Council Meeting
February 6, 2007

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

Members of the City Council:

Subject: Police - Expenditure of funds to Spillman Technologies Inc. for a Computer Software End-User Support Agreement for the Public Safety Information System

Expenditure: $91,440.00

RECOMMENDATION

Police Chief, Fire Chief and Information Technology Director recommend that Council approve the expenditure of $91,440.00 to Spillman Technologies, Inc., for a Computer Software End-User Support Agreement for the Public Safety Information System (CAD/RMS), for a one-year period commencing February 15, 2007.

FUNDING

Funding is available in the Police Department operating budget.

BACKGROUND/ANALYSIS

On November 15, 2005, Council approved the purchase of a new Public Safety Information System from Spillman Technologies, Inc., for the Police and Fire Departments. A Computer Software End-User Support Agreement was included in the Spillman Master Agreement (Attachment A). The annual support agreement is necessary so that the Police and Fire Departments can make unlimited calls to the Spillman software support number and obtain system software upgrades, which include identified software problem fixes as well as system enhancements.

The Master Agreement specifies a cost of $113,196.00 per year, including 8.25% sales tax, for years two through five of the Support Agreement. Due to ongoing system implementation and testing, the Support Agreement cost for year two was reduced by mutual agreement between Spillman Technologies and the City of Torrance from $113,196.00 to $91,440.00. See Attachment B, Spillman Technologies' invoice number

15486 in the amount of $91,440.00. Contract year two commences and support fees are due on February 15, 2007 for the period from February 15, 2007 through February 14, 2008.

Respectfully submitted,

JOHN J. NEU
CHIEF OF POLICE

By Lt. Devin Chase
Communications Division Commander

CONCUR:

John J. Neu
Chief of Police

Rick Bongard
Fire Chief

Richard Shigaki
Information Technology Director

LeRoy J. Jackson
City Manager

Attachment A: Spillman Master Agreement
B: Spillman Invoice #15486

Attachment A

MASTER AGREEMENT

PUBLIC SAFETY INFORMATION SYSTEM

THIS AGREEMENT, made and entered into this 15th day of November, 2005 by and between the CITY OF TORRANCE, a municipal corporation, hereinafter referred to as "CITY," and SPILLMAN TECHNOLOGIES, INC., a Utah corporation, hereinafter referred to as "CONTRACTOR."

WITNESSETH:

WHEREAS, CITY desires to contract with CONTRACTOR and CONTRACTOR hereby agrees to provide the computer software (the "Software") and perform the professional services set forth in this Agreement for the system, hereinafter referred to as "PROJECT"; and

WHEREAS, CONTRACTOR is willing and qualified to provide said services;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreement herein set forth, the parties do hereby agree as follows:

C2005-227

I. DUTIES OF CONTRACTOR

A. Deliverables and Services.

CONTRACTOR shall provide the Software and devices (the "Deliverables") and the services (the "Work") described in this Agreement, the Purchase Agreement attached as Exhibit A hereto (the "Purchase Agreement"), and the additional exhibits to this Agreement, including the License Agreement attached as Exhibit B, the Support Agreement attached as Exhibit C, and the RFP (as modified by the RFP Response and this Agreement). For the purposes of this Agreement, "the Scope of Work" includes by reference and by addendum: 1) the CITY'S Request for Proposal Number B2005-05 dated February 10, 2005 ("the RFP"); 2) the CONTRACTOR's response to the CITY's Request for Proposal, dated March 31, 2005 ("the RFP Response"), attached as Exhibit D hereto; 3) all terms and conditions of this Agreement; 4) the Functional Specifications Document defined in the RFP; and 5) the Amendments, Change Orders, or modifications to the Functional Specification Document.

B. Order of Precedence.

In the event any discrepancy exists between one or more of the aforementioned documents, the Order of Precedence defined in this Section shall be used to determine the resolution of the discrepancy, with the most recently dated document first, unless both parties mutually agree in writing to an alternative decision. The Order of Precedence for these documents shall be as follows:

1. Amendments, Change Orders, or modifications to the Functional Specification Document
2. This Agreement and the Functional Specification Document when completed and mutually agreed to by both parties and added as an addendum to this Agreement.
3. The RFP Response.
4. The RFP.

COPY

Attachment A

C. Licenses, Permits, Fees, and Assessments.

1. CONTRACTOR shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law to perform the Work hereunder.
2. CONTRACTOR shall obtain a business license for work within the City of Torrance pursuant to Section 31.2.5 of the Torrance Municipal Code. No payments shall be made to any CONTRACTOR until such business license has been obtained, and all fees paid therefore, by CONTRACTOR. Business license applications and information may be obtained from the Finance Department, Torrance City Hall, 3031 Torrance Blvd., Torrance CA 90503, (310) 618-5932.

D. Conditions Affecting Performance.

CONTRACTOR shall immediately inform the CITY of any conditions materially affecting performance of the Work and shall not proceed except at CONTRACTOR'S risk until written instructions are received from the CITY regarding any such conditions.

II. DUTIES OF CITY

CITY shall provide the facilities, Site preparation, and related services summarized in Section II.C.3 of the RFP and in the RFP Response.

III. COMPENSATION OF CONTRACTOR

A. Basis of Compensation.

1. The total compensation to CONTRACTOR, including the purchase price for all Deliverables and the initial license fees for the Software itself ("License Fees"), and payment for all Work (including maintenance and support services for the first fifteen month period referred to below) provided by CONTRACTOR pursuant to this Agreement shall not exceed $1,980,011.00 and shall be payable as provided in herein and in the Purchase Agreement. This amount includes all License Fees for Software, and all costs for hardware and fees for related services as set forth in the Purchase Agreement, including maintenance and support for a period of fifteen (15) months from the date of CONTRACTOR's delivery to CITY of CITY's server with CONTRACTOR's Software loaded on it. CITY may incur additional maintenance and support fees for the second year (beginning at the end of such 15-month period) at prices not to exceed those listed in the Purchase Agreement (Exhibit A).
2. The purchase price for the Deliverables under this Agreement is inclusive of all local, state and federal sales taxes.

B. Method of Compensation.

CITY shall promptly review invoicing and notify CONTRACTOR of any objection thereto in writing within ten (10) days of receipt of the invoice, and absent such objection, the invoice shall be deemed proper and acceptable and paid within thirty (30) days of the date of the invoice. CONTRACTOR agrees that CITY shall not be penalized for minor delays in making payment, provided that CITY is making reasonable, good faith efforts to generally pay invoices in a timely manner.

C. Extra Work and Change Order Fee.

Extra work performed by CONTRACTOR for any work required by CITY which is not specified in Section I, including but not limited to, any changes to CONTRACTOR work including contract change orders, after the award of the Agreement by CITY Council, shall be compensated at CONTRACTOR's then-current rates. No extra work will be compensated for unless agreed to by CITY in writing.

Attachment A

D. Schedule of Payments.

Upon completion of each Deliverable as identified in the applicable project schedule (the "Project Schedule"), which shall be mutually agreed upon after execution of this Agreement and a pre-implementation meeting (PIM) between the parties, CONTRACTOR will notify CITY of the completion of that Deliverable with a request for payment as set forth in the Purchase Agreement. Upon receipt of CONTRACTOR's notification and request for payment, CITY will review the Deliverable provided by CONTRACTOR. If said Deliverable is determined by CITY to be acceptable under the terms and conditions of this Agreement, CITY shall, within 30 days of that date, execute and deliver payment to CONTRACTOR. In the event the CITY determines the Deliverable to be NOT acceptable pursuant to Section VIII below, it shall notify CONTRACTOR and CONTRACTOR shall use diligent, good faith efforts to resolve the problem in accordance with Section VIII.

IV. INSTALLATION SCHEDULE

CONTRACTOR and CITY shall each devote such time to the completion of the installation of the Deliverables pursuant to this Agreement as may be reasonably necessary for satisfactory performance of CONTRACTOR's and CITY's obligations pursuant to this Agreement. CONTRACTOR shall use commercially reasonable, good faith efforts to complete such installation in accordance with the mutually agreed-upon Project Schedule. The Project Schedule may be modified only by the mutual written consent of CITY and CONTRACTOR's Project Manager.

V. LIQUIDATED DAMAGES

The parties agree that the CITY would suffer damages if the installation of the Deliverables is not timely completed, in accordance with the schedule set forth in the Project Schedule, as mutually agreed by the parties. If CONTRACTOR is unable to complete installation of the Deliverables in the agreed-upon time after receiving all needed information and assistance (unless the delay is due to the fault of CITY or due to a force majeure event), the parties agree that the implementation fees payable to CONTRACTOR shall be reduced in the amount of 1.5% for each thirty-day period or portion thereof in which the installation is delayed.

Similarly, CITY agrees to complete installation of the Deliverables in accordance with the schedule set forth in the Project Schedule. Therefore, all License Fees and costs for the Deliverables shall be due and payable within thirty (30) days after the date set forth in the Project Schedule for completion of installation, even if live operation has not yet occurred, unless the delay in completing installation was due to the fault of CONTRACTOR or a force majeure event.

The parties acknowledge and agree that the foregoing constitute liquidated damages and not a penalty. Each party acknowledges and agrees that the above payment reduction is reasonable and is based upon the parties' current assessment of the damages that are likely to be incurred in the event of a delay in installation, and that this liquidated damages clause has been mutually agreed to in order to avoid future disputes and uncertainty.

VI. REPORTS

CONTRACTOR shall prepare and submit to the CITY monthly reports concerning CONTRACTOR'S performance of the Work rendered under this Agreement, beyond those defined in the Scope of Work.

VII. PROJECT PERSONNEL

CONTRACTOR shall assign such person or persons ("Project Personnel" or "Key Personnel"), as it deems appropriate to perform the Work required by the Scope of Work. The CITY has the right to approve or reject the Project Personnel proposed by CONTRACTOR at any time. Furthermore, CONTRACTOR shall provide the services of those individuals specifically designated as Key Personnel. These individuals will be dedicated to perform the Work under this Agreement for the duration of this Agreement unless the individual becomes unavailable to perform as a result of death, illness, disability, termination of his or her employment

relationship with CONTRACTOR or if CITY elects to reduce staff levels or change designated Key Personnel.

