

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

Members of the Council:

**SUBJECT: Communications & Information Technology and Human Resources –
Approve a name change from GenSource to P&C Claims, Inc. on Workers
Compensation software maintenance and services contract.**

RECOMMENDATION

Recommendation of the Communications & Information Technology Director and Human Resources Director that City Council approve an Assignment and Assumption agreement to change the name on the existing contract services agreement #C2006-045 for Workers Compensation software maintenance and services from GenSource to P&C Claims, Inc.

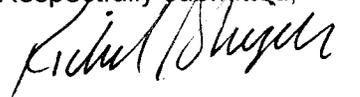
BACKGROUND

On October 6, 2009, Council approved an agreement with GenSource for Workers Compensation software maintenance and services from 11/1/2009 – 6/30/2011. GenSource has been sold by their parent company, Stratacare, to P&C Claims, Inc. in New York. GenSource is now a division of P&C Claims, Inc. P&C Claims, Inc. is honoring the terms of the contract; however, the name and address on the billing have changed.

ANALYSIS

The existing Workers Compensation software maintenance and services the City receives from GenSource will not change due to this name change. It is recommended that Council approve the Assignment and Assumption agreement to change the name from GenSource to P&C Claims, Inc.

Respectfully submitted,



RICHARD SHIGAKI
Information Technology Director



ELAINE WINER
Human Resources Director

CONCUR:


LeRoy J. Jackson
City Manager

Attachment A: Assignment and Assumption Agreement
Attachment B: GenSource Software Maintenance Schedule Addendum
Attachment C: GenSource Contract C2006-045

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT ("Agreement") is made as of December 31, 2009, by and between the **City of Torrance** ("City"), **GenSource a division of Stratacare**, 17838 Gillette Avenue, Irvine, CA 92614 ("Consultant"), and **P&C Claims Inc**, 111 Broadway, 17th Floor, New York, NY 10006 ("P&C"), who agree as follows:

RECITALS

- A. The City previously entered into an agreement to provide system maintenance for (a) GenCOMP for Windows and (b) BRVI with Consultant dated February 21, 2006, and identified as Contract # C2006-045 hereafter referred to as the Consultant Agreement.
- B. Effective December 31, 2009, Stratacare has entered into a definitive agreement to sell the assets and operations of its GenSource Division to P&C Claims, Inc.
- C. Consultant and P&C have requested that the City consent to assignment of the Consultant Agreement from Consultant to P&C.
- D. This agreement sets forth the terms and conditions of the City's consent to assignment of the Consultant Agreement from Consultant to P&C.

NOW, THEREFORE, the parties agree that the foregoing Recitals are accurate and are incorporated as terms of this Agreement, and hereby covenant, agree and represent as follows:

Consent of City and Assignor. In consideration of the terms and conditions set forth in this Agreement, the City and Consultant both consent to the assignment of the Consultant Agreement from Consultant to P&C.

Assumption by P&C. P&C accepts the assignment of the Consultant Agreement from Consultant. In consideration of the assignment of the Consultant Agreement and the benefits arising therefrom, P&C agrees:

- A. To assume all of the duties, obligations, liabilities, and conditions owed by Consultant to the City under the Consultant Agreement.
- B. To perform, during the remaining terms of the Consultant Agreement, all of the duties, obligations, and all other terms and conditions whatsoever required of Consultant under the Consultant Agreement in the same time and manner specified in the Consultant Agreement.
- C. During the remaining term of the Consultant Agreement, use P&C personnel as necessary to perform the tasks under the Consultant Agreement and this Agreement in accordance with the standard of performance set forth in the Consultant Agreement.

Licenses; Permits, Etc. P&C represents and warrants that P&C has all licenses, permits, City Business Operations Tax Certificate, qualifications, and approvals of whatsoever nature that are legally required for P&C to practice its profession or provide any

services under this Agreement or the Consultant Agreement. P&C represents and warrants that P&C shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement or the Consultant Agreement any licenses, permits, and approvals that are legally required for P&C to practice its profession or provide such services. Without limiting the generality of the foregoing, if P&C is an out-of-state corporation, P&C warrants and represents that it possesses a valid certificate of qualification to transact business in the State of California issued by the California Secretary of State pursuant to Section 2105 of the California Corporations Code.

Authority. Each person signing this Agreement hereby represents and warrants that he/she is fully authorized to sign this Agreement on behalf of their respective party and to bind such party to the performance of its obligations hereunder.

