for Licensed Standard Software on Monday through Friday from 8:00 a.m. to 8:00 p.m. (Eastern Time Zone); and
- e) invitation to and participation in user group meetings.

After installation, **Customer** shall return any magnetic media to **New World**.

Additional support services are available as requested by **Customer** using the then-current hourly rates or applicable fees. Exhibit B has a description of support services available.

3. Maintenance for Modified Licensed Standard Software and Custom Software

Customer is advised that if it requests or makes changes or modifications to the Licensed Standard Software, these changes or modifications (no matter who makes them) make the modified Licensed Standard Software more difficult to maintain. If **New World** agrees to provide maintenance support for Custom Software or Licensed Standard Software modified at **Customer's** request, or for prior releases of **New World's** software, then the additional **New World** maintenance or support services provided shall be billed at the then-current Exhibit B hourly fees plus reasonable expenses.

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Exhibit C / STANDARD SOFTWARE MAINTENANCE AGREEMENT**4. Billing**

Maintenance costs will be billed annually, beginning on the 181st day after delivery of the Licensed Standard Software and on the same day each year thereafter for the term of the SSMA. (Any Exhibit B support or service hours and travel costs incurred are billed weekly for the previous calendar week.)

5. Additions of Software to Maintenance Agreement

Additional Licensed Standard Software licensed from **New World** will be added to the SSMA one-hundred-eighty (180) days after it is delivered to **Customer's** location. Costs for the maintenance for the additional software will be billed to **Customer** on a pro rata basis for the remainder of the maintenance year and on a full year basis thereafter.

6. Requests for Software Correction on Licensed Standard Software

At any time during the one-hundred-eighty (180) day warranty period or during the SSMA period, if **Customer** believes that the Licensed Standard Software does not conform to the current specifications set forth in the user manuals, **Customer** must notify **New World** in writing that there is a claimed defect and specify which feature and/or report it believes to be defective. Before any notice is sent to **New World**, it must be reviewed and approved by the Customer Liaison. Documented examples of the claimed defect must accompany each notice. **New World** will review the documented notice and when a feature or report does not conform to the published specifications, **New World** will provide software correction service at no charge. (See paragraph 4.0 of the General Terms and Conditions of this **Agreement** for the **New World** warranties provided). A non-warranty request is handled as a billable Request For Service (RFS) (see Exhibit B).

The no-charge software correction service does not apply to any of the following:

- a) situations where the Licensed Standard Software has been changed by anyone other than **New World** personnel;
- b) situations where **Customer's** use or operations error causes incorrect information or reports to be generated; and
- c) requests that go beyond the scope of the specifications set forth in the current User Manuals.

7. Maintenance Costs for Licensed Standard Software Packages Covered for .NET Server(s)

New World agrees to provide software maintenance at the costs listed below for the following **New World** Licensed Standard Software packages installed at **Customer's** location:

<u>Application Packages</u>	<u>Number of Modules</u>
1) Logos.NET Financial Management Base Suite	5
2) Logos.NET Additional Financial Management Software	7
3) Logos.NET Expanded Revenue Collections	1
4) Logos.NET Procurement Management Suite	4
5) Logos.NET eSuite Base Software	1
6) Logos.NET eFinance	1

Exhibit C / STANDARD SOFTWARE MAINTENANCE AGREEMENT

NEW WORLD LICENSED STANDARD SOFTWARE LIST COST **\$259,000**

Annual Maintenance Cost (10-Year Plan, Billed Annually)

Warranty Period	180 Days	
Year 1	41,440	2006
Year 2	44,030	2007
Year 3	46,620	2008
Year 4	49,210	2009
Year 5	51,800	2010
Year 6	53,095	2011
Year 7	54,390	2012
Year 8	55,685	2013
Year 9	56,980	2014
Year 10	58,275	2015

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE.

EXHIBIT D
NEW WORLD SYSTEMS CORPORATION
NON-DISCLOSURE AND SECURITY AGREEMENT FOR THIRD PARTIES

This Agreement, when accepted and executed by New World, grants the undersigned the permission to use and/or have limited access to certain New World Systems® Corporation (New World) proprietary and/or confidential information.

Installed At: City of Torrance
Customer Name

Located At: 3031 Torrance Boulevard
Torrance, CA 90503

Authorized Signature of Customer:

Name (Please Print or Type)	Title	Signature

In exchange for the permission to use or have access to New World proprietary and/or confidential information, including without limitation, New World software and/or documentation, the organization and individual whose names appear below, agree to the following:

1. No copies in any form will be made of New World proprietary or confidential information without the expressed written consent of New World's President, including without limitation, the following:
 - a) Program Libraries, whether source code or object code;
 - b) Operating Control Language;
 - c) Test or Sample Files;
 - d) Program Listings;
 - e) Record Layouts;
 - f) All written confidential or proprietary information originating from New World including without limitation, documentation, such as user manuals and/or system manuals; and/or
 - g) All New World Product Bulletins and/or other New World Product related materials.

2. New World software, New World documentation, or other proprietary or confidential information shall not be used for any purpose other than processing the records of the Customer identified above as permitted in the Customer's Standard Software License and Services Agreement with New World.

3. The undersigned agree(s) that this Agreement may be enforced by injunction in addition to any other appropriate remedies available to New World. If it is determined that the money damages caused by the undersigned's failure to comply with the foregoing terms are difficult to ascertain, they are hereby estimated at liquidated damages of no less than three times the then-current License Fees for the License Software provided to Customer under the Standard Software License and Service Agreement between Customer and New World.

Agreed and Accepted by Third Party (Organization)

Organization: _____

By: _____

Title: _____

Date: _____

Agreed and Accepted by Third Party (Individual)

Individual: _____

By: _____

Title: _____

Date: _____

Accepted and Approved by New World Systems Corp.

By: _____

Title: _____

Date: _____

EXHIBIT E
DATA FILE CONVERSION ASSISTANCE

New World will provide conversion assistance to **Customer** to help convert the existing data files specified below. If additional files are identified after contract execution, estimates will be provided to **Customer** prior to **New World** beginning work on those newly identified files.

General

1. This conversion effort includes data coming from one unique database or source, not multiple sources.
2. No data cleansing, consolidation of records, or editing of data will be part of the data conversion effort. Any data cleansing, removal of duplicate records, or editing must take place by **Customer** prior to providing the data to **New World**.

New World Responsibilities

1. **New World** will provide the data conversion programs to convert **Customer's** data from a single data source to the **New World Licensed Standard Software** for the specified files that contain 500 or more records.
2. **New World** will provide **Customer** up to 2 runs of the converted data. Additional runs requested may/will require additional conversion costs.
3. As provided in the approved project plan for conversions, **New World** will schedule a conversion analysis trip and a separate data conversion testing trip to **Customer's** location. The conversion testing trip will be part of delivering the conversion programs to **Customer**.
4. **New World** will create and provide **Customer** with a conversion design document for signoff prior to beginning development work on the data conversion. No conversion programming by **New World** will commence until **Customer** approves this document.