If a Key Personnel becomes unavailable for one of these reasons, CONTRACTOR shall use good faith efforts to provide the CITY with a resume of a proposed replacement within a ten working day period and will offer the CITY an opportunity to interview the replacement within five (5) business days thereafter. If the CITY determines that the replacement proposed by CONTRACTOR does not have the ability and experience to perform the services required under this Agreement, the CITY will so notify CONTRACTOR within a two-day period after the interview. In that situation, the process will be repeated until the CITY has approved a replacement proposed by CONTRACTOR.

The CITY shall have the right to require removal of any Project Personnel and/or Key Personnel from the CONTRACTOR'S Project team upon delivery of written notice thereof to CONTRACTOR. CONTRACTOR will replace such Project Personnel with other qualified Project Personnel in accordance with the terms set forth above.

VIII. ACCEPTANCE TESTING

The CITY shall have a period of thirty (30) days from the Go-Live Date of the Software to determine that such Software operates in accordance with its agreed-upon functional specifications in all material respects. "Go-Live Date" means the date, after the Software is installed, that the Software is first available to the CITY for use in an operational, productive, non-test environment. "Acceptance Date" shall be the earlier of (i) the date that the CITY notifies CONTRACTOR of acceptance of the Software; or (ii) the 31st day from the Go-Live Date, unless during the 30-day test period, the CITY provides CONTRACTOR with written notice of a material failure of the Software to operate in accordance with such specifications. In the event of such a failure, CONTRACTOR shall promptly undertake to provide corrected Software to the CITY within thirty (30) days, after which time acceptance testing shall be recommenced for an additional period extending to the later of (a) fifteen (15) days from the date the corrected Software is provided to the CITY, or (b) the originally scheduled end date for the testing period.

IX. PROJECT CHANGES OR REVISIONS

A. No Project changes or revisions and no additional payment therefor shall be made except pursuant to the provisions of this Agreement. No extra compensation shall be paid CONTRACTOR for revisions required by reason of omissions or error by CONTRACTOR in preparation of the Cost Summary, attached hereto as Exhibit E.

B. CITY may, from time to time, request changes or extensions to the Scope of Work of the Agreement to be performed hereunder. Such changes, including any increases or decreases in the amount of CONTRACTOR's compensation, must be mutually agreed upon in writing by and between CITY and CONTRACTOR and shall be incorporated to this Agreement as an Amendment.

X. ADDITIONAL SERVICES OUTSIDE SCOPE OF WORK

CITY may order additional services pursuant to this Agreement by submitting for CONTRACTOR's acceptance a specified Scope of Work. Additional services that CONTRACTOR could provide, or cause to be provided, include Software design work related to the PROJECT but not included in the scope of work set forth in Section I, or Software design work caused by design changes unrelated to the scope of work.

Upon CONTRACTOR's and CITY's written acceptance of a revision to the Scope of Work, it shall form an Addendum Amendment to this Agreement and be subject to the terms and conditions hereof.

XI. INSURANCE

A. WORKERS' COMPENSATION. During the term of this Agreement, CONTRACTOR shall fully comply with the terms of applicable laws concerning workers' compensation. Said compliance shall include, but not be limited to, maintaining in full force and effect one or more policies of insurance insuring against any

liability CONTRACTOR may have for workers' compensation. Said policy shall also include employer's liability coverage no less than $1,000,000 per accident for bodily injury or disease.

B. GENERAL LIABILITY INSURANCE. CONTRACTOR shall obtain at its sole cost and keep in full force and effect during the term of this Agreement commercial general liability insurance in the amount of $ 1,000,000 per occurrence for bodily injury, personal injury, and property damage. Said insurance shall provide (1) that CITY, its officers, agents, employees and volunteers shall be named as additional insureds under the policy, and (2) that the policy shall operate as primary insurance, and (3) that no other insurance effected by CITY or other named insureds will be called upon to cover a loss covered thereunder.

C. AUTOMOBILE LIABILITY INSURANCE. CONTRACTOR shall obtain at its sole cost and keep in full force and effect during the term of this Agreement automobile liability insurance in the amount of $ 1,000,000 per occurrence for bodily injury and property damage. Said insurance shall provide (1) that CITY, its officers, agents, employees and volunteers shall be named as additional insureds under the policy, and (2) that the policy shall operate as primary insurance, and (3) that no other insurance effected by CITY or other named insureds will be called upon to cover a loss covered thereunder.

D. CERTIFICATES OF INSURANCE. CONTRACTOR shall file with CITY Clerk upon the execution of this Agreement, certificates of insurance which shall provide that no cancellation, major change in coverage, expiration, or nonrenewal will be made during the term of this Agreement, without thirty (30) days written notice to the CITY Clerk prior to the effective date of such cancellation, or change in coverage.

CONTRACTOR shall file with the CITY Clerk concurrent with the execution of this Agreement, CITY's standard endorsement form (attached hereto) providing for each of the above requirements.

XII. HOLD HARMLESS

INDEMNIFY AND HOLD HARMLESS. Each party shall indemnify, defend, and hold harmless the other party, its officers, agents, employees and volunteers from all claims, suits, or actions of every name, kind and description, brought forth on account of injuries to or death of any person or physical damage to tangible property arising from or connected with the willful misconduct, negligent acts, errors or omissions, ultra-hazardous activities, or activities giving rise to strict liability by such party or any person directly or indirectly employed by or acting as agent for such party in the performance of this Agreement.

It is understood that the duty of CONTRACTOR to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code.

Acceptance of insurance certificates and endorsements required under this Agreement does not relieve CONTRACTOR from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

XIII. INFRINGEMENT INDEMNIFICATION

CONTRACTOR shall indemnify CITY against third party claims of infringement based upon CITY's use of the Software as authorized by this Agreement, pursuant to the terms set forth in Section 8.8 of Exhibit B.

XIV. WARRANTIES

CONTRACTOR is providing to CITY certain warranties with respect to the Software, as set forth in Section 8 of Exhibit B.

Attachment A

XV. COVENANT AGAINST CONTINGENT FEES

CONTRACTOR covenants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, brokerage, or contingent fee, excepting as bona fide employees or bona fide established commercial or selling agencies maintained by CONTRACTOR for the purpose of securing business. For breach of this covenant, the CITY shall have the right to terminate this Agreement in accordance with the termination clause, and at its sole discretion, to deduct from the agreement price or consideration, or otherwise recover the full amount for such commission, percentage or contingent fee.

XVI. DELIVERY, TITLE, RISK OF LOSS

Title to Deliverables (other than Software and related documentation) will pass to the CITY upon delivery of equipment to CITY. CONTRACTOR shall bear the responsibility for all risks of physical loss or damage to the Deliverable until such Deliverable is delivered to CITY, except to the extent such damage is caused by the CITY. To retain the benefit of this clause, the CITY shall promptly notify CONTRACTOR of any loss or damage upon receipt of any or all items of Deliverable and cooperate in the processing of any claims made by CONTRACTOR.

XVII. STANDARD OF PERFORMANCE

CONTRACTOR shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which CONTRACTOR is engaged. All products of whatsoever nature shall be prepared in a professional and workmanlike manner, and conform to the standards of quality typically observed by a person practicing in CONTRACTOR's profession. Judgment as to whether specifications have been met on Software modifications and Software maintenance services performed by CONTRACTOR shall be by mutual agreement except where otherwise assigned by the Agreement. In the event an agreement cannot be reached, the dispute shall be resolved in accordance with Section XXX.B.

XVIII. ASSIGNABILITY

No party to this Agreement may assign any right or obligation pursuant to this Agreement, except that CONTRACTOR may assign this Agreement to an affiliate or to a third party in connection with the purchase of all or substantially all of CONTRACTOR's stock or assets or the applicable business line of products. Any other attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

Any successor in interest to CONTRACTOR shall be bound by the terms and conditions of this Agreement.

XIX. SUBCONTRACTING

None of the services covered by this Agreement shall be subcontracted without the prior consent of CITY, which shall not be unreasonably withheld.

XX. NOTICES

All notices required to be delivered under the Agreement or under applicable law shall be personally delivered, or delivered by United States mail, certified or registered, or by reputable document delivery service such as Federal Express. Notices personally delivered or delivered by a document delivery service shall be effective upon receipt. Notices delivered by mail shall be effective at 5:00 p.m. on the second calendar day following dispatch.

Notices to be delivered to the CITY shall be directed to:

CITY: City Clerk
City of Torrance
3031 Torrance Blvd.
Torrance CA 90503

With a copy to:

Communications Division Commander
Torrance Police Department
3300 Civic Center Drive
Torrance, CA 90503

Notices to be delivered to the CONTRACTOR shall be sent to the address set forth below. Changes in the address to be used for receipt of notices shall be effected in accordance with this paragraph.

CONTRACTOR: Spillman Technologies, Inc.
1325 South 4700 West
Salt Lake City, Utah 84104
Attention: Steve Hansen
Phone: (801) 326-3700

Either party may change its address for purposes of receipt of notice by giving ten (10) days' prior written notice to the other in the manner prescribed above.

XXI. FINANCIAL INTERESTS OF CITY AND CONTRACTOR

No employee of CITY shall have any direct financial interest in this Agreement. This Agreement shall be voidable at the option of CITY if this provision is violated.

XXII. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES

No officer, official, employee, agent, representative, or volunteer of the CITY shall be personally liable to the CONTRACTOR, or any successor in interest, in the event of any default or breach by the CITY, or for any amount which may become due to the CONTRACTOR or its successor, or for breach of any obligation of the terms of the Agreement.

XXIII. INDEPENDENT CONTRACTOR

At all times during the term of this Agreement, CONTRACTOR shall be an independent contractor and shall not be an employee of CITY. CITY shall have the right to control CONTRACTOR only insofar as the results of CONTRACTOR's services rendered pursuant to this Agreement; however, CITY shall not have the right to control the means by which CONTRACTOR accomplishes services rendered pursuant to this Agreement.