EXECUTED THIS _____ DAY OF _____, 2010.

“City”
City of Torrance, a Municipal Corporation

“P&C”
P&C Claims, Inc.

By: _____

By: _____

Print Name: _____

Print Name: _____

Print Title: _____

Print Title: _____

ATTEST:

Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By: _____

Address: 3231 Torrance Avenue
Torrance, CA 90503

Address: 111 Broadway, 17th Floor
New York, NY 10006

Attachment B



GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

(661) 294 1300
(661) 294 1310 FAX
www.gensourcecorp.com

INCLUSION SCHEDULE SOFTWARE MAINTENANCE SCHEDULE

GENSOURCE APPLICATION PRODUCTS:
ASP GCFW

BILLING ADDRESS:
Ms. Donna Rizzo
City of Torrance
3231 Torrance Avenue
Torrance, CA 90503

EFFECTIVE NOVEMBER 1, 2009 to June 30, 2011

MAINTENANCE FEES	
GenSERVE Maintenance for GenSource Software	\$6,825.00 / month
IBM Universe Maintenance	\$1,110.00 / year

STATE REPORTING FEES & PROGRAMMING CHANGES	
FROI/SROI Transmission Fees	\$583/month
Custom Programming for Bank Recon Layout, Mandatory Medicare Reporting and any unexpected system changes (\$225 per hour up to 45 hours)	\$10,125.00

Failure by Customer to pay agreed upon sums within 30 days of GS's invoice date will cause GS to charge the Customer a late fee of 1 5% per month of the unpaid balance due.

Prices incorporating third party products are subject to change at any time.

Effective Date changed from October 16 to July 1 to coincide with the City of Torrance fiscal year

WEEKDAY MAINTENANCE PERIOD:
Nine hours daily, 8AM-5PM PST, Monday through Friday.

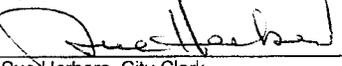
Approved as Inclusion Schedule to the ASP Hosting Agreement effective October 16, 2006 between the City of Torrance. and GenSource, a Division of StrataCare, Inc.

City of Torrance, a Municipal Corporation



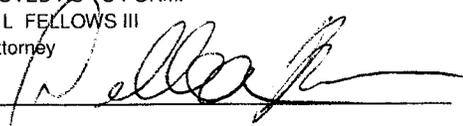
Frank Scotto, Mayor

ATTEST:



Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney
By: 

GENSOURCE

By: 

Name: Jan Kubota

Title: Client Services Manager

Date: 9/28/2009

COUNCIL MEETING
October 6, 2009

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

Members of the City Council:

SUBJECT: Communications & Information Technology and Human Resources - Approve Workers' Compensation Application Service Provider fees, database licensing fees, Electronic Data Interchange Fees, and custom programming services.

Expenditure: \$160,505.00.

RECOMMENDATION

The Information Technology Director and the Human Resources Director recommend that City Council approve an addendum to the existing contract services agreement #C2006-045 with GenSource Corporation of Valencia, California, for the following:

- An expenditure of \$6,825 per month for GenSource to host, maintain, and support the imaging and database system as an Application Service Provider (ASP) for 20 months, from 11/1/2009 – 6/30/2011, for a total of \$136,500.
- An expenditure of \$1,110 for the annual IBM Universe database licensing fee for two (2) years, from 11/01/2009 – 10/31/2011, for a total of \$2,220.
- An expenditure of \$583 per month for the annual Electronic Data Interchange (EDI) transmission update fees for 20 months, from 11/01/2009 – 6/30/2011, for a total of \$11,660.
- An expenditure of \$10,125 for 45 hours at \$225 per hour for mandatory Medicare reporting, Bank Recon Layout, and unexpected system changes during the maintenance term of 11/01/2009 – 6/30/2011.

Funding

Funding is available through the Workers' Compensation Self Insurance Fund budget for fiscal year 2009-10 and fiscal year 2010-11.

BACKGROUND

On October 28, 1997, the City Council approved the procurement, implementation, and maintenance contracts (#C2002-244) with GenSource Corporation (formerly known as California Interactive Computing, Inc. and currently a subsidiary of StrataCare) for proprietary software to automate the City's "in-house" Workers' Compensation processes. GenSource's system provides automated functions to manage the day-to-day administration of the Workers' Compensation processes (such as handling claims, tracking medical costs, services, and vendors, calculating and administering indemnity benefits).