Customer Responsibilities

1. Up to seven (7) discrete data files from **Customer's** current database are included in this conversion. **Customer** will provide a list of discrete data files with descriptions of fields or data elements in each file.
2. Data will be submitted to **New World** in EBCDIC or ASCII format with a fixed field, fixed record length and fixed block format, with coma delimiters on the following media types: DVD, CD, 3 ½ inch disk, or 8 mm tape.
3. Data files submitted must include an accurate count of records contained in the file. **Customer** understands that files or tables containing less than 500 records or table entries will not be converted.
4. A data dictionary (data descriptors) containing all data elements must be provided to **New World** for each file submitted with the media.
5. As provided in the project plan for conversions, **Customer** will provide a dedicated resource in each application area to focus on conversion mapping and testing. This includes dedicating a support person(s) whenever **New World** staff is on site regarding conversions. Roughly a one to one ratio exists for **Customer** commitment and the **New World** commitment. **Customer** understands that thorough and timely testing of the converted data by **Customer** personnel is a key part of a successful data conversion.
6. **Customer** agrees to review and signoff on both the conversion design document within four weeks, and on the final conversions after appropriate review within four weeks.

Exhibit E / DATA FILE CONVERSION ASSISTANCE

Files to be converted:

Financial Management Files (From a single source)	Estimated Record Count
• <i>Vendor Information</i>	<i>750,000</i>
• <i>Purchase Order History</i>	<i>750,000</i>
• <i>Accounts Payable History</i>	<i>750,000</i>
• <i>Misc Billing (AR) Customers Information</i>	<i>750,000</i>
• <i>Misc Billing (AR) Invoice History</i>	<i>750,000</i>
• <i>Asset Management (Fixed Assets)</i>	<i>750,000</i>
• <i>General Ledger Transaction File</i>	<i>750,000</i>

Customer Investment

a) DOWN PAYMENT (40% - due upon execution of Agreement)	\$8,400
b) ANALYSIS PAYMENT (30% - due upon delivery of conversion design document to Customer)	\$6,300
c) DELIVERY PAYMENT (30% - due upon delivery of converted data)	\$6,300

TOTAL PAYMENTS DUE FOR DATA FILE CONVERSION (Exhibit E) \$21,000

Note: Where applicable, travel costs for **New World** employees to complete the tasks for Exhibit E services are billed under the provisions of Exhibit B services. All travel to be mutually agreed upon by **Customer** and **New World**.

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE

EXHIBIT F
CUSTOMER REQUESTED STANDARD SOFTWARE ENHANCEMENTS / MODIFICATIONS AND / OR
CUSTOM SOFTWARE

1. Definition of Project

New World will provide the **Customer** requested Standard Software Enhancements and/or Custom Software as discussed below to address the **Customer's** requirements. **Customer** agrees to cooperate in not making modifications and enhancements too extensive as defined in the 2(b)(1) procedure below.

Capabilities included in Fixed Cost under 3(a) and 3(b) below:

- a) Enhancements / Modifications to Exhibit A Software
 - (1) - Enhance workflow processing in requisitions to accommodate **Customer's** unique dollar threshold requirements.
 - (2) - Add a limited number of user defined fields to four Exhibit A Financial modules
 - (3) - Develop receiver workflow rules for vendor assignment to Accounts Payable staff.
 - (4) - Develop dollar day averaging and interest allocation process for selected investments.
 - (5) - Add fields to store and view up to 10 buckets in budget module.
 - (6) - Ability to store and view the future year project budget.

- b) Custom Software/Interfaces
 - (1) 3rd Party Receivable - One-way interface to receive data from Quadrant Cashier System

With **New World** providing consultation, **Customer** is responsible for obtaining technical contacts and/or technical specifications from the third parties involved.

2. Methodology to Provide Enhancements and/or Custom Software

a) Definition of New World's Responsibility

This project includes the following activities to be performed by **New World**.

- (1) Review of required features with **Customer**. Only items identified in Paragraph 1 above will be provided in this implementation plan.
- (2) Preparation of Software Specifications Design Document (SSDD) to include:
 - menu samples
 - screen samples
 - report samples
- (3) Programming and programming test.
- (4) On-site training, testing and/or other support services using Exhibit B rates and fees.

For modification requiring over fifty (50) hours of work, **New World** utilizes a design document procedure [see 2(b)(1) below]. For smaller modifications, **New World** uses a Request For Service (RFS) procedure. Both procedures are reviewed with **Customer** at a pre-installation planning meeting. The RFS procedure utilizes a form with a narrative description and supporting documentation if applicable to define the work to be done.

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**Exhibit F / CUSTOMER REQUESTED STANDARD SOFTWARE ENHANCEMENTS / MODIFICATIONS
AND / OR CUSTOM SOFTWARE**

b) Implementation Schedule

<u>Activity</u>	<u>Targeted Time Period</u>
(1) Complete Design Review or RFS Procedure with Customer Staff. Customer agrees to be reasonable and flexible in not attempting to design the modifications to be more extensive than called for in the scope (cost and schedule) of this project.	To be determined
(2) New World submits first draft of SSDD or RFS.	To be determined
(3) SSDD or RFS acceptance and sign-off by Customer (no programming will be done by New World until the formal sign-off and Customer's authorization to proceed in writing).	To be determined
(4) New World completes programming from SSDD or RFS and provides modified software to Customer.	To be determined
(5) Software Modification Acceptance Test	To be determined

c) Customer's Responsibility

Customer's responsibilities are additionally defined in Section II, Paragraph 6.0 of the General Terms and Conditions of this Agreement. All Customer requested changes after design sign-off must be documented by Customer and authorized in writing including potential costs, if any. Additional changes will most likely delay the schedule and may increase the cost.

3. Cost and Payment for Modifications

The cost for the enhancements and/or custom software is to be paid as follows:

a) DOWN PAYMENT (60% - due upon execution of Agreement)	\$33,000
b) FINAL PAYMENT (40% - due upon installation of enhancements and/or custom software)	\$22,000
TOTAL PAYMENTS DUE FOR EXHIBIT F	<u>\$55,000</u>

Note: Where applicable, travel costs for New World employees to complete the tasks for Exhibit F services are billed under the provisions of Exhibit B services. All travel to be mutually agreed upon by Customer and New World.

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE

EXHIBIT G
DEMONSTRATION SITE DISCOUNT

New World has provided **Customer** a significant discount in exchange for the privilege of using **Customer's** site for demonstration purposes. Accordingly, after the Licensed Software has been delivered and installed, **Customer** agrees to act as a demonstration site for prospective **New World** customers. **Customer** also agrees to serve as a reference or remote demonstration site on the telephone for prospective **New World** customers. By agreeing to be a demonstration site, **Customer** is not necessarily endorsing the **New World** software and **Customer** will not actively participate in any type of marketing and advertising campaign for or on behalf of **New World**.

Demonstrations will be coordinated with the appropriate **Customer** personnel and will be scheduled to minimize the interruption to **Customer's** operations. **New World** will provide **Customer** reasonable notice for preparation.