XXIV. CONTRACTOR — NO AGENT

Except as CITY may specify in writing, CONTRACTOR shall have no authority, express or implied, to act on behalf of CITY in any capacity whatsoever as an agent. CONTRACTOR shall have no authority, express or implied, pursuant to this Agreement to bind CITY to any obligation whatsoever.

XXV. CONTRACTOR — NOT PUBLIC OFFICIAL

CONTRACTOR is not a "public official" for purposes of Government Code §§87200 et seq. CONTRACTOR conducts research and arrives at conclusions with respect to his or her rendition of information, advice, recommendation or counsel independent of the control and direction of CITY or any CITY official, other than normal contract monitoring. In addition, CONTRACTOR possesses no authority with respect to any CITY decision beyond the rendition of information, advice, recommendation or counsel.

XXVI. DISCLOSURE

Any and all information disclosed in connection with the performance of services under this Agreement may be disclosed as per applicable laws. Exceptions are proprietary software and hardware and source codes.

At the termination of this Agreement all information marked as confidential shall be returned to the respective owners.

XXVII. RIGHTS TO INFORMATION

CONTRACTOR may elect to develop materials that are competitive, irrespective of their similarity, to materials that might be supplied to CITY hereunder.

XXVIII. RECORDS

CONTRACTOR shall maintain adequate records to permit inspection audit of CONTRACTOR's charges under this Agreement. CONTRACTOR shall provide CITY access to such records for approval, funding, or auditing the project, during normal business hours upon reasonable notice, the reasonable cost of which shall be borne by CITY. Nothing herein shall convert such records into public records and they will be available only to CITY for approval, funding, or audit functions. Such records shall be maintained by CONTRACTOR for three (3) years following completion of the initial Software installation under this Agreement.

XXIX. FORCE MAJEURE

The time period specified in this Agreement for performance of the Work shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the CITY or the CONTRACTOR, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, terrorism, litigation, and/or acts of any governmental agency, including the CITY, if the delaying party shall within ten (10) working days of the commencement of such delay notify the other party in writing of the causes of the delay. In no event shall either party be entitled to recover damages against the other party for any delay in the performance of this Agreement caused by a force majeure event, however caused, excepting interest due on late payments.

XXX. TERMINATION OF AGREEMENT

This Agreement will terminate or may be terminated as subject to the following conditions:

A. Termination by CITY. This Agreement may be terminated by CITY for any or all of the following reasons:

1. For any material default by CONTRACTOR, subject to notice and opportunity to cure under subsection B below;

2. For the convenience of CITY in accordance with the terms of subsection C below; or

3. In the event of the liquidation of, or declaration of bankruptcy by, the CONTRACTOR, pursuant to subsection D below.

B. Termination for Default. The failure of either party to comply with any material term, condition, or provision of this Agreement shall constitute a default. In the event of default, the non-defaulting party shall notify the defaulting party of the specific act or omission by such party that constitutes default. The defaulting party shall have thirty (30) days from the date of receipt of such notification to correct such default. Termination for default shall be accomplished immediately upon written notice of termination and failure to correct within the requisite time period.

C. Termination for Convenience. CITY of Torrance may terminate this Agreement in whole or in part whenever for any reason CITY determines that such termination is in the best interest of CITY. In such event, CITY shall provide written notice to CONTRACTOR and termination shall be effective as of the date and time specified therein. Such termination for convenience is subject to any outstanding obligations and financial commitments of CITY under this Agreement and the Purchase Agreement (e.g., CITY's obligation to pay License Fees is not rescinded by such termination).

D. Termination for Bankruptcy or Liquidation. In the event CONTRACTOR shall cease doing business, liquidate, make a general assignment for the benefit of creditors, or shall avail itself of, or become subject to without opposition by CONTRACTOR, any liquidation proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or the protection of the rights of creditors, the CITY may, at its option, terminate this Agreement. In such event of termination, CITY shall provide written notice to CONTRACTOR and termination shall be effective as of the date and time specified therein.

E. Failed Correction of Breach. In the event the violating party has been notified of breach of this Agreement and fails to correct said breach or fails to satisfactorily correct said breach under the terms and conditions of Subsection B above, the grieved party reserves the right to terminate this Agreement upon written notice and pursue any and all legal remedies including the costs of enforcing the terms of this Agreement.

F. Termination for Unavailability of Funds. Notwithstanding any other provision of this Agreement, the parties agree that the charges hereunder are payable by CITY solely from appropriated, otherwise unobligated funds. In the event such funds are not appropriated, in the sole discretion of CITY, this Agreement shall be terminated, except CONTRACTOR shall be paid for all work performed to such date.

G. Procedure upon Termination. Upon termination of this Agreement, the following shall apply:

1. CONTRACTOR shall stop work under this Agreement on the date and to the extent specified in the notice of termination;

2. CONTRACTOR shall place no further orders or subcontract for materials, services or facilities, except as may be necessary for completion of such portion of the work under this Agreement as is not terminated;

3. CONTRACTOR shall terminate all orders and subcontracts to the extent that they relate to the performance of work terminated; provided that CITY shall be responsible for payment or settlement of any claims arising out of the termination of such orders and subcontractors if this Agreement was terminated under subsection C above; and

4. CITY shall return to CONTRACTOR all Software and Confidential Information provided by CONTRACTOR, as set forth in the License Agreement.

XXXI. NONDISCRIMINATION; APPLICABLE LAWS AND JURISDICTION.

Contractor agrees that all persons employed or retained by it in the performance of this Agreement shall be treated equally without regard to or because of race, creed, color, national origin, political affiliation, marital status, sex, age, sexual orientation, or disability and in compliance with all federal and state laws prohibiting

discrimination in employment. The provisions of this Agreement shall be construed in accordance with the laws of the State of California and any provision of this Agreement in conflict therewith is void.

The parties agree to submit to the jurisdiction of the courts of the county of Los Angeles, California, for enforcement of this Agreement.

XXXII. ATTORNEY'S FEES.

If either party to this Agreement is required to initiate or defend, or is made a party to, any action or proceeding in any way connected with enforcement of this Agreement, the party prevailing in the final judgment in such action or proceeding, in addition to any other relief which may be granted, shall be entitled to reasonable attorneys' fees. Attorneys' fees shall include reasonable costs for investigating such action, conducting discovery, and all other necessary costs a court of competent jurisdiction allows which are incurred in such litigation.

XXXIII. COMPLIANCE WITH LAWS; CONSTRUCTION

This Agreement and the parties' actions under this Agreement shall comply with all applicable federal, state and local laws, rules, regulations, court orders, and governmental agency orders. The terms of this Agreement shall not be construed for or against either party by reason of the authorship of the Agreement.

XXXIV. WAIVER

Any waiver by either party of a default or obligation under this Agreement will be effective only if in writing. Such a waiver does not constitute a waiver of any subsequent breach or default. No failure to exercise any right or power under this Agreement or to insist on strict compliance by the other party will constitute a waiver of the right in the future to exercise such right or power or to insist on strict compliance.

XXXV. SEVERABILITY

If a provision of this Agreement is terminated or held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall be in no way be affected or impaired thereby.

XXXVI. ENTIRE AGREEMENT

The Spillman Purchase Agreement, Software License Agreement and Support Agreement, dated of even date herewith, are an integral part of this Agreement and are attached hereto as Exhibits A, B and C. This Agreement and its Exhibits, which are incorporated herein by reference, set forth the entire understanding of the parties with respect to the subject matter herein. There are no other agreements, express or implied, oral or written, except as set forth herein.

XXXVII. SOURCE CODE ESCROW

Promptly after execution of this Agreement, CONTRACTOR shall arrange to escrow the source code for the Software (the "Source Code") with a mutually agreeable third party escrow agent. CONTRACTOR shall also deposit the source code for updated versions of the Software during the term of the Agreement. CITY will be responsible for paying all charges of the escrow agent; if CITY fails to do so, the escrow may be terminated.

The Source Code shall not be released from the escrow to CITY unless or until (i) CONTRACTOR ceases to actively conduct its business, liquidates or dissolves without a successor; or (ii) CONTRACTOR files a petition in bankruptcy for liquidation, or fails to oppose a liquidation action in bankruptcy filed against it within a reasonable time. The procedure for release shall be as set forth in the applicable escrow agreement among CONTRACTOR, CITY and the escrow agent.

Attachment A

If the Source Code is released from escrow to CITY, CONTRACTOR hereby grants to CITY, effective upon the date of such release, a license to use, modify, enhance, and copy the Source Code as necessary for the exercise of CITY's rights under this Agreement, for CITY's own internal business only. In no other way shall such license impair CONTRACTOR's ownership of the Software or the rights of CONTRACTOR's creditors, assigns or successors in interest. The Source Code itself is not authorized to be sublicensed and shall not be provided to or disclosed to third parties, other than employees or contractors of CITY with a need to know such information who have signed a non-disclosure agreement.

If CITY as a debtor in possession or if a trustee under the Bankruptcy Code rejects this Agreement, CITY may elect to retain this license as part of the rights it may retain in accordance with Section 365(n) of the Bankruptcy Code. The parties agree that the source code is an "embodiment" of "intellectual property" as those terms are used in Section 365(n) of the Bankruptcy Code (11 U.S.C. 365(n)).

XXXVIII. CORPORATE AUTHORITY

The person(s) executing this Agreement on behalf of the parties hereto warrant that 1) he or she/they is/are duly authorized to execute and deliver this Agreement on behalf of said party, 2) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and 3) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed the Agreement as of the date first above written.