In 2004, the City Council approved an enhancement to the GenSource system by adding the risk analysis module, a new maintenance agreement that included updates with installation services, and the state-required Electronic Data Interchange (EDI) system.

In 2006, the City Council approved an addition to the Claims Administration portion of the GenSource system by including document imaging and an interface to the City's Financial System, (#C2006-045). Document imaging provides for the capturing and storing of Workers' Compensation documents and records as digital images. The system links each claim record directly to all associated documents and records, thus making accessibility and retrieval more efficient. In addition, storage space used for storing paper documents and records was reduced as both are retained online. The interface to the financial system reduced the current duplication of data entry efforts of entering the same data into two separate systems (GenSource System and Financial System).

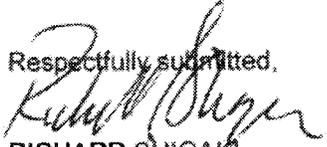
ANALYSIS

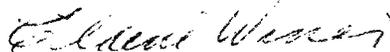
The GenSource ASP includes the GenComp module for Workers' Compensation, the GenRisk module for risk management, and the GenARS for document imaging. The annual ASP cost includes software and hardware maintenance, support with fixes to errors, system updates, and software enhancements contained in new releases. All server hardware, software, and data will be located at GenSource with City staff having secure, encrypted access through the internet.

Due to the continuing need to further expand and enhance automation of the Workers' Compensation administration system and the limited staffing resources of the Communications and Information Technology (CIT) Department, GenSource's Application Service Provider (ASP) offering is the best solution to provide document imaging and automation functionality. The CIT staff will continue to process checks, provide local support for computers, and assist with report writing.

GenSource ASP services are crucial to keeping the Workers' Compensation system running smoothly with minimal downtime. The services provided under maintenance and support are proprietary to GenSource; therefore, the City cannot receive updates and enhancements from any other source. It is recommended that the City Council approve the expenditure to GenSource Corporation.

Respectfully submitted,


RICHARD SHIGAKI
Information Technology Director


ELAINE WINER
Human Resources Director

CONCUR:


LeRoy J. Jackson
City Manager

Attachment A: GenSource Software Maintenance Schedule Addendum
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GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

(661) 294 1300
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Approved as Inclusion Schedule to the ASP Hosting Agreement effective October 16, 2006 between the City of Torrance, and GenSource, a Division of StrataCare, Inc.

City of Torrance, a Municipal Corporation

Frank Scottto, Mayor

ATTEST:

Sue Herbers, City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By: _____

GENSOURCE

By: Jan Kubota

Name: Jan Kubota

Title: Client Services Manager

Date: 9/28/2009

ASP HOSTING AGREEMENT

This ASP Hosting Agreement (including the related Schedules and Terms and Conditions, the "Agreement") is an amendment to the proposal signed by the City of Torrance dated February 21, 2006, City of Torrance contract # C2006-045 and made as of 10-16-2006, 2006 between the GenSource Division ("GSC") of StrataCare, Inc., a Delaware corporation, and City of Torrance ("Customer"). Customer has rights to certain software programs (including the accompanying documentation and reference guides, the "Covered Programs") under existing licenses from GSC and third parties (the "Existing Licenses"), as set out in the proposal signed by the City of Torrance dated February 21, 2006, City of Torrance contract # C2006-045.

1. **GSC Obligations** Under the terms and conditions of this Agreement:

1.1 **Grant of License.** GSC has installed and will maintain a server on which the Covered Programs will be loaded and to which Customer will have electronic access during the Term (as defined below) for use by Customer for the Covered Programs to the extent of its rights under the Existing Licenses. Customer will access the Covered Programs by or as otherwise reasonably directed by GSC including meeting the minimum bandwidth requirement as provided by GSC based on number of users and the Covered Programs involved. Customer will be responsible for all costs relating to Internet service and office equipment necessary to access and use the Covered Programs, including PC's, printers, network cards and furniture.