NEW WORLD SYSTEMS
CITY OF TORRANCE, CALIFORNIA
STANDARD SOFTWARE LICENSE AND SERVICES AGREEMENT

STANDARD SOFTWARE LICENSE AND SERVICES AGREEMENT

December 30, 2008

This *Standard Software License and Services Agreement* which includes the attached Exhibits ("this Agreement") is between New World Systems® Corporation ("New World"), a Michigan Corporation and City of Torrance, California, ("Customer"). This Agreement sets forth the terms and conditions under which New World will furnish the Licensed Products and will provide certain services described herein to Customer. The attached Exhibits include:

- Exhibit A LICENSED STANDARD SOFTWARE AND FEES
- Exhibit B INSTALLATION AND TRAINING SUPPORT SERVICES AND FEES
- Exhibit C STANDARD SOFTWARE MAINTENANCE AGREEMENT
- Exhibit D NON-DISCLOSURE AND SECURITY AGREEMENT FOR THIRD PARTIES

By signing below, each of us agrees to the terms and conditions of this Agreement together with the attached Exhibits. This Agreement contains the complete and exclusive statement of the agreement between us relating to the matters referenced herein and replaces any prior oral or written representations or communications between us. Each individual signing below represents that (s)he has the requisite authority to execute this Agreement on behalf of the organization for which (s)he represents and that all the necessary formalities have been met. If the individual is not so authorized then (s)he assumes personal liability for compliance under this Agreement.

ACKNOWLEDGED AND AGREED TO BY:

NEW WORLD SYSTEMS® CORPORATION
(New World)

By: *Larry D. Lehweber*
Larry D. Lehweber, President

CITY OF TORRANCE, CALIFORNIA
(Customer)

By: *James O. Henderson* Director
Authorized Signature Title

By: *[Signature]* City Manager
Authorized Signature Title

Approved as to Form:

By: *John L. Fellows III*
John L. Fellows III, City Attorney

Date: 12-31-08

Date: 01-12-2009

This Agreement is effective upon the last date as shown on this cover page.

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C2009-001

I. DEFINITIONS

The following terms as defined below are used throughout this Agreement:

1. **"Licensed Standard Software":**
The current version of New World standard and development application software package(s) (in machine readable code) listed on Exhibit A. "Development Software" is standard application software currently under development by New World which, if applicable, will be completed and delivered to Customer as Licensed Standard Software during the term of this Agreement.
2. **"Upgrades":**
Any enhanced and/or improved versions of the Licensed Standard Software provided as Licensed Standard Software under Exhibit C of this Agreement and released after the execution of this Agreement.
3. **"Licensed Custom Software":**
Any software (programs or portions of programs) developed by New World specifically for Customer's own use.
4. **"Licensed Software":**
The Licensed Standard Software (including any Development Software), Upgrades, and Licensed Custom Software provided under this Agreement.
5. **"Licensed Documentation":**
New World User Manuals which includes the current specifications for the Licensed Standard Software and other written instructions relating to the Licensed Software (such as Product Bulletin, installation instructions, and training materials).
6. **"Authorized Copies":**
Except as provided in Section II, subparagraph 1.3, the only authorized copies of the Licensed Software and Licensed Documentation are the copies of each application software package defined in this Paragraph. They are:
(i) the single copy of the Licensed Software and the related Licensed Documentation delivered by New World under this Agreement; and
(ii) any additional copies made by Customer as authorized in Section II, subparagraph 1.2.
7. **"Licensed Products":**
The Licensed Software, the related Licensed Documentation, and the Authorized Copies of the foregoing.
8. **"Delivery of Licensed Standard Software":**
Licensed Standard Software will be delivered in a machine readable form on the appropriate media or via an agreed upon network connection as soon as the software is available after this Agreement is signed.
9. **"Installation of Licensed Standard Software":**
Installation of the Licensed Standard Software shall be deemed to occur upon the earlier of:
(a) the transfer or loading of the Licensed Standard Software onto a Customer server or computer, or
(b) thirty (30) days after delivery of the Licensed Standard Software.
10. **"Customer Liaison":**
A Customer employee assigned to act as liaison between Customer and New World for the duration of this Agreement. Within ten (10) days of execution of this Agreement, Customer shall notify New World of the name of the Customer Liaison.
11. **"SMA":**
The New World Standard Software Maintenance Agreement as set forth in Exhibit C.
12. **"Computer":**
The NBT Server(s), to be located at:
City of Terrace
3831 Terrace Boulevard
Terrace, CA 90383
Customer shall identify in writing the serial number of the Computer within ten (10) days of receipt of the Computer or within ten (10) days of execution of this Agreement, whichever is later. If the Computer is to be relocated, Customer shall notify New World of the new location in writing prior to the relocation.
13. **"Confidential Information":**
Information disclosed or obtained by one party in connection with, and during the term of, this Agreement and designated as "Confidential" by the party claiming confidentiality at the time of disclosure. Confidential Information does not include any information which was previously known to the other party without obligation of confidence or without breach of this Agreement, is publicly disclosed either prior or subsequent to the other party's receipt of such information, or is rightfully received by the other party from a third party without obligation of confidence.
14. **"An Authorized User":**
Subject to the number of users specified in Exhibit A, any PC workstation that is connected to access the Licensed Software resident on Computer and that may be actively logged on to access the programs, interfaces, data, or files created and/or maintained by the Licensed Software.

II. GENERAL TERMS AND CONDITIONS

1.0 SINGLE USE LICENSE

- 1.1 New World grants Customer a nontransferable and nonexclusive license to use the Licensed Software only on the Computer and only for its internal processing needs. Customer shall have the right and license to use, enhance, or modify the Licensed Software only for Customer's own use and only on the Computer by an authorized user. New World will deliver to Customer one copy of each application of the Licensed Software (in machine readable form compatible with the specified

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NWB Agreement 12300L.doc

City of Terrace, CA

operating environment) and one copy of the related Licensed Documentation. If Customer fails to pay all license fees specified in Exhibit A and the applicable custom software fees, if any, Customer shall forfeit the right and license to use the Licensed Products and shall return them to New World.

- 1.2 In order to assist Customer in the event of an emergency, Customer is permitted to make up to two (2) back-up copies on magnetic media of each application of the Licensed Software and one back-up copy of the related Licensed Documentation. These Authorized Copies may be stored off-site away from Customer's premises as specified in the Definitions so long as they are kept in a location secure from unauthorized use. Customer or anyone obtaining access through Customer shall not copy, distribute, disseminate, or otherwise disclose to any third party the Licensed Products or copies thereof in whole or in part, in any form or media. This restriction on making and distributing the Licensed Products or copies of any Licensed Product, includes without limitation, copies of the following:
- (i) Program libraries, either source or object code;
 - (ii) Operating control language;
 - (iii) Test data, sample files, or file layouts;
 - (iv) Program listings; and
 - (v) Licensed Documentation.
- 1.3 Upon written request by Customer, and with written permission by New World, additional Authorized Copies may be made for Customer's internal use only.

2.0 OWNERSHIP

- 2.1 The Licensed Products and all copyright, trade secrets and other proprietary rights, title and interest therein, remain the sole property of New World or its licensors, and Customer shall obtain no right, title or interest in the Licensed Products by virtue of this Agreement other than the nonexclusive, nontransferable license to use the Licensed Products as restricted herein.
- 2.2 The license to use any Licensed Custom Software provided under this Agreement, if any, is included in this license. New World shall have the right to use any data processing ideas, techniques, concepts, and/or know-how acquired by it in the performance of services under this Agreement including the development of Licensed Custom Software for the advancement of its own technical expertise and the performance of other Software License and Service Agreements or any other applicable agreements. New World shall have, without restriction, the right to use all programs, procedures, information, and techniques that are publicly available, obtained or obtainable from third parties and/or developed independently by New World without specific reference to Customer's organization.