CITY OF TORRANCE,
a Municipal Corporation

Dan Walker, Mayor

SPILLMAN TECHNOLOGIES, INC.
a Utah corporation

By:

Lester O. Hellewell, President

ATTEST:

Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By:

Attachment A

Exhibit A

spillman technologies, inc.
Reliable Innovation

843 South 100 West
Logan, UT 84321-5929
(435) 753-1610
fax(435) 753-3031

SALES QUOTE / PURCHASE AGREEMENT

Torrance Police Department
3300 Civic Center Dr.
Torrance , CA 90503

Contact: LT Marc Wilkins

("Customer")

Phone: (310) 618-5673
Agreement Preparation Date: 10/14/2005
Expiration Date: 12/15/2005
Operating System Server: IBM/SUN
Quote Number: 200
Salesman: Russ Cantrell

This Sales Quote / Purchase Agreement ("Agreement") is made and entered into this _____ day of _____, 2005 by and between Customer and Spillman Technologies, Inc. ("Spillman"), 843 South 100 West, Logan, Utah 84321.

Section 1: Quote Summary

Spillman Software	1,061,176
Spillman Professional Services	821,130
3rd Party Products & Services	9,384
Taxes @ 8.25%	88,321
Total Purchase Price	1,980,011

Approved and Accepted by:

I have read this Agreement in its entirety and hereby approve and accept the terms and conditions of this Agreement as contained herein.

Signature of Authorized Representative

DAN WALKER
Print Name of Authorized Representative

MAYOR
Title of Authorized Representative

11-16-05
Date

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Attachment A

SALES QUOTE / PURCHASE AGREEMENT

Section 2: Spillman Software

Description	Price	Qty	Ext. Price
Spillman Application Software			1,061,176

See Section 7: Notes

Spillman Software Total 1,061,176

Section 3: Spillman Professional Services

Description	Price	Qty	Ext. Price
Spillman Professional Implementation Costs			547,870
Required Interfaces			248,260
Optional Interfaces			25,000

See Section 7: Notes

Services Total 821,130

Section 4: 3rd Party Products & Services

Description	Price	Qty	Ext. Price
Hardware Costs			9,384

See Section 7: Notes

3rd Party Products & Services Total 9,384

Torrance City Taxes

Description	Price	Qty	Ext. Price
Section 2: Spillman Software			87,547
Section 3: Spillman Professional Services			No Charge
Section 4: 3rd Party Products & Services			774
Section 2: Second Year Maintenance			No Charge

Taxes Total 88,321

TOTAL PURCHASE PRICE $ 1,980,011

Section 5: Second Year Maintenance

Second year maintenance fee is not included in the Purchase Price of this Agreement and is provided here as reference information only.
The initial term of this Agreement commences on the date this Agreement is signed and continues thereafter for a period of fifteen (15) months from the date of Spillman's delivery to Customer of Customer's server with the Licensed Program loaded on it.

Description	Price	Qty	Ext. Price
Spillman Application & Interfaces Software Maintenance			102,247
Hardware Maintenance			8,114

Second Year Maintenance Total 110,361.00

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Attachment A

SALES QUOTE / PURCHASE AGREEMENT

Section 6: Payment Terms

Section	Description	Category Totals	Payment Upon Contract Signing	Payment Upon Installation	Payment As Services Provided	Payment Other	"Other" Payment Due By
2	Software	1,061,176	265,294	676,500		119,382	System Acceptance
3	Services	821,130			821,130		
3	First Year Maintenance						
4	Hardware & 3rd Party	9,384	7,038	2,346			
5	Taxes	88,321	21,887	55,811	774	9,849	
	Price Totals	1,980,011	294,219	734,657	821,904	129,231	

Total Purchase Price	**$ 1,980,011**

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Attachment A

SALES QUOTE / PURCHASE AGREEMENT
SALES QUOTE / PURCHASE AGREEMENT

Section 7: Notes

SUMMIT IMAGING:

The Summit Imaging module allows the agency to capture photos for names, employees, vehicles, premises, property, and evidence. The picture will be shown on all screens defined for that picture type. Images can be imported from any working twain device such as digital camera or scanner. Images can also be imported from a valid image file on the PC or fileserver.

General

The Spillman software must be loaded on a Spillman-approved hardware platform, as outlined in current Spillman policies.
Spillman technicians must have direct modem access to the server where the Spillman software is loaded.
A working TCP/IP network to each PC and server that needs access to the images.
Pictures can be stored on the UNIX server or a NT 2000 server. Each storage solution will have specific needs and limitations that will have to be reviewed and a decision as to which you will use.

Hardware

Digital input devices. Camera, scanner etc.
Windows 98 machines will require the installation of a new Summit client to allow full functionality of the Summit Imaging Product.

Software

TCP/IP software on each PC and Server.
Spillman Imaging Software.
Twain device software loaded on all hardware that is required.
File sharing software

Summit Mobile

Quote valid for wireless connection with a true TCP/IP connection.

Quote does not include hardware installation. Future installations may be performed by the Customer. Should the Customer require additional installations, the Customer will be billed at current Spillman installation pricing. An adjusted quote reflecting the additional installations may be requested. Spillman has included 10 installations.

Evidence - Barcoding

"QuickScan" is used at the location where evidence is checked in and out. A "Y" cable is included with this device that plugs into the keyboard port on the PC. The two legs of the cable are used for connection to (1) the keyboard cable and (2) the QuickScan device cable. The scanned bar code replaces the typed number from the keyboard.

The "TopGun Portable Reader" is used to scan a complete inventory of items in the evidence room(s).

The TopGun Portable Reader uses a "PT Dock" to passes inventory information to the Spillman application. This device requires a serial connection to the UNIX server and also recharges the batteries of the "TopGun" device.

The Allegro Printer prints the bar code labels whenever a new piece of evidence is entered into the Spillman application . (using a print option). The Allegro Printer requires a serial connection to the UNIX server.

It is suggested that the Customer order 1 printer ribbon for every roll of labels ordered.

Statelink, 911 or Livescan

Interface Set up and Testing Fees. Where Customer has purchased a license to the Livescan, 911 and/or Statelink interfaces (the "Interface(s)"), the following terms shall apply with respect to the set up and testing fees for such Interface(s): The parties acknowledge that the use of these Interfaces requires Customer to obtain access to services provided by third party agencies. If Customer does not acquire the applicable third party services within six (6) months from the date Spillman has installed the functional Spillman software (except to the extent the delay is caused by Spillman), Spillman shall have the option to terminate its pricing commitment for the set up and testing services for such Interface(s), effective upon written notice. In such event, Spillman shall refund or credit (at Spillman's option) to Customer the fees paid for such set up and testing services. If Customer later acquires the third party services used in connection with the Interface(s), Spillman agrees to provide the set-up and testing services for the Interface(s) to Customer at its then-current fee for such services. Additionally, if the third party agency modifies the Interface specifications, Spillman may revise its pricing for the Interface set up and testing service if such service is requested by Customer after the six-month period described above, whether or not Spillman previously terminated its pricing commitment for such service.

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Attachment A

SALES QUOTE / PURCHASE AGREEMENT

Section 8: Agreement Terms

1. This Agreement only covers the products and services listed herein.

2. Customer agrees to pay all invoices within thirty (30) days of invoice date, subject to the terms of Section III.B of the Master Agreement.

3. Customer agrees to pay Spillman the Agreement Purchase Price according to the payment terms stated in Section 7. The Agreement Purchase Price is valid only through the expiration date indicated and only if all listed products and services are purchased as a complete package. ("Purchase Price" does not include second year maintenance fees.)

4. The purchase price for the products and services under this Agreement is inclusive of all local, state and federal sales taxes. Spillman will collect such taxes from Customer and pay them to the appropriate governmental authorities.

5. When signed by an authorized Customer representative this Agreement serves as the Purchase Agreement between Customer and Spillman.

6. This Agreement is subject to all terms and conditions in the corresponding, valid Computer Software End-User License Agreement (the "License Agreement") and the related Maintenance Agreement between Customer and Spillman, as well as the Master Agreement between the parties.

7. Any of the following events shall constitute a "default" under this Agreement:
   a. Customer's failure to pay Spillman any charges, costs, or other payment accruing herein on the date such payment is due, if such failure has not been corrected within ten (10) calendar days after Spillman has given Customer written notice of written notice of such:
   b. Customer's failure to perform any other obligation set forth in this Agreement, including any act of repudiation or wrongful rejection of the product, if such failure has not been corrected within thirty (30) days after Spillman has given Customer written notice of such failure:
   c. Spillman's failure to perform any obligations set forth in this Agreement, if such failure has not been corrected within thirty (30) days after Customer has given Spillman written notice of such failure.

8. Upon occurrence of a default, the non-defaulting party may:
   a. Terminate this Agreement and invoke all rights the party possesses up to termination, including in Spillman's case repossession of the Product, and
   b. If Customer remains liable for any monetary obligations created under this Agreement, Spillman may accelerate and declare all obligations of Customer created under this Agreement to be immediately due and payable by Customer as a liquidated sum and proceed against Customer in any lawful way for satisfaction of such sum; and
   c. In addition to the forgoing, seek any other remedies that may be available at law or in equity.

9. Customer acknowledges that the monetary obligations of the Customer to Spillman under this Agreement constitute a commercial account. Customer shall pay, in addition to all other amounts owed to Spillman, interest calculated at one-and-one-half percent (1.5%) per month on all amounts that have not been paid to Spillman pursuant to the terms of this Agreement, or the highest rate permitted by law, whichever is less. Customer shall also be liable for all costs of collection, including reasonable attorney's fees whether or not a suit is instituted. Any delay or failure of either party in exercising any right hereunder, or any partial exercise thereof, shall not be deemed to constitute a waiver of any right granted hereunder or at law.

10. This Agreement constitutes the entire Purchase Agreement between the parties, with respect to the products and services listed herein, and no amendment to this Agreement shall be binding on either party unless such amendment is in writing and executed by authorized representatives of both parties. The parties understand that the Master Agreement and the Support Agreement shall be considered with this Agreement as an integrated Agreement and is the complete and exclusive statement of the parties obligations and responsibilities, with respect to the products and services listed herein and therein, except as otherwise provided by law.