1.2 **Support.** During the Term for each Covered Program, under the terms and conditions of this Agreement, GSC agrees to provide Customer with, or arrange for, the following support services:

1.2.1 **On Call Maintenance.** In response to request by one of the persons designated on 10 days' written notice by Customer as its "Designated Representatives", GSC will perform remedial maintenance services ("Remedial Maintenance") to keep each Covered Program properly performing each of its material functions substantially in accordance with that Covered Program's standard specifications (any failure so to perform, an "Error"). In critical emergency situations where Customer's Designated Representative(s) cannot reasonably be made available, GSC will work with other reasonably designated representatives of Customer.

1.2.1.1 **Hours of Availability.** The Basic Monthly Maintenance Charge entitles Customer to request Remedial Maintenance to be performed during the hours of 8:00 a.m. and 5:00 p.m. (based on a single local time within the continental United States designated in the Inclusion Schedule by Customer) daily, Monday through Friday, excluding company holidays. From time to time, GSC may offer Extended Maintenance Hours with respect to one or more Covered Programs in exchange for specified Extended Maintenance Charges. Customer may elect to take advantage of any such offer effective as of the beginning of any month on at least 30 days' written notice (which election may be terminated by either party as of the end of a month on at least 30 days' written notice). Payment of the Extended Maintenance Charge entitles Customers to request Remedial Maintenance during the applicable Extended Maintenance Period. In addition, a Designated Representative may request that GSC provide Remedial Maintenance service at other times, but the scheduling of such Remedial Maintenance shall be contingent on availability and on the receipt of Customer's approval to incur additional charges at GSC's then published rates.

1.2.1.2 **Procedure.** Customer's Designated Representative will report to GSC any Errors it discovers by fax or email; any report by telephone will be promptly confirmed by fax or email. Customer will include all available information reasonably required to reproduce the Error. Upon proper submittal of an Error report, GSC will investigate and use reasonable efforts to resolve the Error. Customer's Designated Representative may escalate its request for Remedial Maintenance to GSC's Customer Service supervisor if appropriate.

1.2.2 **Free Updates.** Provided the Term is then continuing, at then end of the second year after the start date set forth in the related Inclusion Schedule and every two years thereafter, GSC will make an

C2006-045

COPY

Update to each Covered Program available to Customer. "**Update**" means a routinely-issued revision of the Covered Program, generally issued for the purpose of correcting discovered errors, improving efficiency or overall performance and incorporating enhancements or statutory changes that GSC makes generally available to its licensees of that Covered Program but does not include upgrades that include departures from the standard specifications with regard to functionality or enhancements or added features or functions. There shall be no installation charge for any Update which can be installed remotely without customization; customization and on site installation will be made at then-published rates for such services. Customer will cooperate as necessary to allow installation of any Update and understands that its failure to do so may, in GSC's sole discretion, relieve GSC of any subsequent obligation under Section 1.2. All software shall be delivered to Customer electronically.

1.3 **Training.** GSC will provide training of Customer personnel beyond that required in the applicable Inclusion Schedule at its then published rates. GSC also reserves the right to charge for requests by Customer personnel for consulting services on subjects which normally would be covered in the course of GSC's standard "Certified User" training.

1.4 **Customization.** GSC, upon request by a Designated Representative, may provide customization as mutually agreed by the parties at GSC's then published rates.

2. **Payments**

2.1 **Amount.** During the Term with respect to any Covered Program, Customer shall pay to GSC:

2.1.1 **Monthly Maintenance Charges.** The Basic Monthly Maintenance Charge and, if applicable, the Extended Monthly Maintenance Charge. During the Term, GSC may provide Customer with not less than 90 days' written notice of any general price increase in the Basic Monthly Maintenance Charge or the Extended Monthly Maintenance Charge for any Covered Program. Such notice will only be effective on anniversary of the commencement date except in the case of passing through increases in costs of third party programs or databases. After the effective date of the Notice, the charges hereunder will be revised to reflect such change unless not less than 30 (thirty) days prior to the effective date Customer provides written notice to GSC electing to terminate the Term for any Covered Program affected thereby.

2.1.2 **Expenses.** Any expenses actually incurred by GSC in providing the services hereunder, including Telecommunications Charges and Travel Expenses. "**Telecommunications Charges**" means out of pocket charges (plus handling costs, not to exceed 10% where the common-carrier bills GSC for facilities used by Customer) for the use of common-carrier telecommunications facilities in the course of providing maintenance services, such as (i) dial-up facilities, whether for the transmission of voice or data, or both, (ii) private leased lines, and (iii) microwave links or other electronic information transmission facilities. "**Travel Expenses**" means actual and reasonable charges incurred by GSC for travel to any outside site.