3.0 CORRECTION AND SOFTWARE MAINTENANCE ON STANDARD SOFTWARE

- 3.1 For a warranty period of one hundred eighty (180) days after the date the Licensed Standard Software is delivered to Customer and during the term of Customer's SSMA (see Exhibit C), New World provides software correction service and maintenance for the Licensed Standard Software. See Exhibit C for a description of the warranty period, the services available, the applicable fees and procedures, and the SSMA start date.

4.0 WARRANTIES

- 4.1 New World warrants that the Licensed Standard Software will perform as specified in its user manuals based on the then-current release of the Licensed Standard Software.
- 4.2 New World warrants that it possesses the necessary intellectual rights to license to Customer the Licensed Software provided hereunder.

The foregoing warranties do not apply if the Licensed Product(s) have been modified by any party other than New World. New World does not warrant that the features or functions of the Licensed Software will meet Customer's requirements or in any combination or use Customer selects. EXCEPT AS SPECIFICALLY PROVIDED IN THIS PARAGRAPH 4.0, NEW WORLD MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE LICENSED PRODUCTS' CONDITION, ITS MERCHANTABILITY, ITS FITNESS FOR A PARTICULAR PURPOSE, OR ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE.

5.0 INSTALLATION AND TRAINING SUPPORT SERVICES

5.1 As provided for in Exhibit B and concurrent with timely payments, New World shall make available to Customer qualified representative(s) who will provide installation and training support services for each application of the Licensed Software delivered. See Exhibit B for a description of the services provided and the applicable fees and procedures.

6.0 CUSTOMER LIAISON AND CUSTOMER RESPONSIBILITIES

The successful implementation of the Licensed Products into Customer's environment requires Customer's commitment to and cooperation in the implementation process. Accordingly, Customer hereby agrees to the following:

- 6.1 Customer understands that the Licensed Software is designed to run in a specified operating environment which includes hardware, software and related equipment not provided by New World. Customer is responsible for assuring that the appropriate hardware equipment, related components and all cabling are installed timely and are suitable for the successful installation of the Licensed Software.
- 6.2 Customer agrees to provide the management interface and support necessary to successfully complete the implementation of the Licensed Software. This support includes upper level priority setting and timely involvement during and after a change in Customer's organization, Customer's operations and/or after changes in Customer's internal policies or procedures which directly affect the software implementation.
- 6.3 Customer shall assign an upper level employee to serve as the Customer Liaison for the duration of the Licensed Software implementation. If Customer must replace the Customer Liaison for reasons beyond its control, Customer will assign a new Customer Liaison as soon as reasonably possible. New World is not responsible for any delay caused directly or indirectly by the reassignment of the Customer Liaison. In addition to other duties and responsibilities, the Customer Liaison shall:
- (i) provide timely answers to New World's requests for information;
 - (ii) coordinate a mutually agreeable training schedule;
 - (iii) have authority to sign for and obligate Customer to any matters relating to service requests, design documents, performance test documents and/or delivery and service dates;
 - (iv) in situations where Customer participation is required, provide timely input for systems definition, detail design, and use of the software system.
- 6.4 Customer is responsible for creating and maintaining its master files, tables and the like which includes accurate data entry, accurate file editing and overall file control to assure successful systems performance.
- 6.5 Customer shall provide qualified personnel with sufficient backup to be trained to use the Licensed Software and to interpret the output. Applying the output information in Customer's environment is Customer's sole responsibility.

7.0 BILLING AND ADDITIONAL AUTHORIZED USER CHARGES

- 7.1 The attached Exhibits set forth the manner in which fees and payments shall be allocated and made under this Agreement. Past due amounts are subject to a service charge of 1.5% per month, which charge Customer agrees to pay. To the extent Customer imposes additional requirements on New World for services other than those expressly provided in this Agreement, New World retains the right to make additional price adjustments and/or any other adjustments that may be necessitated. Before performing these additional services, New World will notify Customer that the services are subject to additional charge(s). No work will commence until mutually agreed upon in writing and signed by both parties.
- 7.2 If Customer wishes to add additional authorized users beyond the number(s) specified on Exhibit A, Customer agrees to pay the additional user fees at the then current user-based prices in effect. SSMA fees shall be increased according to the upgraded user-based charges on the next annual billing date after the additional authorized users are added. With said payments, the license provided in Section II, Paragraph 1.0 permits Customer's use of the Licensed Software for the specified users.
- 7.3 Customer shall notify New World if additional authorized users need to be added to access the Licensed Software and will pay the additional authorized user fees promptly when invoiced.

CONFIDENTIAL

7.4 Any taxes or fees imposed from the course of this Agreement are the responsibility of the Customer and Customer agrees to remit when imposed. If an exemption is claimed by the Customer, an exemption certificate must be submitted to New World.

8.0 **NON-RECRUITMENT OF PERSONNEL**

8.1 During the term of this Agreement and for twenty-four (24) months thereafter, Customer agrees not to solicit or hire current New World employees without prior written consent.

9.0 **CONFIDENTIAL INFORMATION / NON-DISCLOSURE AGREEMENT**

9.1 Subject to the requirements of the Freedom of Information Act (FOIA) and/or other comparable applicable state law, each party shall hold all Confidential Information in trust and confidence for the party claiming confidentiality and not use such Confidential Information other than for the benefit of that party. The other party agrees not to disclose any such Confidential Information, by publication or otherwise, to any other person or organization. The obligations of Paragraph 9.0 shall not apply to any Confidential Information which the Customer can demonstrate:

- (i) Is or becomes available to the public through no breach of this Agreement;
- (ii) Was previously known by the Customer without any obligation to hold it in confidence;
- (iii) Is received from a third party free to disclose such information without restriction;
- (iv) Is independently developed by the Customer without the use of Confidential Information of New World;
- (v) Is approved for release by written authorization of New World, but only to the extent of such authorization;
- (vi) Is required by law, regulation, court order, or subpoena from a governmental body or regulatory agency to be disclosed, but only to the extent and for the purposes of such required disclosure only if the Customer first notifies New World of the requirement for disclosure and cooperates with New World in any efforts to seek an appropriate protective requirement, at New World's expense.

9.2 Customer hereby acknowledges and agrees that all Licensed Products are Confidential Information and proprietary to New World. In addition to the other restrictions set forth elsewhere in this Agreement or otherwise agreed to in writing, Customer agrees to implement all reasonable measures to safeguard New World's proprietary rights in the Licensed Products, including without limitation the following measures:

- (i) Customer shall only permit access to the Licensed Products to those employees who require access and only to the extent necessary to perform Customer's internal processing needs.
- (ii) With respect to agents or third parties, Customer shall permit access to the Licensed Products only after New World has received, approved and returned a fully executed Non-Disclosure Agreement to Customer (see Exhibit D). New World reserves the right to reasonably refuse access to a third party after it has evaluated the request. Customer agrees to provide information reasonably requested by New World to assist New World in evaluating Customer's request to permit third party access to the Licensed Products. In addition to any other remedies, New World may recover from Customer all damages and legal fees incurred in the enforcement of this provision on third party access;
- (iii) Customer shall cooperate with New World in the enforcement of the conditions set forth in the attached Non-Disclosure Agreement or any other reasonable restrictions New World may specify in writing in order to permit access;
- (iv) Customer shall not permit removal of copyright or confidentiality labels or notifications from its proprietary materials; and
- (v) Customer shall not attempt to disassemble, decompile or reverse engineer the Licensed Software.