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Attachment A

Exhibit B

SPILLMAN®
COMPUTER SOFTWARE END-USER LICENSE AGREEMENT

09/09/2005

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This Computer Software End-User License Agreement ("Agreement") is made and entered into effective as of November ____, 2005, and is by and between:

Spillman Technologies, Inc. ("Spillman")
843 South 100 West
Logan, Utah 84321

and

City of Torrance ("Licensee")
3031 Torrance Blvd.
Torrance CA 90503

Licensee desires to license from Spillman certain software owned by Spillman, as set forth in the Sales Quote/Purchase Agreement(s) ("Purchase Agreement") executed by the parties in connection with this Agreement, and Spillman desires to grant such a license to Licensee, pursuant to the terms and conditions of this Agreement.

In consideration of the mutual agreements set forth herein, the sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1: License

1.1 SPILLMAN'S LICENSED PROGRAM IS COPYRIGHTED BY SPILLMAN AND/OR ITS LICENSORS AND IS LICENSED (NOT SOLD). SPILLMAN DOES NOT SELL OR TRANSFER TITLE TO THE LICENSED PROGRAM TO LICENSEE. THE LICENSE OF THE LICENSED PROGRAM WILL NOT COMMENCE UNTIL LICENSEE HAS EXECUTED THIS AGREEMENT AND AN AUTHORIZED REPRESENTATIVE OF SPILLMAN HAS RECEIVED, APPROVED, AND EXECUTED A COPY OF IT AS EXCUTED BY LICENSEE.

1.2 In consideration of the payment of the license fees set forth in Section 2 of the Purchase Agreement(s) pertaining hereto, Spillman grants Licensee a nonexclusive, non-transferable license to use the package of computer program(s) and data, in machine-readable form only, and related materials, including documentation and listings, identified in the Purchase Agreement (the "Licensed Program"), subject to the terms of this Agreement (including the restrictions with respect to Utilities set forth in Section 7).

Section 2: Scope of Rights

2.1 Licensee may install and use the Licensed Program only in Licensee's own facility. Licensee shall give Spillman written notice if the location of Licensee's facility changes.

2.2 Licensee may use and execute the Licensed Program only for purposes of serving the internal needs of Licensee's business, except as specifically set forth in this Agreement.

2.3 Licensee may make one copy of the Licensed Program in machine-readable, object code form, for backup purposes only (i.e., not for productive use, except in the event of an emergency that requires use of such copy), and provided that Spillman's proprietary notices are included.

2.4 Licensee may reproduce (photocopy) Licensed Program documentation according to Licensee's needs for the authorized use of the Licensed Program. Licensee may not distribute any original or reproduced copy for use outside of the Licensee's place of business and must not reveal it or any other Spillman documentation, or the Licensed Program itself, to competitors of Spillman or to any other third party unless they have a need to know such information for the proper purposes of this Agreement.

2.5 If Licensee and a third party entity (the "Shared Agency") desire to enter into an arrangement whereby Licensee will act as a "Host Agency" and permit the Shared Agency to access the Licensed Program through Licensee, the Shared Agency and Spillman will execute an Addendum Agreement for such arrangement and attach it to this Agreement as Attachment A. Spillman will bill Licensee directly for the applicable license fees, and Licensee agrees to be responsible for timely payment of such invoices. Licensee shall require the Shared Agency to comply with the terms of this Agreement and shall notify Spillman and cooperate as reasonably requested by Spillman in the event of any non-compliance.

Section 3: Fees and Payments

The license fee for the Licensed Program is specified in the Purchase Agreement. Licensee must pay the license fee, according to the agreed payment terms set forth in the Purchase Agreement, directly to Spillman upon execution of this Agreement and prior to delivery of the Licensed Program.

Section 4: Support

Spillman shall support the Licensed Program in the manner specified in the "Computer Software End-User Support Agreement" between the parties (the "Support Agreement").

Section 5: Licensee Responsibilities

5.1 Licensee is responsible for selecting a Spillman Application Administrator (or, if the Licensed Program is Spillman's Millennium software, a System Administrator) who is qualified to operate the Licensed Program on Licensee's own equipment and is familiar with the information, calculations, and reports that serve as input and output of the Licensed Program. Spillman reserves the right to refuse assistance or to charge additional fees if the Spillman Application Administrator seeks assistance with respect to such basic background information or any other matters not directly relating to the operation of the Licensed Program.

5.2 Other components (hardware and/or software) may be required for the use of the Licensed Program. Spillman assumes no responsibility under this Agreement for obtaining and/or supporting such components except as expressly agreed in writing.

5.3 Licensee is responsible for ensuring a proper environment and proper utilities for the computer system on which the Licensed Program will operate.

5.4 Except as expressly agreed in writing, Spillman assumes no responsibility under this Agreement for converting Licensee's data files for use with the Licensed Program.

Section 6: Proprietary Protection and Restrictions

6.1 Spillman shall have sole and exclusive ownership of all rights, title, and interest in and to the Licensed Program and all modifications and enhancements thereof (including ownership of all trade secrets, copyrights and other intellectual property rights pertaining thereto), subject only to the rights and privileges expressly granted to Licensee herein by Spillman. The Licensed Program may also include software separately licensed to Spillman from third party licensors. Such third party software is sublicensed to Licensee and protected pursuant to the terms of this Agreement, and may be used only in conjunction with Spillman's Licensed Program. This Agreement does not provide Licensee with title or ownership of the Licensed Program or any component thereof, but only a limited license. Spillman and its licensors specifically reserve all rights not expressly granted to Licensee in this Agreement. Licensee must keep the Licensed Program free and clear of all claims, liens, and encumbrances.

6.2 Licensee may not allow any other agency, entity, or individual to use or have access to the Licensed Program in any manner other than inquire-only unless expressly authorized by Spillman. Except as specifically authorized by Spillman, queries may be conducted solely for Licensee's internal business purposes, and Licensee may not query the Licensed Program, or permit any third party to query the Licensed Program, for a third party's business purposes.

6.3 Licensee may not use, copy, modify, rent, share or distribute the Licensed Program (electronically or otherwise), or any copy, adaptation, transcription, or merged portion thereof, except as expressly authorized in writing by Spillman. Licensee may not translate, modify, reverse assemble, reverse compile, or otherwise reverse engineer the Licensed Program.

6.4 Licensee may not utilize or permit a third party to access or utilize any part of the Licensed Program (including the Utilities) in any manner that competes, directly or indirectly, with any product or service provided by Spillman. This includes, without limitation, using the Licensed Program (or its Utilities) to develop any software, interfaces or other products that compete with Spillman's products or services, or using interfaces or other products connecting to the database of the Licensed Program in connection with a third party's competing product.

6.5 No service bureau work, multiple-user license, or time-sharing arrangement is permitted, except as expressly authorized in writing by Spillman. Licensee may not install the Licensed Program in any other computer system or use it at any other location without Spillman's express authorization obtained in advance (which will not be unreasonably withheld).

6.6 Licensee shall keep confidential all non-public information provided to Licensee by Spillman ("Confidential Information"), including the Licensed Program, future product plans, price lists, financial and business information, trade secrets, etc. Licensee shall not use Confidential Information for any purpose other than the authorized purposes of this Agreement. Licensee may disclose Confidential Information only to its employees who need to know such information, and who are bound to keep such information confidential. Licensee shall give Spillman's Confidential Information at least the same level of protection as it gives its own confidential information of similar nature, but not less than a reasonable level of protection.

6.7 Licensee hereby authorizes Spillman to enter Licensee's premises in order to inspect the Licensed Program in any reasonable manner during regular business hours, with or without prior notice, to verify Licensee's compliance with the terms of this Agreement.

6.8 Licensee acknowledges that, in the event of Licensee's breach of any of the foregoing provisions, Spillman will not have an adequate remedy in money or damages. Spillman shall therefore be entitled to seek an injunction against such breach from any court of competent jurisdiction immediately upon request, without the necessity of posting bond, in addition to any other remedies that may be available at law or in equity.

Section 7: License to Utilities; Restrictions on Usage

7.1 Spillman provides certain software utilities and tools (collectively, the "Utilities") as part of the Licensed Program. Such Utilities include Spillman's XML Query, ODBC implementation code, ctperl, dbdump, and dbload as well as any other software utilities provided by Spillman in connection with the Licensed Program. Spillman may add, modify or remove Utilities from the Licensed Program during the term of this Agreement. The Utilities contain material that is proprietary to Spillman and/or its licensors, and may be used only as permitted by this Agreement.

7.2 Licensee is permitted to use the Utilities for read-only operations in connection with the authorized use of the Licensed Program, but may not allow third parties to use the Utilities unless an authorized official of Spillman consents in writing. Licensee is NOT permitted to utilize the Utilities or any other software tools to write to Spillman's database in any manner, due to the potential for data corruption and system slowdown or damage. Licensee also may not permit any third party to write to Spillman's database in any manner.

7.3 Spillman is NOT responsible for any breach of warranty, damages to the Licensed Program or its database, data corruption, support issues, security issues or performance issues arising out of Licensee's or a third party's use of the Utilities or any other software not specifically licensed in this Agreement (including any third party querying or writing to the database).

Section 8: Limited Warranty and Limitation of Liability; Indemnification

8.1 Spillman warrants, for Licensee's benefit alone, (a) that the Licensed Program conforms in all material respects to the specifications for the current version of the Licensed Program as described in Spillman's Licensed Product Specification as of the date this Agreement is signed, and thereafter for a period of fifteen (15) months from the date of Spillman's delivery to Licensee of Licensee's server with the Licensed Program loaded on it (the "Warranty Period"); and (b) that the Licensed Program will, in all material respects, interoperate properly with the hardware and third party software described in the Licensed Product Specification during the Warranty Period.

This warranty is expressly conditioned on Licensee's observance of the operation, security, and data-control procedures set forth in the User's Manual included with the Licensed Program.