2.1.3 **Other Charges.** Any additional charges set out in the Inclusion Schedule, as well as charges based on GSC's then published rates and expenses for all work requested by Customer which is not covered by those charges, the Basic Monthly Maintenance Charge and, if applicable, the Extended Monthly Maintenance Charge, including Remedial Maintenance which did not result from Errors or was requested during times not covered by Customer's plan, travel, customization, and training of Customer personnel.

2.1.4 **Taxes.** Any taxes imposed on GSC as a result of this Agreement, other than those based on its net income.

2.2 **Invoices and Payments.** GSC shall render invoices monthly (i) in advance for the monthly maintenance charges and (ii) in arrears for all other charges. Any monthly maintenance charges for a period of less than a month shall be prorated on the basis of a thirty (30) day month. Customer shall pay each invoice in full within thirty (30) days after receipt. If any charges are not paid when due, GSC may discontinue providing

services under this Agreement until the account is brought current, and/or charge Customer a late charge in the amount of 1.5% per month of any past due amount(s).

3. **Term.** This Agreement shall apply to any particular Covered Program during the period (the "**Term**") commencing as of the start date set forth in the related Inclusion Schedule and (unless otherwise earlier terminated in accordance with this Agreement) continue for an initial term of three (3) years. The Term of each Covered Program shall automatically renew for an additional one year period unless either party shall provide written notice of non renewal at least 90 days prior to the then current date of renewal for the Term of that Covered Program. If either party shall be in material default of its obligations under this Agreement and such default continues for fifteen (15) days after written notice thereof by the party not in default, the non-defaulting party shall have the right, in addition to all other rights provided by law or this Agreement, to end the Term for all Covered Programs. However, the end of any Term shall not affect the obligation of either party pursuant to any right or cause of action that accrued or may be accruing prior to such cancellation or termination.

4. **Existing Licenses.** Customer will be responsible for maintaining the Existing Licenses and complying with the terms and conditions thereof. Following the expiration of the Term of this Agreement, Customer's rights and obligations under those Existing Licenses will continue according to the terms of those Existing Licenses.

IN WITNESS WHEREOF, the parties have executed this Agreement.

"Customer"
City of Torrance, a Municipal Corporation

By: Frank Scotto

Print Name: Frank Scotto

Print Title: City Mayor

"GSC"
GenSource, a division of STRATACARE, INC., a Delaware corporation

By: Gregory Fisher

Print Name: Gregory Fisher

Print Title: President/COO

ATTEST:
Sue Herbers
Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney
BY: John L. Fellows III

Address: 3231 Torrance Avenue
Torrance, CA 90503

Address: 25572 Avenue Stanford,
Valencia, California 91355-1102

STANDARD TERMS AND CONDITIONS

These Terms and Conditions set forth certain terms and conditions governing the license of the Covered Programs:

COPYRIGHT. The Covered Programs are protected by intellectual property rights. The Covered Programs are protected by intellectual property rights. Customer shall treat the Covered Programs like any other copyrighted material (such as books or recordings) and will not, directly or indirectly, (i) use, reproduce, publish, disseminate or otherwise disclose any Covered Program Materials without GSC's prior written consent or (ii) duplicate, manufacture, reproduce or arrange for or contract with any third party to duplicate, manufacture, reproduce any Covered Program Materials or (iii) reverse-engineer, decompile, or disassemble the Covered Programs. "Covered Program Materials" means all information related to the Covered Programs provided to Customer including documentation, technical designs, data and data structures, repricing methodologies, training manuals, operation procedures, information, specifications, object code and source code.

HARDWARE. Customer agrees to maintain its hardware in accordance with GSC's "Hardware and Communications Requirements for Gen-Source ASP", which Customer acknowledges may change from time to time as technology develops and the Covered Programs are updated.

PERMITTED PURPOSE. Customer shall only use the Covered Programs in accordance with training manuals and documentation provided by GSC. This Agreement entitles Customer to use the Covered Programs for the number of users specified in the Existing Licenses. This Agreement does not grant Customer any ownership or property rights. Customer may not allow access to the Covered Programs, under any circumstances, to anyone other than Customer's personnel who have gone through the Covered Programs training program and are directly involved in the use of the Covered Programs ("Authorized Persons"). Any other use of the Covered Programs is unauthorized (an "Unauthorized Use") and a material breach of this Agreement. Unauthorized Use includes (a) the attempt, solicitation or execution of a sale, transfer, disclosure, lease, license of the Covered Programs to any third party or (b) allowing Access by anyone other than Authorized Persons to the Covered Programs, or (c) the creation, development, research, or any analysis of any derivative work based on or derived from the Covered Programs or (d) exceeding the number of users for which Customer's license is granted.