- 9.3 Customer agrees that in addition to any other remedies that may be available at law, equity or otherwise, New World shall be entitled to seek and obtain a temporary restraining order, injunctive relief, or other equitable relief against the continuance of a breach or threatened breach of this paragraph 9.0 on Confidentiality and Non-Disclosure without the requirement of posting a bond or proof of injury as a condition for the relief sought.

10.0 LIMITATION OF LIABILITY AND RECOVERABLE DAMAGES

New World's entire liability and Customer's exclusive remedies are set forth below:

- 10.1 For any claim relating to the non-conformance or imperfection of any licensed software provided under this Agreement, New World will correct the defect so that it conforms to the warranties set forth in Section II, subparagraph 4.1; or if after repeated attempts to correct the non-conformity, New World is unable to correct the non-conformity, then Customer may recover its actual damages subject to the limits set forth in subparagraph 10.2 below. For any other claim arising under or in connection with this Agreement, Customer may recover its actual damages subject to the limits set forth in subparagraph 10.2 below.
- 10.2 New World's liability for damages, regardless of form of action, is limited to the recovery of direct damages up to the Exhibit A Licensed Standard Software fees paid to New World.
- 10.3 In no event shall New World be liable for any damages relating to Customer's failure to perform its responsibilities or for loss of use, revenue or profits, or for any incidental or consequential damages, even if New World has been advised of the possibility of such damages. If it is determined that a limitation of liability or a remedy contained herein fails of its essential purpose, then the parties agree that the exclusion of incidental and/or consequential damages is still effective.

11.0 INTEGRATION WITH U.S. COPYRIGHT ACT

- 11.1 In addition to all other provisions provided under this Agreement, Customer agrees to be bound by and to comply with any and all provisions of the U.S. Copyright Act (*The Copyright Act of 1976, U.S.C. Sections 101-810 (1976) as amended*). If a provision of the U.S. Copyright Act and this Agreement conflict, the more restrictive of the two applies. If it cannot be determined which is the more restrictive, then the provision within this Agreement shall apply.

12.0 INDEPENDENT CONTRACTOR

- 12.1 New World is an independent contractor. The personnel of one party shall not in any way be considered agents or employees of the other. To the extent provided for by law, each party shall be responsible for the acts of its own employees.
- 12.2 Each party shall be responsible for Workers' Compensation coverage for its own personnel.

13.0 INSURANCE REQUIREMENTS

New World shall not commence work under this Agreement until it has obtained the insurance required under this paragraph.

- 13.1 Workers' Compensation Insurance: New World shall procure and maintain during the term of this Agreement, Workers' Compensation Insurance for all of its employees who engage in the work to be performed.
- 13.2 Liability and Property Insurance - Comprehensive Form: New World shall procure and maintain during the term of this Agreement, Liability and Property Damage Insurance in an amount not less than \$1,000,000 on account of each accident; and in an amount not less than \$1,000,000 for each accident for damage to property.
- 13.3 Automobile Liability Insurance: New World shall procure and maintain during the term of this Agreement, Hired and Non-Ownership Motor Vehicle Bodily Injury and Property Damage Insurance in an amount not less than \$500,000 for injuries, including accidental death, to each person; and, subject to the same limit for each person, in an amount not less than \$500,000 for each accident; and in an amount not less than \$500,000 on account for each accident for damage to property.

14.0 DISPUTE RESOLUTION BY ARBITRATION

- 14.1 Except for matters in which the dispute relates to a breach of the provisions set forth in Section II, Paragraphs 8.0 (employee non-recruitment) or 9.0 (non-disclosure or confidentiality), any controversy or claim arising out of or relating to this Agreement, or breach thereof, shall be settled in arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
- 14.2 Before a demand for arbitration may be filed by either party, the management of both parties shall have met at least two times in face-to-face meetings in an effort to resolve any dispute or controversy through normal business management practices. Unless otherwise agreed to in writing, a minimum of one meeting shall take place at each party's home office location.
- 14.3 The arbitrator(s) shall have no power or authority to add to or detract from this Agreement of the parties. The arbitrator(s) shall have no authority to award damages over and above those provided for in this Agreement and in any event shall not exceed the limitations set forth in Section II, subparagraph 10.2, even if the remedy or limitation of liability provisions set forth in this Agreement shall for any reason whatsoever be held unenforceable or inapplicable.
- 14.4 Neither party nor the arbitrator(s) may disclose the existence or results of any arbitration hereunder, except if the arbitration results in a Court imposed judgment, the non-disclosure restriction shall not be effective to the extent the matter becomes a public record.
- 14.5 Each party shall bear its own costs in preparing for and conducting arbitration, except that the joint costs, if any, of the actual arbitration proceeding shall be shared equally by the parties.

15.0 TERMINATION

- 15.1 By Customer: If New World fails to provide the Licensed Software as warranted in accordance with the terms of this Agreement, Customer may at its option terminate this Agreement with ninety (90) days written notice as follows:
- (i) The termination notice shall provide a detailed description (with examples) of any warranty defects claimed;
 - (ii) New World shall have ninety (90) days from receipt of said notice to correct any warranty defects in order to satisfy the terms of this Agreement;
 - (iii) During the ninety (90) day cure period, Customer shall apply sound management practices and use its best efforts to resolve any issues or obstacles - including cooperating with New World and reassigning personnel if necessary to improve the working relationship;
 - (iv) At the end of ninety (90) days unless the termination has been revoked in writing by Customer, the Agreement terminates.
- 15.2 By New World: If Customer fails to make prompt payments to New World when invoiced, or if Customer fails to fulfill its responsibilities outlined in Section II, Paragraph 6.0, then New World may at its option terminate this Agreement with written notice as follows:
- (i) The termination notice shall define the reason for termination;
 - (ii) If the cited reason for termination is Customer's failure to make prompt payment, Customer shall have ten (10) days from receipt of said notice to make payment in full for all outstanding invoiced payments due;
 - (iii) If the cited reason for termination is Customer's failure to fulfill its responsibilities, Customer shall have ninety (90) days from receipt of said notice to correct any actual deficiencies in order to satisfy the terms of this Agreement;
 - (iv) During the applicable cure period, New World will use sound management practices and its best efforts to resolve any issues or obstacles - including the reassignment of personnel if necessary to improve the working relationship;
 - (v) At the end of the applicable cure period, unless the termination has been revoked in writing by New World, the Agreement terminates.

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- 15.3 In the event of termination by either party, New World shall continue to provide its services, as previously scheduled, through the termination date and the Customer shall continue to pay all fees and charges incurred through the termination date as provided in the attached Exhibits.
- 15.4 Upon termination under subparagraph 15.1, Customer shall return to New World all copies of each application of Licensed Software and related Licensed Documentation provided to Customer under this Agreement.
- 15.5 Nothing in this paragraph on termination is intended to infer that either party has or does not have a claim for damages.
- 15.6 The Terms and Conditions relating to ownership, warranties, non-recruitment of personnel, confidentiality and non-disclosure, limitation of liability and recoverable damages, Copyright Act, disputes resolution and the General provisions (18.0), survive termination.

16.0 PATENT AND TRADEMARK INDEMNIFICATION

New World agrees to indemnify and save the Customer harmless from and against any and all judgments, suits, costs, and expenses subject to the limits set forth in this Agreement resulting from any alleged infringement of any patent or copyright arising from the licensing of the Licensed Standard Software pursuant to this Agreement, provided that Customer has notified New World in writing of such allegation within thirty (30) days of the date upon which the Customer first receives notice thereof. New World's obligation to indemnify and save Customer harmless under this paragraph is void if the claim of infringement arises out of or in connection with any modification made to the Licensed Standard Software or any use of the Licensed Standard Software not specifically authorized in writing by New World.

17.0 NOTICES

- 17.1 Notices to Customer shall be deemed effective when sent by Registered or Certified U.S. Mail to the business address of the Customer.
- 17.2 Notices to New World shall be deemed effective when sent by Registered or Certified U.S. Mail to the following address (or to any other address so specified by New World):
 New World Systems Corporation
 888 West Big Beaver, Suite 600
 Troy, Michigan 48064
 Attention: President

18.0 GENERAL

- 18.1 This Agreement is the entire agreement between the parties superseding all other communications, written or oral, between the parties relating to the subject matter of this Agreement. This Agreement may be amended or modified only in writing signed by both parties.
- 18.2 This Agreement is governed by the laws of the State of California and it shall be binding on the successors and assigns of the parties. Subject to the provisions of Paragraph 14, jurisdiction of any litigation arising from the Agreement will be in Los Angeles County, California.
- 18.3 Failure to enforce any provision of this Agreement shall not be deemed a waiver of that provision or any other provision of this Agreement.
- 18.4 No action, regardless of form, arising out of the services performed or Licensed Products delivered hereunder, may be brought by either party more than one (1) year after the cause of action has occurred except that an action for non-payment of fees may be brought within two (2) years of the date the payment was due.
- 18.5 The paragraph headings which appear herein are included solely for convenience and shall not be used in the interpretation of this Agreement. Any provision of this Agreement determined to be invalid or otherwise unenforceable shall not affect the other provisions, which other provisions remain in full force and effect.

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EXHIBIT A
LICENSED STANDARD SOFTWARE AND FEES

1. License Fee for Licensed Standard Software And Documentation Selected By Customer:

LOGOS.NET STANDARD APPLICATION SOFTWARE		
ITEM	DESCRIPTION	INVESTMENT
<u>COMMUNITY DEVELOPMENT SUITE</u>		
1.	Logos.NET Community Development Software	
	Business Licensing	\$17,000
	Parcel Management	8,000
	Municipal Inspections	5,000
	NEW WORLD STANDARD SOFTWARE LICENSE FEE	\$30,000
	Less: Demonstration Site Discount if Agreement is Signed by Dec. 31, 2008	(5,000)
	TOTAL SOFTWARE LICENSE FEE^{1,2}	\$25,000

ENDNOTES

- ¹ Prices assume that all software proposed is licensed.
² Any taxes or fees imposed are the responsibility of the purchaser and will be remitted when imposed.

Exhibit A / LICENSED STANDARD SOFTWARE AND FEES

2. <u>License Fee Payment Schedule for Licensed Standard Software and Documentation</u>	
a) DOWN PAYMENT	\$12,500
50% of the total Exhibit A cost [Invoiced upon receipt of signed <i>Standard Software License and Services Agreement.</i>]	
b) DELIVERY PAYMENT	12,500
50% of each application cost [Invoiced as each Exhibit A Licensed Standard Software package is delivered to Customer.]	
TOTAL LICENSED STANDARD SOFTWARE PAYMENTS DUE <u>\$25,000</u>	

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE

PRICING VALID THROUGH DECEMBER 31, 2008.

EXHIBIT B
PROJECT MANAGEMENT, INSTALLATION AND
TRAINING SUPPORT SERVICES AND FEES

1. Installation and Training Support Hours Recommended

It is recommended that appropriate support hours are allocated for all Licensed Standard Software listed in Exhibit A to insure successful installation of and training on each application package. Based on the Licensed Standard Software listed on Exhibit A, 60 hours of New World installation and training support services have been allocated. Avoiding or minimizing custom or modified features will aid in keeping the support costs to the amount allocated. Customer agrees to reimburse New World for support trips canceled by Customer less than ten (10) days before the scheduled start date to cover New World's out-of-pocket costs and lost revenues. The recommended installation and training support services include:

- a) installation of each package of Licensed Standard Software; and
- b) Customer training and/or assistance in testing for each package of Licensed Standard Software.

2. Support Service Fees Estimate

The 60 hours of installation and training support services cost has been calculated using a rate of \$145 per hour. Additional services are also available at the rate of \$145 per hour. This rate is guaranteed for work performed on this contract within 6 months of acceptance. Beyond that date, these and any additional services will be provided at your then current rate.

Based on the services suggested above, the Installation and Training Support Services costs will be a total of \$8,700. (Plus all actual and reasonable travel expenses incurred by New World divided proportionately between all New World customers visited on a single trip and actual employee travel time for Installation and Training up to but not exceeding four (4) hours per Customer visit.)

3. Additional Services Available

Other New World services may be required or requested for the following:

- a) additional software training;
- b) tailoring of Licensed Standard Software by New World technical staff and/or consultation with New World technical staff;
- c) New World consultation with other vendors or third parties;
- d) modifying the Licensed Standard Software;
- e) designing and programming custom software; and
- f) maintaining modified Licensed Standard Software and/or custom software.

Customer may request these additional services in writing using New World's Request For Service (RFS) procedure (or other appropriate procedures mutually agreed upon by Customer and New World).

4. Payments for Installation and Training Support Services and Travel Costs

All hours for installation and training support services and all travel costs will be billed weekly for services provided in the previous calendar week.

Note: Any taxes imposed from the course of this Agreement are the responsibility of the Customer and Customer agrees to remit when imposed. If an exemption is claimed by the Customer, an exemption certificate must be submitted to New World.

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE.

EXHIBIT C
STANDARD SOFTWARE MAINTENANCE AGREEMENT

This Standard Software Maintenance Agreement (SSMA) between New World Systems Corporation (New World) and City of Torrance, California, (Customer) sets forth the standard software maintenance support services provided by New World.

1. Warranty Period and Service Period

Standard Software Maintenance Agreement (SSMA) fees of \$4,800 for the above software will be added to Customer's current SSMA fees and will commence 180 days after delivery of the software; year one cost to be prorated to run concurrently with Customer's existing SSMA. Subsequent year SSMA fees for the above software will be consistent with the SSMA agreement currently in effect.

2. Services Included

The following services or features are available under this SSMA:

- a) upgrades, including new releases, to the Licensed Standard Software (prior releases of Licensed Standard Software application packages are supported no longer than nine (9) months after a new release is made commercially available by New World);
- b) temporary fixes to Licensed Standard Software (see paragraph 6 below);
- c) revisions to Licensed Documentation;
- d) reasonable telephone support for Licensed Standard Software on Monday through Friday from 8:00 a.m. to 8:00 p.m. (Eastern Time Zone); and
- e) invitation to and participation in user group meetings.