8.2 Spillman is not responsible for obsolescence of the Licensed Program that may result from changes in Licensee's requirements. The warranty in Section 8.1 shall apply only to the most current version of the Licensed Program issued by Spillman from time to time. Issuance of updates does not result in a renewal or extension of the warranty period. Spillman assumes no responsibility for the use of superseded, outdated, or uncorrected versions of the Licensed Program. Spillman is not responsible for any problems or errors with the Licensed Program or Licensee's system resulting from use of the ctperl or dbload Utilities in any manner other than read-only. Licensee expressly acknowledges that any use of the "write" or "update" features of these Utilities may damage Licensee's database or cause other problems with its system.

8.3 As Licensee's exclusive remedy for any material defect in the Licensed Program for which Spillman is responsible, Spillman shall use reasonable efforts to correct or cure any reproducible defect by issuing corrected instructions, a restriction, or a bypass. In the event Spillman does not correct or cure such nonconformity or defect after Spillman has had a reasonable opportunity to do so, Licensee's exclusive remedy shall be the refund of the amount paid as the license fee for the defective or non-conforming module of the Licensed Program. Spillman shall not be obligated to correct, cure, or otherwise remedy any nonconformity or defect in the Licensed Program if Licensee has made any changes whatsoever to the Licensed Program, if the Licensed Program has been misused or damaged in any respect, or if Licensee has not reported to Spillman the existence and nature of such nonconformity or defect promptly upon discover thereof.

8.4 Spillman warrants to Licensee that it owns or has the right to license the Licensed Program and its associated modules to Licensee pursuant to this Agreement.

8.5 EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SPILLMAN AND ITS LICENSORS DISCLAIM ANY AND ALL PROMISES, REPRESENTATIONS, AND WARRANTIES WITH RESPECT TO THE LICENSED PROGRAM, INCLUDING ITS CONDITION, ITS CONFORMITY TO ANY REPRESENTATION OR DESCRIPTION, THE EXISTENCE OF ANY LATENT OR PATENT DEFECTS, TITLE, NON-INFRINGEMENT, AND ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR USE.

8.6 THE CUMULATIVE LIABILITY OF SPILLMAN AND ITS LICENSORS TO LICENSEE FOR ALL CLAIMS RELATING TO THE LICENSED PROGRAM AND THIS AGREEMENT, INCLUDING ANY CAUSE OF ACTION SOUNDING IN CONTRACT, TORT, OR STRICT LIABILITY, SHALL NOT EXCEED THE TOTAL AMOUNT OF ALL LICENSE FEES PAID TO SPILLMAN HEREUNDER. This limitation of liability is intended to apply without regard to whether other provisions of this Agreement have been breached or have proven ineffective. Spillman shall have no liability for the loss of data or documentation, it being understood that Licensee is responsible for reasonable backup precautions.

8.7 IN NO EVENT SHALL SPILLMAN AND ITS LICENSORS BE LIABLE FOR ANY LOSS OF PROFITS; ANY INCIDENTAL, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES; OR ANY CLAIMS OR DEMANDS BROUGHT AGAINST LICENSEE BY THIRD PARTIES, EVEN IF SPILLMAN OR ITS LICENSORS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH CLAIMS OR DEMANDS. This limitation upon damages and claims is intended to apply without regard to whether other provisions of this Agreement have been breached or have proven ineffective.

8.8 Spillman agrees to indemnify and defend Licensee from and against any and all third party claims, demands, lawsuits or legal actions arising out of any actual or alleged infringement of any trademark, copyright, trade secret, or U.S. patent by the Licensed Program, and Spillman will pay any liabilities, damages, costs and expenses (including reasonable attorneys' fees) finally awarded in such action or paid to settle the action. Spillman will not be required to indemnify Licensee unless (i) Licensee promptly notifies Spillman of any such claim; (ii) Licensee gives Spillman sole control of the defense and all settlement negotiations, and the authority to represent Licensee in defending the claim; and (iii) Licensee provides Spillman with any information and assistance that Spillman reasonably requests in defending against the claim. Licensee may, at its option and expense, be represented by separate counsel in any such action. If a court or other legal authority finds that any part of the Licensed Program infringes a third party's intellectual property rights, or if Spillman believes that it infringes, Spillman will use reasonable efforts to obtain a license under the rights that have been infringed, to modify the Licensed Program so it is no longer infringing, or to provide to Licensee substitute software that is non-infringing; provided that if in Spillman's judgment such options are not commercially reasonable, Spillman may

terminate the license for the Licensed Program or the infringing portion thereof upon written notice to Licensee. Spillman will have no liability for infringement arising out of modification of the Licensed Program by any party other than Spillman, use of an outdated version of the Licensed Program, or the combination or use of the Licensed Program with any other software, hardware, equipment, product or process not furnished by Spillman, if use of the Licensed Program alone and in its current, unmodified form would not have been an infringement. Spillman is not liable for any infringement claims based upon third party software or hardware. This Section 8.8 states Spillman's entire obligation with respect to any claim for infringement or misappropriation of any third party intellectual property rights.

Section 9: Term of Agreement; Termination

9.1 Licensee's license of the Licensed Program shall become effective upon the execution of this Agreement and shall continue perpetually unless otherwise terminated as provided herein.

9.2 Licensee may terminate this Agreement at any time upon written notice to Spillman, subject to any outstanding obligations and financial commitments of Licensee under the Purchase Agreement (e.g., Licensee's obligation to pay license fees is not rescinded by such termination).

9.3 Spillman may terminate this Agreement if Licensee breaches any material term of this Agreement, the Support Agreement or the Purchase Agreement and does not correct such breach within thirty (30) days following written notice of the breach from Spillman.

9.4 Upon termination of this Agreement, all rights granted to Licensee will terminate and revert to Spillman and/or its licensors. Promptly upon termination of this Agreement for any reason or upon discontinuance or abandonment of Licensee's possession or use of the Licensed Program, Licensee must return or destroy, as requested by Spillman, all copies of the Licensed Program in Licensee's possession (whether modified or unmodified), and all other Confidential Information and other materials pertaining to the Licensed Program (including all copies thereof). Licensee agrees to certify Licensee's compliance with such restriction upon Spillman's request. The terms of Sections 6, 7.3, 8.4, 8.5, 8.6, 8.7, 9.4, and 10 shall survive termination or expiration of this Agreement.

Section 10: Miscellaneous

10.1 This Agreement, the Master Agreement, the Purchase Agreement and the Support Agreement (if applicable), together with their attachments, if any, constitute the complete agreement between the parties with respect to the Licensed Program and other subject matter hereof. No modification of this Agreement shall be binding unless it is in writing and is signed by an authorized representative of each party.

10.2 Licensee may not assign or transfer this Agreement or any of its rights or duties hereunder to any third party without Spillman's prior written consent.

10.3 This Agreement will be governed by the laws of the state of California, not including conflicts of laws provisions. The parties hereby submit to the exclusive jurisdiction and venue of California state and federal courts with respect to any action between the parties relating to this Agreement. In any such action, the prevailing party shall be entitled to an award of its reasonable costs and attorneys' fees from the other party.

10.4 Any waiver by either party of a default or obligation under this Agreement will be effective only if in writing. Such a waiver does not constitute a waiver of any subsequent breach or default. No failure to exercise any right or power under this Agreement or to insist on strict compliance by the other party will constitute a waiver of the right in the future to exercise such right or power or to insist on strict compliance.

10.5 Any notices required or permitted under this Agreement shall be in writing and delivered in person or sent by registered or certified mail, return receipt requested, with proper postage affixed, or sent by commercial overnight delivery service with provisions for a receipt.

10.6 If any term of this Agreement is held to be invalid or void by any court or tribunal of competent jurisdiction, it shall be modified by such court or tribunal to the minimum extent necessary to make it valid and enforceable. If it cannot be so modified, it shall be severed from this Agreement and all the remaining terms of this Agreement shall remain in full force and effect.

10.7 In the event export of the Licensed Program is expressly permitted by Spillman, Licensee may only export the Licensed Program (including any related materials) as authorized by U.S. law and any other applicable jurisdiction. In particular, the Licensed Program may not be exported into any country where such export is prohibited by law, regulation or governmental order.

SPILLMAN DESIRES THAT LICENSEE BE CONFIDENT THAT THE LICENSED PROGRAM WILL SUIT LICENSEE'S NEEDS. ALTHOUGH LICENSEE MUST MAKE THAT DETERMINATION, SPILLMAN IS PREPARED TO FULLY DISCUSS THE LICENSED PROGRAM WITH LICENSEE AND ANSWER QUESTIONS. BY EXECUTING THIS AGREEMENT, LICENSEE ACKNOWLEDGES THAT IT HAS BEEN GIVEN AN ADEQUATE OPPORTUNITY TO INVESTIGATE LICENSEE'S COMPUTER AND SOFTWARE NEEDS AND THAT BASED ON ITS EXAMINATION OF THE LICENSED PROGRAM, LICENSEE FINDS THE LICENSED PROGRAM TO BE SATISFACTORY.

[remainder of page left intentionally blank]

Attachment A

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as set forth below.

Section 11: Signatures

CITY OF TORRANCE,
a Municipal Corporation

_____
Dan Walker, Mayor

ATTEST:

_____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____

Spillman Technologies, Inc.

By: _____

Print Name: **Lester O. Hellewell**

Title: **President**

Date: _____

Attachment A

Exhibit C

Computer Software Support Agreement
SUMMIT®
COMPUTER SOFTWARE END-USER SUPPORT AGREEMENT

09/09/2005

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This Support Agreement ("Agreement"), dated November ___, 2005, is made and entered into by and between:

Spillman Technologies, Inc. ("Spillman")
843 South 100 West
Logan, Utah 84321

and

City of Torrance (Customer)
3031 Torrance Blvd.
Torrance CA 90503

SPILLMAN'S SUPPORT OF THE LICENSED PROGRAM WILL NOT COMMENCE UNTIL AN AUTHORIZED REPRESENTATIVE OF CUSTOMER HAS EXECUTED THIS AGREEMENT AND AN AUTHORIZED REPRESENTATIVE OF SPILLMAN HAS RECEIVED, APPROVED, AND EXECUTED A COPY OF IT AS EXECUTED BY CUSTOMER.