RETURN OF MATERIAL. At the end of the Term, except as licensed under the Existing Licenses, Customer shall cease using and return to GSC all copies of the Covered Program Materials. Customer shall furnish GSC with a letter signed by one of its executive officers certifying compliance with the foregoing. Customer shall also pay any fees and charges due to GSC up to the end of the Term.

NEED FOR PROTECTIONS. Customer acknowledges that (a) any and all intellectual property rights in or related to the Covered Program Materials are the exclusive property of GSC or their owners; (b) the Covered Programs are a commercially valuable, proprietary product of GSC or their owners; (c) GSC has invested substantial time and economic resources in the design and development of the Covered Programs and (d) the Covered Programs constitute trade secrets of GSC or their owners. Disclosure of any such information can be expected to result in substantial harm to GSC. As money damages would not be a sufficient remedy for any breach of the confidentiality provisions of this Agreement, GSC shall be entitled to specific performance and injunctive relief as remedies for any such breach, without the necessity of posting any bond.

LIMITED WARRANTY; DISCLAIMER AND LIMITATION OF LIABILITY.

Limited Warranty. If GSC is unable to repair or provide a reasonable work around for an Error in a Covered Program after a reasonable opportunity, GSC's sole and exclusive liability, and Customer's exclusive remedy, shall be the refund of all license fees paid with respect to the prior 30 days. EXCEPT FOR THE FOREGOING, THE COVERED PROGRAMS ARE PROVIDED "AS IS," WITHOUT ADDITIONAL WARRANTY OF ANY KIND, AND GSC EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE. GSC DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE COVERED PROGRAMS WILL MEET CUSTOMER'S REQUIREMENTS, OR THAT THE OPERATION OF THE COVERED PROGRAMS WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE COVERED PROGRAMS WILL BE CORRECTED. No oral or written information or advice given by GSC or GSC's representatives shall create any warranty with regard to the Covered Programs or in any way increase the scope of this warranty.

LIMITATION OF LIABILITY. UNDER NO CIRCUMSTANCES, INCLUDING NEGLIGENCE, SHALL GSC BE LIABLE FOR ANY LOST REVENUE OR PROFITS OR ANY INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES THAT RESULT FROM THE USE OR INABILITY TO USE THE COVERED PROGRAMS, EVEN IF GSC OR GSC'S AUTHORIZED REPRESENTATIVE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL GSC'S TOTAL LIABILITY TO CUSTOMER FOR ALL DAMAGES, LOSSES, AND CAUSES OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THIRTY (30) DAYS SERVICE FEES PAID BY CUSTOMER TO GSC UNDER THIS AGREEMENT. IN ADDITION, GSC WILL NOT BE LIABLE FOR ANY CLAIMS OF ANY PARTY ARISING OUT OF ANY ALLEGED OR ACTUAL INFRINGEMENT BY THE COVERED PROGRAMS OF ANY INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.

Limitations Concerning Third Party Material. GSC shall have no responsibility under any condition for performance of any hardware or programs licensed by it from third parties, and Customer shall rely solely on the manufacturers' warranty (if any).

Exclusions. GSC shall not be responsible to the extent any failure to perform in accordance with the foregoing warranties is caused by (a) Customer's failure to use the Covered Programs in accordance with instructions included in the documentation provided to Customer by GSC, (b) the modification of the Covered Programs by any person other than GSC, its employees, agents, affiliates or subcontractors (unless such modification was authorized or approved by GSC), or (c) problems caused by the connectivity to Customer's network. If GSC is requested by Customer to service such matters, Customer shall pay GSC an additional fee for such support services.

Risks Considered. GSC's pricing reflects the allocation of risks and limitation of liability in this Agreement.