After installation, Customer shall return any magnetic media to New World.

Additional support services are available as requested by Customer using the then-current hourly rates or applicable fees. Exhibit B has a description of support services available.

3. Maintenance for Modified Licensed Standard Software and Custom Software

Customer is advised that if it requests or makes changes or modifications to the Licensed Standard Software, these changes or modifications (no matter who makes them) make the modified Licensed Standard Software more difficult to maintain. If New World agrees to provide maintenance support for Custom Software or Licensed Standard Software modified at Customer's request, or for prior releases of New World's software, then the additional New World maintenance or support services provided shall be billed at the then-current Exhibit B hourly fees plus reasonable expenses.

Exhibit C / STANDARD SOFTWARE MAINTENANCE AGREEMENT**4. Billing**

Maintenance costs will be billed annually. (Any Exhibit B support or service hours and travel costs incurred are billed weekly for the previous calendar week.)

5. Additions of Software to Maintenance Agreement

Additional Licensed Standard Software licensed from New World will be added to the SSMA one-hundred-eighty (180) days after it is delivered to Customer's location. Costs for the maintenance for the additional software will be billed to Customer on a pro rata basis for the remainder of the maintenance year and on a full year basis thereafter.

6. Requests for Software Correction on Licensed Standard Software

At any time during the one-hundred-eighty (180) day warranty period or during the SSMA period, if Customer believes that the Licensed Standard Software does not conform to the current specifications set forth in the user manuals, Customer must notify New World in writing that there is a claimed defect and specify which feature and/or report it believes to be defective. Before any notice is sent to New World, it must be reviewed and approved by the Customer Liaison. Documented examples of the claimed defect must accompany each notice. New World will review the documented notice and when a feature or report does not conform to the published specifications, New World will provide software correction service at no charge. (See paragraph 4.0 of the General Terms and Conditions of this Agreement for the New World warranties provided). A non-warranty request is handled as a billable Request For Service (RFS) (see Exhibit B).

The no-charge software correction service does not apply to any of the following:

- a) situations where the Licensed Standard Software has been changed by anyone other than New World personnel;
- b) situations where Customer's use or operations error causes incorrect information or reports to be generated; and
- c) requests that go beyond the scope of the specifications set forth in the current User Manuals.

7. Maintenance Costs for Licensed Standard Software Packages Covered for .NET Server(s)

New World agrees to provide software maintenance at the costs listed below for the following New World Licensed Standard Software packages installed at Customer's location:

<u>Application Packages</u>	<u>Number of Modules</u>
1) Logos.NET Community Development Software	3

NEW WORLD LICENSED STANDARD SOFTWARE LIST COST **\$30,000**

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE.

**EXHIBIT D
NEW WORLD SYSTEMS CORPORATION
NON-DISCLOSURE AND SECURITY AGREEMENT FOR THIRD PARTIES**

This Agreement, when accepted and executed by New World, grants the undersigned the permission to use and/or have limited access to certain New World Systems® Corporation (New World) proprietary and/or confidential information.

Installed At: City of Torrance
Customer Name

Located At: 3431 Torrance Boulevard
Torrance, CA 90503

Authorized Signature of Customer:

KEN FLOWERY, ASST
Name (Please Print or Type)

ASST FINANCE DIRECTOR
Title

[Signature]
Signature

In exchange for the permission to use or have access to New World proprietary and/or confidential information, including without limitation, New World software and/or documentation, the organization and individual whose names appear below, agree to the following:

1. No copies in any form will be made of New World proprietary or confidential information without the expressed written consent of New World's President, including without limitation, the following:
 - a) Program Libraries, whether source code or object code;
 - b) Operating Control Language;
 - c) Test or Sample Files;
 - d) Program Listings;
 - e) Record Layouts;
 - f) All written confidential or proprietary information originating from New World including without limitation, documentation, such as user manuals and/or system manuals; and/or
 - g) All New World Product Bulletins and/or other New World Product related materials.
2. New World software, New World documentation, or other proprietary or confidential information shall not be used for any purpose other than processing the records of the Customer identified above as permitted in the Customer's Standard Software License and Services Agreement with New World.
3. The undersigned agree(s) that this Agreement may be enforced by injunction in addition to any other appropriate remedies available to New World. If it is determined that the money damages caused by the undersigned's failure to comply with the foregoing terms are difficult to ascertain, they are hereby estimated at liquidated damages of no less than three times the then-current License Fees for the License Software provided to Customer under the Standard Software License and Service Agreement between Customer and New World.

Agreed and Accepted by Third Party (Organization)
Organization: _____
By: _____
Title: _____
Date: _____

Agreed and Accepted by Third Party (Individual)
Individual: _____
By: _____
Title: _____
Date: _____

Accepted and Approved by New World Systems Corp.
By: _____
Title: _____
Date: _____



CITY OF TORRANCE

November 6, 2009

09 NOV 19 AM 10:28

ADDITIONAL SOFTWARE LICENSE AGREEMENT FINANCE DEPT.

Mr. Ken Flewellyn
Assistant Finance Director
3031 Torrance Boulevard
Torrance, CA 905030

Dear Mr. Flewellyn:

New World Systems is pleased to license you additional software per your request.

The attached forms (Exhibit A and B) are to be reviewed and approved by you and/or your authorized representative. They describe the additional software and services you have requested along with the related fees.

Other than for the purposes of internal review, we ask that you treat our fees as confidential information. This is due to the competitive nature of our business.

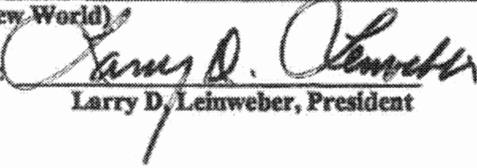
The General Terms and Conditions from our original License Agreement are incorporated and continue to apply. Any taxes or fees imposed from the course of this Agreement are the responsibility of the Customer.

We thank you for your continued business with New World Systems. We look forward to working on this project with you.

ACKNOWLEDGED AND AGREED TO BY:

NEW WORLD SYSTEMS® CORPORATION
(New World)

CITY OF TORRANCE, CALIFORNIA
(Customer)

By: 
Larry D. Leinweber, President

By:  Finance Director
Authorized Signature Title

By:  Finance Director
Authorized Signature Title

Date: 11-16-09

Date: 11/12/09

Each individual signing above represents that (s)he has the requisite authority to execute this Agreement on behalf of the organization for which (s)he represents and that all the necessary formalities have been met.

The "Effective Date" of this Agreement is the later of the two dates in the above signature block.

PRICING IS VALID THROUGH DECEMBER 31, 2009.

EXHIBIT A
LICENSED STANDARD SOFTWARE AND FEES

1. **License Fee for Licensed Standard Software And Documentation Selected By Customer:**

LOGOS.NET STANDARD APPLICATION SOFTWARE^{1,2,3}

ITEM	DESCRIPTION	INVESTMENT
	<u>BUSINESS ANALYTICS</u>	
1.	Finance Analytics	
	- Includes 10+ users	40,000
	LESS EARLY ADOPTER DISCOUNT	(20,000)
	LESS DISCOUNT	(7,000)
	TOTAL SOFTWARE LICENSE FEE^{4,5}	13,000

Note: Standard Software Maintenance Agreement (SSMA) fees of \$3,200 for the above software will be added to Customer's current SSMA fees and will commence January 1, 2010; year one cost to be prorated to run concurrently with Customer's existing SSMA. Subsequent year SSMA fees for the above software will be consistent with the SSMA agreement currently in effect.

Note: The Torrance Business Analytics license fee is consistent with what other New World clients of similar size and complexity are paying for the business analytics software for 10+ users.

ENDNOTES

¹ *Personal Computers must meet the minimum hardware requirements for New World Systems' Logos.NET product. Microsoft Windows 2000 or Windows/XP with IE 6.0 or greater are the required operating systems for all client machines. Windows 2003 Server is required for the Application Server(s), Web Server(s) and Database Server. SQL Server 2005 is required for the Database Server.*

² *New World Systems Logos.NET product requires Microsoft Windows 2003 Server and SQL Server 2005 including required Client Access Licenses (CALs) for applicable Microsoft products. Servers must meet minimum hardware requirements provided by New World Systems.*

³ *Suggested minimum: 100MB Ethernet Network. 10MB CAT5 Ethernet Network may have less than adequate response time. Further consultation would be required to assess your network.*

⁴ *Prices assume that all software proposed is licensed.*

⁵ *Any taxes or fees imposed are the responsibility of the purchaser and will be remitted when imposed.*

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE

PRICING VALID THROUGH DECEMBER 31, 2009

Exhibit A / LICENSED STANDARD SOFTWARE AND FEES**2. License Fee Payment Schedule for Licensed Standard Software and Documentation**

a) DOWN PAYMENT	\$6,500
50% of the total Exhibit A cost [Invoiced upon receipt of signed <i>Standard Software License and Services Agreement.</i>]	
b) DELIVERY PAYMENT	\$6,500
50% of each application cost [Invoiced as each Exhibit A Licensed Standard Software package is delivered to Customer.]	
TOTAL LICENSED STANDARD SOFTWARE PAYMENTS DUE	\$13,000

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE

PRICING VALID THROUGH DECEMBER 31, 2009



May 9, 2011

ADDITIONAL SOFTWARE LICENSE AGREEMENT

Mr. Ken Flewellyn
Assistant Finance Director
City of Torrance, CA
3031 Torrance Blvd.
Torrance, CA 90503

Dear Mr. Flewellyn:

New World Systems is pleased to license you additional software per your request.

The attached forms (Exhibit AA and Proposal Summary dated 5/9/2011) are to be reviewed and approved by you and/or your authorized representative. They describe the additional software and services you have requested along with the related fees.

Other than for the purposes of internal review, we ask that you treat our fees as confidential information. This is due to the competitive nature of our business.

The General Terms and Conditions from our original License Agreement are incorporated and continue to apply. Any taxes or fees imposed from the course of this Agreement are the responsibility of the Customer.

We thank you for your continued business with New World Systems. We look forward to working on this project with you.

ACKNOWLEDGED AND AGREED TO BY:

NEW WORLD SYSTEMS® CORPORATION
(New World)

By:
Larry D. Lehnweber, President

CITY OF TORRANCE, CA
(Customer)

By: **FINANCE DIRECTOR**
Authorized Signature Title

By: **AFID**
Authorized Signature Title

Date: 05-26-11

Date: May 10, 2011

Each individual signing above represents that (s)he has the requisite authority to execute this Agreement on behalf of the organization for which (s)he represents and that all the necessary formalities have been met.

The "Effective Date" of this Agreement is the latter of the two dates in the above signature block.

PRICING VALID FOR 30 DAYS FROM DATE REFERENCED ABOVE.

**EXHIBIT AA
TOTAL COST SUMMARY AND PAYMENT SCHEDULE**

I. Total Costs Summary: Licensed Standard Software and Implementation Services

<u>DESCRIPTION OF COST</u>	<u>COST</u>
A. LICENSED STANDARD SOFTWARE as further detailed in the Proposal Summary	\$10,000
 ONE TIME PROJECT COST:	 <u>\$10,000</u>

II. Payments for Licensed Standard Software and Implementation Services

<u>DESCRIPTION OF PAYMENT</u>	<u>COST</u>
A. ONE TIME PROJECT PAYMENT:	
1. Amount due upon the Effective Date (100%)	\$10,000
 ONE TIME PROJECT PAYMENT:	 <u>\$10,000</u>

III. Standard Software Maintenance Services	\$3,200
Standard Software Maintenance Agreement (SSMA) fees for the above software will be added to Customer's current SSMA fees and will commence upon delivery of the software; year one cost to be prorated to run concurrently with Customer's existing SSMA. Subsequent year SSMA fees for the above software will be consistent with the SSMA agreement currently in effect.	

ALL PAYMENTS ARE DUE WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF INVOICE

CITY OF TORRANCE, CA**Proposal Summary****May 9, 2011**

A. LOGOS.NET STANDARD APPLICATION SOFTWARE ^{1,2,3}		
ITEM	DESCRIPTION	INVESTMENT
COMMUNITY DEVELOPMENT SUITE		
1.	Additional CD Standard Users - (4) Groups of 5	\$5,000/grp. 20,000
	NEW WORLD STANDARD SOFTWARE LICENSE FEE	20,000
	LESS DEMONSTRATION SITE DISCOUNT ⁴	(10,000)
TOTAL SOFTWARE LICENSE FEE^{5,6}		\$10,000
TOTAL ONE TIME COSTS		\$10,000

B. MAINTENANCE		
ITEM	DESCRIPTION	INVESTMENT
1.	STANDARD SOFTWARE MAINTENANCE AGREEMENT (SSMA) (Per Year Cost) Annual SSMA to begin at time of delivery; year one cost to be prorated to run concurrently with customer's existing SSMA.	
	Year 1 SSMA	\$3,200

PRICING VALID FOR 30 DAYS FROM DATE REFERENCED ABOVE.

ENDNOTES

- ¹ Personal Computers must meet the minimum hardware requirements for New World Systems' Logos.NET product. Microsoft Windows XP or greater with IE 7.0 or greater is the required operating systems for all client machines. Windows 2008 Server is required for the Application Server(s), Web Server(s) and Database Server. Microsoft SQL Server 2008 is required for the Database Server.
- ² New World Systems' Logos.NET product requires Microsoft Windows 2008 Server and Microsoft SQL Server 2008 including required Client Access Licenses (CALs) and Windows Server 2008 External Connector (EC) licenses for applicable Microsoft products. Servers must meet minimum hardware requirements provided by New World Systems.
- ³ Suggested minimum: 100MB Ethernet Network. 10MB CAT5 Ethernet Network may have less than adequate response time. Further consultation would be required to assess your network.
- ⁴ In consideration for this discount, Customer agrees to serve as a reference site for this software.
- ⁵ Prices assume that all software proposed is licensed.
- ⁶ Licensed Software, and third party software embedded therein, if any, will be delivered in a machine readable form to Customer via an agreed upon network connection. Any taxes or fees imposed are the responsibility of the purchaser and will be remitted when imposed.