WHEREAS, Spillman and Customer entered into that certain Computer Software End-User License Agreement (the "License Agreement") under which Customer obtained a non-exclusive, nontransferable license to use certain computer software in object code form and related user documentation (the "Licensed Program", as further defined below) on certain terms and conditions;

WHEREAS, Spillman desires to offer Customer certain services with respect to the Licensed Program on the terms and conditions set forth herein:

NOW THEREFORE, in consideration of these recitals and the mutual obligations herein, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1: Definitions

For the purposes of this Agreement, the following definitions shall apply to the respective capitalized terms:

1.1 **Coverage Hours.** The hours between 8:00 AM and 5:00 PM, Mountain time, on the days Monday through Friday, excluding regularly scheduled holidays of Spillman.

1.2 **Enhancement.** Any modification or addition that, when made or added to the Licensed Program, changes its utility, efficiency, functional capability, or application, but that does not constitute solely an Error Correction. Spillman may designate Enhancements as minor or major, depending on Spillman's assessment of their value and of the function added to the preexisting Licensed Program.

1.3 **Error.** Any failure of the Licensed Program to conform in all material respects to its functional specifications as published from time to time by Spillman, subject to the exceptions set forth in Section 4.

1.4 **Error Correction.** Either a software modification or addition that, when made or added to the Licensed Program, establishes material conformity of the Licensed Program to the functional specifications, or a procedure or routine that, when observed in the regular operation of the Licensed Program, eliminates the practical adverse effect on Customer of such nonconformity. Error Correction services are subject to the exceptions set forth in Section 4.

1.5 **Licensed Program.** One or more of the computer software components and/or software interfaces developed by Spillman, as identified in one or more Sales Quote/Purchase Agreements between the parties (the "Purchase Agreement"), and which is licensed to Customer pursuant to the License Agreement. The Licensed Program specifically excludes computer software not developed by Spillman, but that might be used in conjunction with the Spillman software; such as, word processors, spreadsheets, terminal emulators, etc. The Licensed Program includes certain "Utilities", as that term is defined in Section 7.1 of the License Agreement.

1.6 **Releases.** New versions of the Licensed Program, including all Error Corrections and Enhancements.

1.7 **Response Time.** Within six (6) Coverage Hours, from the time Customer first notifies Spillman of an Error until Spillman initiates work toward development of an Error Correction.

1.8 **Spillman Application Administrator.** An agent of Customer who has been certified on the Licensed Program by Spillman, pursuant to the procedures set forth in Section 6, and is able to communicate effectively with Spillman support personnel in the description and resolution of problems associated with the Licensed Program.

1.9 **Term.** The initial term of this Agreement commences on the date this Agreement is signed and continues thereafter for a period of fifteen (15) months from the date of Spillman's delivery to Customer of Customer's server with the Licensed Program loaded on it. Thereafter, the Term shall automatically renew for successive periods of one year each, unless and until terminated pursuant to Section 10 hereof. In no event, however, shall the [illegible] the term of the License Agreement.

Section 2: Eligibility For Support

2.1 Spillman's obligation to provide Services with respect to the Licensed Program may be terminated pursuant to Section 10.2.2 or suspended, at Spillman's discretion, if at any time during the term of this Agreement any of the following requirements are not met:

2.1.1 Customer must have a valid License Agreement for the Licensed Program in effect at all times;

2.1.2 The Licensed Program must be operated on a hardware platform approved by Spillman; and

2.1.3 Customer must be current and in compliance with the payment schedule as agreed in the Purchase Agreement.

2.2 Spillman may require Customer to appoint a new Spillman Application Administrator if Spillman determines that the acting Spillman Application Administrator does not have the training or experience necessary to communicate effectively with Spillman support personnel.

Section 3: Scope of Services

During the Agreement Term, Spillman shall render the following services in support of the Licensed Program, during Coverage Hours:

3.1 Spillman shall maintain a Support Services Control Center capable of receiving from the Spillman Application Administer, by telephone, reports of any software irregularities, and requests for assistance in use of the Licensed Program.

3.2 Spillman shall maintain a trained staff capable of rendering support services set forth in this Agreement.

3.3 Spillman shall be responsible for using all reasonable diligence in correcting verifiable and reproducible Errors when reported to Spillman in accordance with Spillman's standard reporting procedures. Spillman shall, after verifying that such an Error is present, initiate work in a diligent manner toward development of an Error Correction. Following completion of the Error Correction, Spillman shall provide the Error Correction through a "temporary fix" consisting of sufficient programming and operating instructions to implement the Error Correction, and Spillman shall include the Error Correction in all subsequent Releases of the Licensed Program. Spillman supports two (2) versions back from the most recent release version. However, Spillman shall not be responsible for correcting Errors in any version of the Licensed Program other than the most recent release.

3.4 Spillman may, from time to time, issue new Releases of the Licensed Program to its customers generally, containing Error Corrections, minor Enhancements, and, in certain instances, if Spillman so elects, major Enhancements. Spillman reserves the right to require additional license fees for major Enhancements. Spillman shall provide Customer with one copy of each new Release, without additional charge. Spillman shall provide reasonable assistance to help Customer install and operate each new Release, provided that such assistance, if required to be provided at Customer's facility, shall be subject to the supplemental charges set forth in Spillman's current Fee Schedule.

3.5 Spillman shall consider and evaluate the development of Enhancements for the specific use of Customer and shall respond to Customer's requests for additional services pertaining to the Licensed Program (including, without limitation, data conversion and report-formatting assistance), provided that such assistance, if agreed to be provided, shall be subject to supplemental charges mutually agreed to in writing by Spillman and Customer.

Section 4: Services Not Covered by this Agreement

The services identified in this section are specifically **NOT** covered by this Agreement. Spillman strongly recommends that Customer secure a separate support agreement with third party vendors for all non-Spillman products. Spillman may, in its discretion, provide such services to Customer upon request, for an additional fee as the parties may agree in writing.

4.1 Support for any third party products including hardware, or support for hardware failure due to the use of any third party vendor products.

4.2 Any network failures or problems including, but not limited to, cabling, communication lines, routers, connectors, and network software.

4.3 Restoration and/or recovery of data files and/or the operating system.

4.4 Any breach of warranty, damages to the Licensed Program or its database, data corruption, or support issues, security issues, or performance issues arising out of Licensee's or a third party's use of the Utilities or any other software not specifically licensed by Spillman to Licensee for use in connection with the Licensed Program. Any assistance provided by Spillman in resolving such problems shall be charged to Customer on a time and materials basis. Additionally, any unauthorized use of the Utilities or other software in connection with the Licensed Program by Licensee (or by a third party with Licensee's knowledge) may result, at Spillman's sole option, in voidance of warranties, an increase in the annual maintenance and support fees under this Agreement, and/or loss of rights to upgrades under this Agreement. Customer acknowledges and agrees that it is not licensed to utilize the "write" or "update" features of the Utilities, as such use may damage the database or cause other problems with the operation of the Licensed Program.

4.5 Support for Licensed Program problems caused by Customer misuse, alteration or damage to the Licensed Program or Customer's combining or merging the Licensed Program with any hardware or software not supplied by or identified as compatible by Spillman, customizing of programs, accident, neglect, power surge or failure, lightning, operating environment not in conformance with the manufacturer's specifications (for electric power, air quality, humidity or temperature), or third party software or hardware malfunction.

4.6 Supporting, configuring, maintaining, or upgrading the operating system, including, but not limited to, backups, restores, fixes, and patches.

4.7 Assistance with problems caused by operating system installation, configuration, errors, maintenance or repair, or using incorrect versions of the operating system.

4.8 On-site service visits to Customer's facility.

4.9 Printers connected to the back of terminals/personal computers (commonly called pass-through printing) or network printers are not supported by Spillman.

Section 5: Obligations of Customer

5.1 Customers using Spillman's SUMMIT product must maintain and provide, at no cost to Spillman, access to a dedicated voice grade local telephone and a LAN modem and data set, connected directly to customer's network, with full access to the server (24 hours per day, 7 days per week) that is used with the Licensed Program.

5.2 Customers must provide and maintain, at no cost to Spillman, a modem and data set connected directly to the server (the modem cannot be connected to a network) 24 hours per day, 7 days per week, used with the Licensed Program being maintained by Spillman hereunder and provide access to a dedicated voice grade local telephone.

5.3 A representative of Customer's IT department must be present when any on-site support is provided. Customer agrees that if such representative is not present when the Spillman representative arrives on site, the Spillman representative shall notify an appropriate representative of Customer, if feasible, that there is no Customer IT representative present. If Customer's IT representative does not arrive within a reasonable time, no work will be performed and Customer will be charged for all expenses incurred and relating to the visit.

5.4 All communications between Customer and Spillman must be in the English language.

5.5 Customer is responsible for providing one or more qualified Spillman Application Administrators as described in Section 6. At least one Spillman Application Administrator must be available at all times (however, after-hours availability is required only when and if Customer is requesting after-hours support from Spillman).

5.6 Customer is responsible for providing all network and server security.

5.7 Customer must provide Spillman with information sufficient for Spillman to duplicate the circumstances under which an Error in the Licensed Program became apparent.

Section 6: Spillman Application Administrator Requirements

6.1 The designated Spillman Application Administrator must be certified by Spillman within one year of the agency's go-live date of the Licensed Program. The designated administrator must meet the following requirements in order to certify at the basic level:

6.1.1 Attend and participate in, and successfully pass the final written and practical examinations from the following courses within one hundred twenty (120) days of installation of the Licensed Program:

i. System Introduction – Inquiry,
ii. System Introduction – Data Entry & Modification,
iii. Unix Fundamentals Training (AIX, or HP-UX),
iv. Basic System Administration, and
v. Spillman training applicable for the Spillman applications used by Customer.

6.1.2 Pass the Basic SAA exam within one year after the agency's go-live date.

6.2 Customer will be responsible for the costs of such training, including any course fees, travel and lodging expenses.

6.3 Contact information for the Spillman Application Administrators must be recorded in Appendix A of this Agreement. Appendix A must be signed by an authorized representative of Customer. Changes to the information recorded in Appendix A will require that a new Appendix A be completed, signed and filed with Spillman.

6.4 Requests for support services received by anyone other than a Spillman Application Administrator as identified in the current Appendix A on file with Spillman, will be refused.

6.5 Each designated Spillman Application Administrator must be qualified to address, or have other support resources to address, without the aid of Spillman, all problems relating to hardware, software or operating system not directly associated with the Licensed Program.

Section 7: Fees and Charges

7.1 Customer shall pay Spillman the Support Fee, as set forth in the Purchase Agreement, and any other charges or fees described herein. Spillman reserves the right to change its Support Fee, effective upon no less than 90 days prior written notice to Customer. Second-year level support fees, as referenced in the Purchase Agreement between Spillman and Customer, are charged beginning 15 months after the execution of the Purchase Agreement, regardless of date on which Customer's actual use of the Licensed Program began, except to the extent any delay in such use is due to the fault of Spillman. Additionally, adjustments to Support Fees may result from changes in (1) software prices, (2) number of software modules used, (3) an increase in Customer's size (as further described in Section 7.6) , (4) computer hardware, (5) Coverage Hours selected by Customer, or (6) violation of the restrictions set forth in Section 4.4 of this Agreement.

7.2 Spillman shall invoice Customer for annual Support Fees at the beginning of each contract year. In the event that additional billable work is performed, all billable charges and expenses will be invoiced to Customer at the beginning of the month following the month in which they accrued or were incurred. Customer shall pay the invoiced amounts immediately upon receipt of such invoices. Any amount not paid within thirty (30) days after the invoice date shall bear interest at the lesser of eighteen (18) percent per year or the highest rate allowed by applicable law.

7.3 Customer shall be responsible for and agrees to pay the fees and charges incurred for procuring, installing, and maintaining all equipment, telephone lines, modems, communications interfaces, networks and other products necessary to operate the Licensed Software.

7.4 Customer agrees to pay additional charges according to the Spillman Fee Schedule for all work required by Customer and performed outside of Coverage Hours. These charges are applicable for any work performed outside of the Coverage Hours, REGARDLESS OF THE CAUSE, even if the requested work was reported and/or initiated during normal Coverage Hours.

7.5 Should Customer request onsite support services, Customer shall reimburse Spillman for all labor, travel, and related expenses incurred by Spillman in providing such support services.

7.6 Additional Support Fees are also due if there is a significant increase in Customer's size with respect to use of the Licensed Program. An increase in size may arise either out of Customer's internal growth or out of a Host Agency/Shared Agency arrangement as described in

Section 2.5 and Attachment A of the License Agreement. Relevant factors include number of employees, number of dispatchers and/or number of jail beds. Payment of such additional Support Fees is due within thirty (30) days of the date of the invoice for such fees. Such fees will be prorated, based upon when during the contract year the increase in Customer's size occurred.

Section 8: Proprietary Rights

8.1 All Releases and any other Spillman software or materials provided by Spillman to Customer hereunder shall be deemed part of the Licensed Program and are licensed to Customer pursuant to the terms and conditions of the License Agreement.

8.2 The Licensed Program and all Releases thereto are and shall remain the sole property of Spillman, regardless of whether Customer, its employees, or contractors may have contributed to the conception of such work, joined in the effort of its development, or paid Spillman for the use of the work product. Customer agrees, from time to time, to take such further action and execute any further instrument, including documents of assignment or acknowledgment, as may be reasonably requested by Spillman in order to establish and perfect its exclusive ownership rights. Customer shall not assert any right, title, or interest in such works, except for the non-exclusive right of use granted to Customer at the time of its delivery or on-site development. Customer agrees to provide Spillman with copies of such works upon request.

Section 9: Disclaimer of Warranty & Limitation of Liability

9.1 EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SPILLMAN DISCLAIMS ANY AND ALL WARRANTIES CONCERNING THE LICENSED PROGRAM, RELEASES, AND THE SERVICES TO BE RENDERED HEREUNDER, WHETHER EXPRESS OR IMPLIED, INCLUDING (WITHOUT LIMITATION) ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

9.2 IN NO EVENT SHALL SPILLMAN BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE, EXEMPLARY, OR INCIDENTAL DAMAGES WHATEVER, HOWEVER CAUSED, EVEN IF SPILLMAN HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. The cumulative liability of Spillman to Customer for all claims arising in connection with this Agreement shall not exceed the total fees and charges paid to Spillman by Customer under this Agreement within the most recent 12-month period from the date the cause of action arose.

Section 10: Termination

10.1 This Agreement shall automatically terminate immediately upon termination of the License Agreement for any reason.

10.2 Either party may terminate this Agreement:

10.2.1 If either Spillman or Customer provides a written notice to the other party, at least 90 days prior to the end of the then-current Term, of its intent to terminate the Agreement at the end of such Term; or

10.2.2 Upon 30 days prior written notice, if the other party has materially breached any provision of this Agreement and the offending party has not cured such breach within the 30-day notice period.

10.3 Following termination of this Agreement, Spillman shall immediately invoice Customer for all accrued fees, charges, and reimbursable expenses; and Customer shall pay the invoiced amount immediately upon receipt of such invoice. The License Agreement shall automatically terminate at the same time as termination of this Agreement, and Customer shall promptly return to Spillman the Licensed Program and all related documentation and materials, including all Releases, work and materials provided by Spillman hereunder.

Section 11: Miscellaneous

11.1 Spillman and Customer acknowledge that they have read this Agreement in its entirety and understand and agree to be bound by its terms and provisions. Spillman and Customer further agree that this Agreement is the complete and exclusive statement of agreement of the parties with respect to the subject matter hereof and that this Agreement supersedes and merges all prior proposals, understandings, and agreements, whether oral or written, between Spillman and Customer with respect to the subject matter hereof. This Agreement may not be modified except by a written instrument duly executed by the parties hereto.

11.2 In the event that any term or provision of this Agreement is held invalid, illegal, or unenforceable, it shall be severed and the remaining terms and provisions shall be enforced to the maximum extent permitted by applicable law.

11.3 Neither party may assign its rights or duties under this Agreement without the prior written consent of the other party, except to a successor of all or substantially all of its business and assets.

11.4 The waiver by either party of any term or provision of this Agreement shall not be deemed to constitute a continuing waiver thereof nor of any further or additional right that such party may hold under this Agreement.

11.5 This Agreement will be governed by the laws of the state of California, not including conflicts of laws provisions. The parties hereby submit to the exclusive jurisdiction and venue of California state and federal courts with respect to any action between the parties relating to this Agreement. In any such action, the prevailing party shall be entitled to an award of its reasonable costs and attorneys' fees from the other party.

11.6 Any notices required or permitted under this Agreement shall be in writing and delivered in person or sent by registered or certified mail, return receipt requested, with proper postage affixed, or sent by commercial overnight delivery service with provisions for a receipt.

[remainder of page left intentionally blank]

Attachment A

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as set forth below.

Section 12: Signatures

CITY OF TORRANCE,
a Municipal Corporation

Dan Walker, Mayor

ATTEST:

Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____

Spillman Technologies, Inc.

By: _____

Print Name: Lester O. Hellewell

Title: President

Date: _____

Attachment A

Exhibit D

Spillman RFP Response

AVAILABLE IN CITY CLERK'S OFFICE

Attachment A

Exhibit E
Cost Summary

Total One-Time Costs		Tax	One-Time Costs with Sales Tax
Hardware	9,384	774	10,158
System Software	-		
Application Software	1,061,176	87,547	1,148,723
Implementation	547,870	N/A	547,870
Subtotal without Required Interfaces	$ 1,618,430	$88,321	$ 1,706,751
Required Interfaces	248,260	N/A	248,260
TOTAL (Excluding Options)	$ 1,866,690	$88,321	$ 1,955,011
Subtotal One-Time Cost (Optional Interfaces)	25,000	N/A	25,000
Subtotal One-Time Optional Costs			
TOTAL NOT TO EXCEED ONE-TIME COST (INCLUDING OPTIONS)	$ 1,891,690	$88,321	$ 1,980,011

Recurring Costs	
Hardware Maintenance	-
System Software Maintenance	0
Application Software Maintenance	92,965
Other Recurring Costs (required interfaces maintenance)	9,282
TOTAL ANNUAL RECURRING COSTS (EXCLUDING OPTIONS)	$ 102,247
Subtotal Recurring Costs (Optional Interfaces)	2,322
TOTAL ANNUAL RECURRING COSTS (INCLUDING OPTIONS)- PLUS 8.25% SALES TAXS TO FINAL	$ 113,196

Attachment B

spillman technologies, inc.

4625 West Lake Park Blvd.
Salt Lake City, UT 84120
(801) 902-1200

Invoice 15486

DATE
1/2/2007

1 PAGE

BILL TO: **Torrance Police Department**
Attn: Captain Dave Smith
3300 Civic Drive
Torrance, CA 90503

F 310-618-5235

SHIP TO:

PURCHASE ORDER NO	CUSTOMER ID	SALES ID	SHIPPING METHOD	PAYMENT TERMS	REQ'D SHIP DATE	MASTER NUMBER
	CATORPD			Rec		

QUANTITY ORDERED	QUANTITY SHIPPED	QUANTITY B/O	ITEM NUMBER	DESCRIPTION	DISCOUNT	UNIT PRICE	EXTENDED PRICE
1	1		MAINTENANCE	2/15/07-2/14/08		-	91,440.00
							-

A service charge of 1 1/2% per month will be charged on all past due amounts. Any issues disputing the timing or amount of any items on this invoice must be brought to the attention of Spillman Technologies within 20 days of the date of this invoice to avoid related service charge.

Thank You

Subtotal	91,440.00
Misc	-
Tax	-
Freight	-
Trade Discount	-
Total	91,440.00