CUSTOMER CONFIDENTIAL INFORMATION. GSC agrees to use Customers' Confidential Information solely in the course of its services to Customer, and not otherwise to disclose or use any such Confidential Information. "Confidential Information" means all data and information, written or verbal, tangible or intangible, made available, disclosed, or otherwise made known to GSC by or on behalf of GSC, other than information (a) which was already known by GSC at the time of its disclosure hereunder; (b) disclosed to GSC by a third party lawfully in possession of such information and not under an obligation of nondisclosure to Customer in respect thereof; (c) which is or becomes part of the public domain, except by breach of this Agreement by GSC; (d) developed by GSC independently; or (e) which GSC is required to disclose by law, regulation or the order of a judicial or administrative authority. To allow GSC to comply with this obligation, Customer agrees to mark as "confidential" all Confidential Information whose sensitivity and confidentiality is not obvious.

FORCE MAJEURE. Neither party shall be held responsible for any delay in performance hereunder arising out of causes beyond its control and without its fault or negligence. Such causes may include, but not be limited to, fire, unforeseeable strikes, embargoes, Government requirement, acts of God or of the public enemy, inability to secure transportation or telecommunication facilities, acts or omissions of carriers or other causes beyond their control. If any such contingency occurs, the party injured by the other's inability to perform may elect to resume operations under the Agreement for the full commitment once the delaying cause ceases, with an option for the injured party to extend the term of this Agreement for a period not to exceed the length of time the contingency endured. The party experiencing the delay shall notify the other party immediately of such delay and provide an estimate of time for such delay.

COMPLETE AGREEMENT; DISPUTES. This Agreement constitutes the entire agreement between the parties with respect to the Covered Programs and supersedes all prior or contemporaneous understandings or agreements, written or oral, regarding such subject matter. It supersedes any contrary terms in any related purchase order, and may only be modified in a written document signed by the parties. This Agreement (a) is not intended to benefit any third party; (b) may not be changed or modified except by a written amendment signed by the parties; and (c) does not create an employment, partnership, joint venture, representative, or other legal or business relationship, other than that of independent contractor. This Agreement shall be governed by and construed in accordance with laws of the State of California, without giving effect to that state's choice of law rules. Any action, proceeding, claim or other litigation related to this Agreement or the subject matter hereof shall be brought in federal or state courts located in Orange County, California. In any action between the parties arising out of or connected with this Agreement, the prevailing party or parties in such action shall be awarded, in addition to any damages, injunctive or other relief, their costs and expenses, including, but not limited to, court costs and reasonable attorneys' fees. "Including" means including without limitation.

ASSIGNMENT. Neither of the parties may assign its rights or obligations under this Agreement without the prior written consent of the other, which shall not be unreasonably withheld; provided, however, in the event that either party transfers substantially all of its assets or stock to a third party, such party may assign its obligations and rights under this Agreement to such third party. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the parties and their respective permitted successors and assigns.

NOTICES. All notices related to this Agreement shall be in writing and shall be sufficient in all respects if delivered personally, by email, by electronic facsimile, or by registered or certified mail, postage prepaid, addressed to a party as indicated in this Agreement. Notice shall be deemed to have been given upon transmittal thereof as to communications which are personally delivered or transmitted by electronic facsimile and, as to communications made by United States mail, on the third (3rd) day after mailing. A party's address may be changed by notice under this section. Customer agrees to keep the names of its Designated Representatives up to date.

WAIVERS. No waiver shall be effective unless in writing and signed by the party making the waiver. No action taken pursuant to this Agreement, including any investigation by any party hereto, shall constitute a waiver of any representation, warranty, covenant, or agreement contained herein or in any ancillary document. The waiver by any party hereto of a breach of this Agreement shall not constitute a waiver of any other breach; no failure, forbearance or delay on the part of the non-defaulting party to exercise any rights or remedies shall operate or be construed as a waiver thereof. Any single or partial exercise by the non-defaulting party of any rights or remedies shall not preclude any other or further exercise of that right or remedy or the exercise of any other rights or remedies. GSC's allowance, whether intentional or unintentional, of Customer's use of the Covered Programs beyond the period of Customer's license, or GSC's acceptance of any payments by Customer following the occurrence of an event of default, does not extend the term or in any way reduce or waive GSC's rights under this Agreement, or reduce or waive Customer's obligation to pay for such usage.

SEVERABILITY. A determination that any provision of this Agreement is invalid in whole or in part shall not affect the enforceability of those provisions found not to be invalid.

BY THE AUTHORIZED SIGNATURE BELOW, CUSTOMER ACKNOWLEDGES THE ABOVE TERMS AND CONDITIONS:

City of Torrance, a Municipal Corporation

By: 

Print Name: Frank Scotto

Print Title: City Mayor

ATTEST:

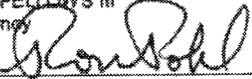


Sue Hubers
City Clerk

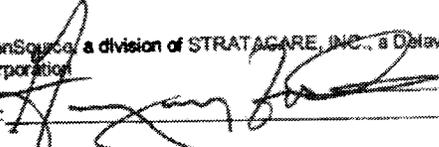
APPROVED AS TO FORM:

JOHN L. FELLOWS III

City Attorney

BY: 

GenSource, a division of STRATAGARE, INC., a Delaware corporation

By: 

Print Name: Gregory Fisher

Print Title: President/COO



Proposal

to
City of Torrance

for

ASP Installation of GenCOMP & GenARS

February 21, 2006

GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

(661) 294 1300
(661) 294 1310 FAX
e-mail: sales@gensourcecorp.com
<http://www.gensourcecorp.com>

ASP START-UP COSTS	PRICE
ASP Program - 10 (Concurrent) Users-DUE UPON ACCEPTENCE	\$70,000
Includes:	
New installation of GenARS Application	
Installation and Configuration of GenCOMP & GenRisk	
-Requirements Review for Upgrade Implementation	
-Review of "CONFIG" (table driven system options)	
-Set-up of Hosted Hardware, OS, and DBMS configuration	
Third Party Software Products	
-English Wizard Reporting Software	
-InfoMaker - Report Generator	
GenSource Hosted Hardware	
-Database Server and Application Server	
-Image Repository Server	
FROI catch up fees for historical transmissions- DUE UPON ACCEPTENCE	\$3,000
GenARS Training (1 day for up to 5 people)	\$2,000
SQL Data Warehouse Taining (3 days up to 5 people)	\$6,000
Custom Programming fees (\$225 per hour up to 44 hours)	\$10,000
TOTAL	\$91,000

Minimum term for ASP Program is three years beginning 30 days after installation in Model office or date of "live" production, whichever comes first.

Training covers up to 5 students. Additional students will be at an extra cost of \$400 per student per day.

All T&M labor will be performed at GenSource's then prevailing published labor rate.

Ad hoc reporting training is optional and available upon request.

Pricing shown is based on normal business working hours; after-hours or weekend work if/as requested by the client will be charged at a higher hourly rate.

Prices do not include freight, insurance and sales tax. All travel and "per diem" to be borne by the customer.

Prices of third party products are subject to change at any time without notice.

Training fees and custom programming will be invoiced in the month which they occur.

MONTHLY SERVICE FEES	PRICE
ASP Fee for GenCOMP, GenRISK & GenARS ¹	\$6,500 / mo.
IBM Universe Maintenance fees ²	\$1,050 / an.
FRO/SROI Transmission fees ³	\$584 / mo.
MONTHLY FEES	\$7,084

Monthly fees commence 30 days after Model office begins or upon "live" production processing of customer's transactions, whichever comes first.

Payment terms are 30 days net; late payments will be subject to a late fee equal to 1.5% per month, of the unpaid balance.

Proposal includes ASP access rights for 10 users. Additional users may be added for \$125 per user per month.

This proposal is valid through March 31, 2006.

¹ ASP Fees includes biannual upgrades and 2 days of training, travel included.

² IBM Universe Licenses(10) are owned by the City and will be used in the ASP Center. Annual Maintenance fees on the 10 licenses will be the responsibility of the City. Any additional licenses purchased will be owned and paid for by Gensource and rented to the City.

³ FRO/SROI transmission fees are based on the number of annual submissions and will be reviewed retrospectively on an annual basis and adjustment will be made as necessary.

Payment of the ASP and FRO/SROI catch up fees are due upon acceptance of this proposal.



to

City of Torrance

for

ASP Installation of GenCOMP & GenARS

February 21, 2006

GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

(661) 294 1300
(661) 294 1310 FAX
e-mail: sales@gen-source.com
<http://www.gen-source.com>

By signing below, we hereby authorize the above work and agree to the terms stated above.

CITY OF TORRANCE
Municipal Corporation

Dan Walker, Mayor

GenSource, a division of Stratapare, Inc.

By: Gregory Fisher
President/COO

ATTEST:

Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By: