COMMISSIONERS COURT
REGULAR SESSION
April 26, 2004

The Hunt County Commissioners Court met this day at 10:00A.M. with all Commissioners present with Judge Joe Bobbitt presiding. Minutes of the previous meeting were approved as submitted.

OLD BUSINESS:

— 'Discuss and possibly take action on Special Warranty Deed for the City of Greenville:' Judge Bobbitt stated this item dropped from the agenda.

NEW BUSINESS:

— On the motion by Phillip Martin, second by Ralph Green, the Court approved resubmission of the old post office building to be place up for public auction. After much discussion from several different entities, including the Rotary Club and Paris Junior College, the Court decided to extend another 30-day period of time on this item until a decision can be made. Motion withdrawn.

9076 On the motion by Green, second by Martin, the Court approved a 30 day extension of time to allow these entities sufficient time to make their decision, to secure grant monies, etc. Commissioner Martin stipulated this will be the final extension/action will be taken after 30 day extension.

9077 On the motion by Green, second by Kenneth Thornton, the Court approved the Quarterly Financial Report presented by Delores Shelton – County Treasurer.

9078 On the motion by Martin, second by Thornton, the Court approved the Quarterly Report for Jan – March 2004 from the Hunt County Boys & Girls Club presented by David Lavasseur.

9079 On the motion by Judge Bobbitt, second by Jim Latham, the Court approved Quarterly Report for Jan – March 2004 from the Audie Murphy/American Cotton Museum presented by Adrien Witofsky. Audey Murphy days will be June 18-19, 2004.

9080 On the motion by Green, second by Martin, the Court approved the final plat for Branden Maner, Phase II in Pct 2, with the stipulation that a corrected road bond would be received from Jerry Wisdom, by Commissioner Green by Wednesday of this week.

9081 On the motion by Martin, second by Latham, the Court approved request to upgrade approximately 800ft of rock to oil dirt on CR 3618 in Pct. 3. Money deposited into Escrow account.

— 'Discuss and possibly take action on request for abandonment of the portion of County Road in Pleasant Valley Estates, West Tawakoni, Hunt County, Texas:' Judge Bobbitt advised the Court we had received a letter from Attorney – Andrew Bench requesting Hunt County to abandon its claimed rights to a portion of this road. Judge Bobbitt and Commissioner Martin stated this is not a maintained CR in any fashion. The County has no rights on this portion or any portion of roads in Pleasant Valley Estates. Commissioner Martin made a Declaration that Hunt County has no claim or interest in roads, these are private public roads in Pleasant Valley Estates. Judge Bobbitt stated this Declaration requires no motion, the Court concurs with a vote of aye.

9082 On the motion by Martin, second by Green, the Court approved Residential Tax Abatement Agreement request from the City of Greenville in the reinvestment zone located O'Neal Street North to Sockwell Blvd. The City is requesting to abate any new homes, not abate property built on, a maximum of a 5 to 7 year period of time to encourage building of new single family homes in this reinvestment zone. *See Attachment.*

9083 On the motion by Martin, second by Latham, the Court approved bid for metal sheets and steel culverts, all precincts from Con-Tec in Sulfur Springs, TX. Bid on file in the Personnel Office.

9084 On the motion by Thornton, second by Green, the Court approved bid received for commercial card reader from Pleasant Oil in Mt. Pleasant, TX. Bid on file in the Personnel Office.

9085 On the motion by Green, second by Martin, the Court approved bid for road oil from Bryan and Bryan in Henderson, TX. Bid on file in the Personnel Office.

9086 One the motion by Martin, second by Thornton, the Court approved the System Agreement between Incode and Hunt County for the Offices of County Treasurer and County Auditor and authorized the County Judge to sign the same. County Auditor – Jimmy Hamilton advised the Court the Consultant hired to help with this project stated he

had viewed and approved contract, this is a good contract with a reputable company.

See Attachment.

9087 On the motion by Bobbitt, second by Green, the Court accepted all bids received for evaluation on proposals for financing of the Johnson Controls Project. The Court to meet tomorrow morning for a decision. All bids on file in Personnel Office.

HEAR AND DISCUSS REPORTS:

The Court received the Animal Control Monthly Activity Report to study.

9088 On the motion by Martin, second by Latham, the Court approved accounts payable. Judge Bobbitt abstained from the vote.

— There were no line item budget transfers.

PAYROLL & PERSONNEL:

Floater:	Remove Bettina (Tina Staton) due to her resignation, effective 4-12-04. Add Melissa Cantu as hourly Floater at $6.15 per hour, effective 4-15-04. 90 training period.
Environmental Enforcement:	Mike Robinson was suspended with pay April 20, 2004, to be paid through April 23, 2004. Terminate due to insubordination, effective April 26, 2004.
Justice of Peace Pct 3 Jimmy Sumrow:	Raise Kim Wigley from $7.00 per hour to $8.00 per hour, effective 5-10-04. Employee performance evaluation on file in Personnel File.
Sheriff:	Add Mike Radney as Deputy G7 at $31,553.00 per year, effective 4-12-04. Add Debbie Thomas as Detention Officer G4 at $24,893.00, effective 5-3-04.

9089 On the motion by Latham, second by Martin, the Court approved personnel and payroll changes.

— Court recessed at 11:15A.M.; Court reconvene at 11:20A.M.

— The Court went into Executive Session at 11:20A.M. with no action taken. Court recessed at 11:40A.M.

FILED FOR RECORD
at _____ o'clock ___ M
APR 26 2004
By _____
County Clerk, Hunt County Tex.
LINDA BROOKS
9082

RESIDENTIAL TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS	§
	§
COUNTY OF HUNT	§

This Residential Tax Abatement Agreement (hereinafter referred to as the ("Agreement") is made and entered into by and between the City of Greenville, Texas; Hunt County, Texas; and Hunt Memorial Hospital District ("Governmental Units") and _____, ("Owner") the owner of taxable real property in the City of Greenville and Hunt County, Texas ("Property").

I. AUTHORIZATION

This agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, as amended ("Act"), and is subject to the laws of the State of Texas and the charter, ordinances, and orders of the Governmental Units.

II. DEFINITIONS

As used in this agreement, the following terms shall have the meanings set forth below:

1. "Abatement" means the full or partial exemption from ad valorem taxes of the Improvements on certain property in a zone designated for economic development purposes pursuant to the Act.

2. "Added Value" means the increase in the assessed value of the eligible property as a result of the construction of a new single family home.

3. "Base Year Value" means the assessed value of the eligible property as certified by the Hunt County Appraisal District on January 1 preceding the execution of the Agreement.

4. "Single Family Home" means a dwelling designed and constructed for occupancy by one family.

5. "Improvements" means a new single family home.

6. "Ineligible Property" without limitation, means the following types of property shall be fully taxable and ineligible for abatement: Land; inventories; supplies; tools; furnishings and other forms of movable personal property.

The Residential Tax Abatement Guidelines and Criteria adopted by the Governmental Units are incorporated as a part of this Agreement. Except as the same may be modified herein, all definitions set forth therein are applicable to this Agreement.

III. PROPERTY

The property is an area within Greenville, Hunt County, Texas located in whole or part within the jurisdiction of the Governmental Unit(s) as more fully described in Exhibit"A" attached hereto and made a part hereof. Said property is located within an authorized zone for residential tax abatement.

IV. TERM AND AMOUNT OF ABATEMENT

The Governmental Units agrees to abate the ad valorem taxes on the eligible property in accordance with the terms and conditions of this agreement. The Abatement shall be effective with the January 1 valuation date effective January 1, _____. The Abatement shall continue for five (5) years, expiring as of December 31 of the _____ tax year. The years of Abatement provided herein shall in each instance coincide with the tax year commencing on January 1 and expiring on December 31, and in no event shall the Abatement extend beyond December 31 of the _____ tax year unless extended by agreement in compliance with local and state law.

The terms and conditions of this Agreement shall continue for the period of Abatement. All covenants and representations of the Owner herein shall continue throughout the term of this Agreement, and any defaults shall be subject to the recapture provisions provided in Part VI herein.

To the extent authorized by the Texas Constitution and applicable State laws, statutes and regulations, Governmental Units hereby agree to abate from taxation the percentage of the increase in value of taxable real property of Owner over the same real property and its value as calculated by the Hunt County Appraisal District for ad valorem property tax purposes for the tax year _____. In the event rollback taxes are applicable, then such increase in value of taxable property resulting from such rollback shall be used as the tax value for such property for tax year _____, sometimes referred to herein as the Base Tax Year.

If the Owner constructs a new single family home in accordance with the terms of this Agreement and the Residential Tax Abatement Guidelines and Criteria, the Owner shall be entitled to a tax abatement on the additional value to the certified appraised value of the property as of January 1, _____, resulting from the Improvements as to the property according to the following schedule:

1st Year----------------------------100% abatement of added value
2nd Year---------------------------- 80% abatement of added value
3rd Year---------------------------- 60% abatement of added value
4th Year---------------------------- 40% abatement of added value

5th Year----------------------------- 20% abatement of added value

Owner warrants and represents that the real property upon which Owner will construct a new single family home is qualified property within the meaning of the Act, and that such will remain eligible for tax abatement under the provisions of said Act.

The tax abatement granted under the terms of this Agreement shall only be implemented if the appraised value of all real property and the improvements located thereon owned by Owner and lying within the designated zone exceeds the base year value. The Owner agrees that the Hunt County Appraisal District shall, at reasonable times upon reasonable notice, have access to the property made the subject of this Agreement, and that City inspectors shall be able to inspect the property to insure that the improvements are being made in accordance with the terms and conditions hereof and utilized in accordance with this Agreement.

V. CONTEMPLATED IMPROVEMENTS

Owner represents that it will construct a new single family home at the cost, for the purpose, and in the manner as set forth in the Project Description attached as Exhibit "B". All improvements shall be completed in accordance with all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property shall be limited to a single family dwelling.

Owner represents and warrants that the new single family home is: 1.) located within the Residential Tax Abatement Reinvestment Zone; 2) the property and new single family home will meet all requirements as set forth in the Residential Tax Abatement Guidelines and Criteria; 3) the new single family home will be constructed to conform with all applicable building and construction codes.

VI. EVENTS OF DEFAULT AND RECAPTURES

Owner agrees that should it fail to make the improvements substantially as described or fails to perform any other term or covenant, then the Governmental Units shall have the right, after giving notice and opportunity to cure as hereinafter set out, to recapture all tax revenue on said property in the zone lost as a result of this Agreement for the entire term of the Agreement. Such recapture shall mean that all of such property shall be taxed at the full improved value assessed by the Hunt County Appraisal District for all years this Agreement has been in effect. The payment of such recaptured taxes minus any taxes paid by Owner during the years this Agreement has been in force, shall be due January 1st of the next following year and shall be delinquent if not paid on or prior to January 31st. Penalties and interest shall be calculated thereafter as if all taxes had become due in the same year. The Governmental Units agree prior to enforcement of the terms of this paragraph to give one-hundred and twenty (120) days written notice to the address shown below of Owner's default in completing the improvements called for in this Agreement, and Owners shall have the right to cure such default within the 120-day period.

period.

VII. ADMINISTRATION

The Chief Appraiser of the Hunt County Appraisal District shall annually determine (i) the taxable value of the real property comprising the Property taking in to consideration the Abatement provided by this Agreement, and (ii) the full taxable value without Abatement of the real property comprising the Property. The Chief Appraiser shall record both the abated taxable value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year the Owner shall furnish the chief Appraiser with such information outlined in Chapter 22, Texas Tax Code, as amended, as may be necessary for the administration of the Agreement specified herein.

This Agreement is subject to all provisions of all outstanding bond issues of the Governmental Units. To the extent that this Agreement conflicts with any of the provisions of such bond issues, such bond issues and attendant documents thereto shall control.

VIII. ASSIGNMENT

This agreement shall inure to the benefit of the Governmental Units and Owner, and shall be binding upon them, their heirs, successors and assigns. It is specifically provided and agreed that the right to tax abatement shall inure to the benefit of subsequent owners so long as the terms and conditions of this Agreement are in effect.

IX. MODIFICATION

This agreement may only be modified upon the express mutual written consent of the parties.

X. SEVERABILITY AND ENTIRETY OF AGREEMENT

The terms and provisions of this Agreement are severable, and in the event any provision is subsequently determined to be unenforceable for any reason, then the remaining provisions of this Agreement shall remain in full force and effect from and after the effective date hereof.

This Agreement contains and constitutes the entire agreement between the parties hereto and supersedes any and all prior understandings and agreements between the parties relating to the subject matter hereof.

XI. NOTICE

Any notice required to be given under the provisions of this Agreement shall be in writing

and shall be duly served when it shall have been deposited, with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, with the United States Postal Service, addressed to the Governmental Unit(s) or Owner at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Owner:

To the Governmental Units   City of Greenville
P.O. Box 1049
Greenville, Texas 75403-1049
Attention: City Manager

Either party may designate a different address by giving the other party ten (10) days written notice.

This agreement may be executed by the parties in multiple originals or counterparts, each having full force and effect.

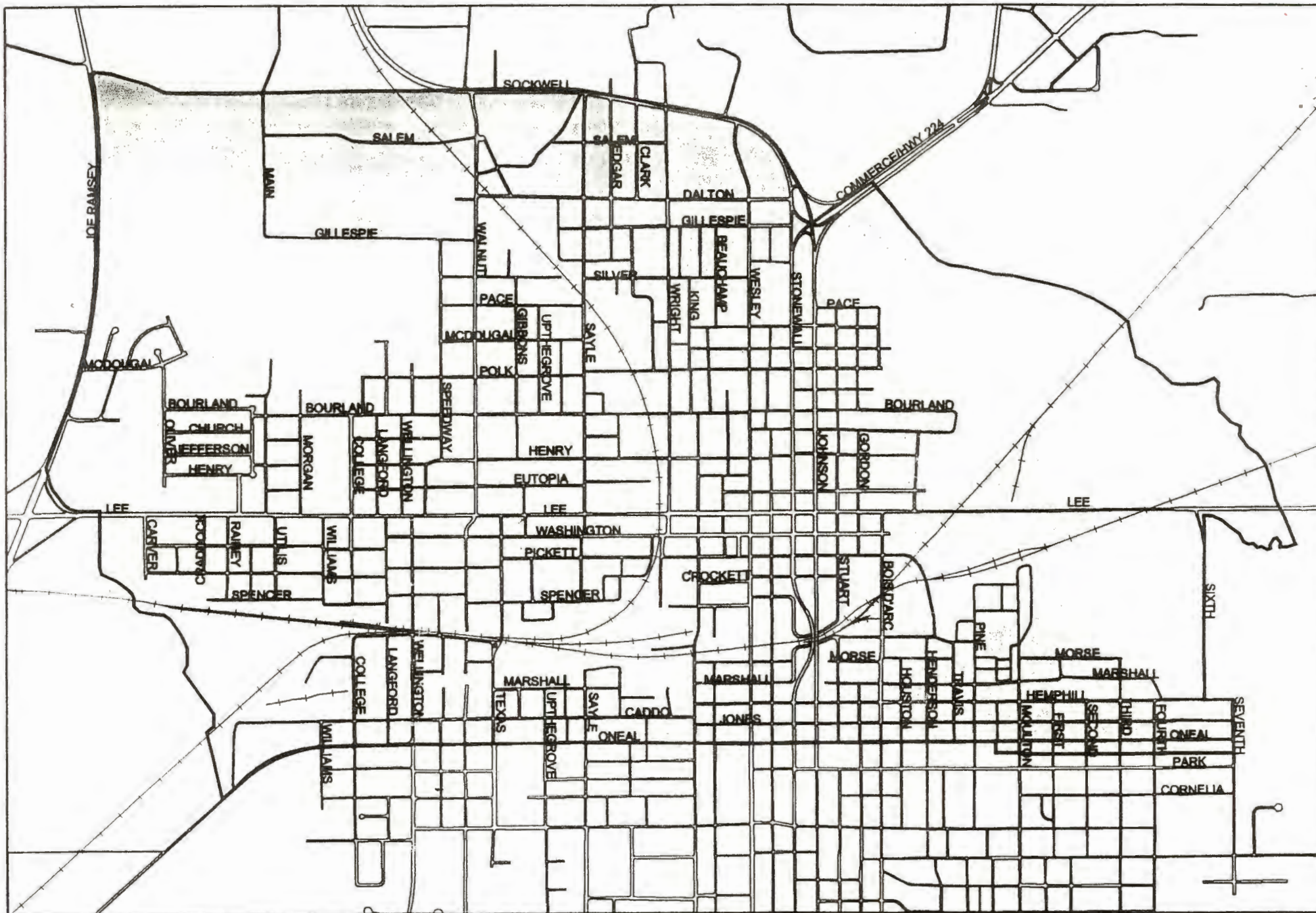Executed this the _____ day of _____.

WITNESS: **GOVERNMENTAL UNITS:**

_____   _____

Debra Newell, City Secretary   Karen Daly, City Manager on behalf of the City of Greenville, Texas; Hunt County, Texas; and Hunt Memorial Hospital District

APPROVED AS TO FORM:

_____

Robert L. Scott, City Attorney

North Greenville
Waive Building Permit Fee Area

System Agreement
Between

INCODE

5808 4th Street
Lubbock, Texas 79416
(800) 646-2633
(806) 797-4849 Fax

AND

Hunt County

2500 Lee Street, Room 203
Greenville, TX 75403
Phone: (903) 408-4123
Fax:

INCODE
tylerworks.

A

AGREEMENT

This agreement is entered into by and between Interactive Computer Designs, Inc., hereinafter referred to as INCODE, located at 5808 4th Street, Lubbock, Texas 79416; and; **Hunt County**   , hereinafter referred to as Client on, _____, 2004.

INCODE and Client agree as follows:

1. INCODE shall furnish the products and services as described in this Agreement, and Client shall pay the prices set forth in this Agreement.

2. This Agreement consists of this Cover and the following Attachments and Exhibits:

Section A	Investment Summary (A-G)
Section B	Addendum A
Section C	INCODE Agreement Terms and Conditions
Section D	Exhibit 1 - Delivery Attestment
Section E	Data Conversion Process document

3. The License Fees set forth in the Investment Summary are based on defined category levels. Placement within a category is based on the size of the organization serviced and measured by such factors as operating budget, number of employees, number of utility accounts, number of sworn officers, population of the entity, etc.

IN WITNESS WHEREOF, persons having been duly authorized and empowered to enter into this Agreement hereunto executed this Agreement effective as of the date last set forth below.

Client: Hunt County

By: _____
Signature

Hunt County Judge
Title

4-26-04
Date

_____
Sales Tax Certificate Number

INCODE:

By: _____
Signature

Vice President
Title

4/15/04
Issue Date

B

Section A - Investment Summary

Prepared for:		Contract ID # :	2004-0147
	Hunt County		
Contact Person:	Jim Hamilton	**Issue Date:**	4/15/04
Address:	2500 Lee Street, Room 203		
	Greenville, TX 75403	**Salesman:**	L.Midkiff/
Phone:	(903) 408-4123		S.Cleaveland
Fax:			
Email:	jphamilton@huntcounty.net	**Tax Exempt:**	*Yes*

	Fees	Maintenance
Total Hardware & System Software	21,193	
Total Applications Software		
License Fees	66,000	15,125
Total 3rd Party Product Software	17,415	2,780
Total Professional Services		
On-Site Assistance	22,320	
Final Implementation	4,800	
Project Management	2,500	
Project Consulting	3,600	
Data Conversion & Assistance	35,290	
Less Preferred Customer Discount for Conversion from TSG	(15,000)	
Estimated Travel		
Estimated Hardware Travel Expense	658	
Estimated Third Party Travel Expense	658	
Estimated On-Site Assistance Travel Expense	5,639	
Estimated Final Implementation Travel Expense	1,317	
Estimated Project Consulting Travel Expenses	748	
Estimated Data Conversion Assistance Travel Expenses	1,362	
Total Investment Summary	**168,500**	**17,905**

C

Software License, Professional Services, and Maintenance Fees

Application Software	Quantity	License Fee	INCODE Services	Estimated On-Site Assistance Hours	Estimated On-Site Assistance Fees	Estimated Travel Expenses	Annual Maintenance Support Fee
Financial Applications							
General Ledger	1	13,500		22	2,640		2,000
Budget Preparation	1			3	360		
Check Reconciliation	1			2	240		
Exporter	1	N/A		8	960		
GASB MSDE Module with Adjustments and Reporting	1	8,500		20	2,400		2,125
- 21 Combining Statements for CAFR	1	1,500					375
Accounts Payable	1	7,500		22	2,640		1,875
Fixed Assets	1	5,000		3	360		1,250
Payroll/Personnel	1	13,500		48	5,760		3,375
Cash Receipts	1	3,000		8	960		750
Human Resources Systems							
Base Package	1	6,500		28	3,360		1,625
- Employee Management							
- FMLA Leave Tracking							
- Cafeteria Plan Administration							
- Benefits Administration							
Position Control / Budgeting	1	5,000		18	2,160		1,250
Interface Software							
Laserfiche Financial Suite Interface	1	2,000		4	480		500
Subtotal		*66,000*		*186*	*22,320*	*5,639*	*15,125*
Professional Services							
Project Management	1		2,500				N/A
Project Consulting	1			24	3,600	748	N/A
Final Implementation	1			40	4800	1,317	
Total		*66,000*	*2,500*	*250*	*30,720*	*7,704*	*15,125*

D

Conversion Services and Fees

Data Conversion	Conversion Programming Fee	Estimated On-Site Assistance Hours	Estimated On-Site Assistance Fees	Estimated Travel Expenses	Total Conversion Fee
General Ledger					
Chart of Accounts - No History	1,750				1,750
Budgets	750	6	720		1,470
Detail History	3,750				3,750
- each additional year of Detail (7 years total)	6,000				6,000
Accounts Payable					
Vendor File - No History	2,750				2,750
Detail History	3,750				3,750
- each additional year of Detail (7 years total)	6,000				6,000
Payroll					
Master File, History, YTD Balances	5,500	36	4,320		9,820
Total	**30,250**	**42**	**5,040**	**1,362**	**35,290**

Please Note: Please verify the files to be converted by INCODE. If all the files you have requested to be converted are not included
in this agreement, then please notify INCODE immediately.

Please Note: Please provide data as outlined in "The Data Conversion Process" document.

E

Hardware, System Software, and Installation Fees

Network File Server and System Software	Quantity	Purchase Price	Installation Expenses	Estimated Travel Expenses	Annual Maintenance	Maintenance Source
Servers						
IBM X Series 235 Tower HS Power	1	7,350				IBM - 36 mos on-site warranty
Single 2.8 Ghz Xeon Processor						
Dual Processor capable						
1 GB PC2100 RAM						
4 - 36.4 GB U320 10K RPMSCSI HS HDD (RAID-5 108 GB usable disk space)						
Hot Pluggable Drives						
CD-ROM Drive						
10/100/1000 NIC						
ServeRAID 6i SCSI Controller						
40/80 GB DLT tape drive w/8 cartridges						
Redundant Hot-swap Power Supply						
15" Black IBM Monitor						
3 year NBD onsite warranty						
APC SmartUPS 1000 Battery Backup	1	729				APC - 24 month warranty
System Software						
Windows 2000 Server w/5 CAL	1	1,000				
Additional NT/2000 Client Licenses (5 pack)	2	376				
SQL SERVER LICENSING						
Microsoft SQL Server 2000 (required for per seat license purchase)	1	685				
(1-25 users) Microsoft SQL Per Seat license (ea)	11	1,650				

Imaging Scanners	Quantity	Purchase Price	Installation Expenses	Estimated Travel Expenses	Annual Maintenance	Maintenance Source
Fujitsu FI-4340C Color Flatbed Scanner	2	7,220				Fujitsu
40 page per minute, 400 DPI, Duplex Ready						
100 sheet Automatic Document Feeder						
Maximum Document Size 8.5" x 14" (legal)						
Adaptec 2940 Ultra SCSI Card	2	183				

Misc. Hardware and Network Equip.	Quantity	Purchase Price	Installation Expenses	Estimated Travel Expenses	Annual Maintenance	Maintenance Source
Installation and Configuration of System (# of Hours)	20		2,000	658		
Total		19,193	2,000	658		

*Please Note: This hardware configuration includes Servers and PC's available at the time of this proposal. Due to the increased
rate of obsolescence, INCODE reserves the right to substitute PC's and/or components of equal or greater value based on
availability at the time of the order.*

INCODE reserves the right to charge a 25% restocking fee on cash drawers.

Third Party Products and Services

Description	Quantity	Purchase Price	Estimated On Site Hours	Estimated On-Site Fees	Estimated Travel Expenses	Annual Maintenance	Warranty Provider
AcuCorp Run Time (Windows) # users	11	810				N/A	INCODE
AcuCorp AcuServer Distributed Data Server Software - Limited (Less than 25 users)	1	1,000				200	INCODE
LaserFiche Server Breakdown							
LaserFiche United (Utilizes Microsoft SQL)							
LF Standard Server	1	6,600					
LF Standard Server LSAP	1	1,650				1,650	INCODE
Treasurers Office							
LF Full User	1	550					
LF Full User LSAP	1	140				140	INCODE
LF Retrieval User	3	660					
LF Retrieval User LSAP	3	150				150	INCODE
Auditors Office							
LF Full User	1	550					
LF Full User LSAP	1	140				140	INCODE
LF Retrieval User	5	1,100					
LF Retrieval User LSAP	5	250				250	INCODE
LaserFiche Plug Ins, Utilities & Tools							
ScanConnect *(Required)*	2	165					
(Support for all ISIS Group 1, 2 and 3 Scanner Drivers)							
Plug - Ins							
LF Snapshot (per user)	2	200					
LF Snaphot LSAP (per user)	2	50				50	INCODE
LF MAPI (per user)	10	800					
LF MAPI LSAP (per user)	10	200				200	INCODE
LaserFiche Installation and Training			20	2,400	658		
Total		15,015	20	2,400	658	2,780	

G

INCODE AGREEMENT
TERMS AND CONDITIONS

Addendum A

The following are clarifications and/or modifications to the standard Agreement. In the event of a conflict between Addendum A and the Agreement, Addendum A shall prevail.

1. Payment Terms.
   a. Client will pay to INCODE an initial deposit upon execution of this Agreement that equals:

   25% of the Application Software License Fees

   25% of the Third Party Hardware and System Software License Fees

   b. Client will pay a second installment to INCODE upon delivery of the software products (per Exhibit 1 - Delivery Attestment) that equals:

   60% of the Application Software License Fees

   75% of the Third Party Hardware and System Software License Fees upon installation.

   c. The remaining 15% balance of the Application Software License Fees shall be paid after (a) INCODE's verification of the software products, (b) Client's completion of its own validation process, or (c) Client's live processing. Unless the software products fail verification, this period shall not exceed thirty (30) days from live processing or one hundred-eighty (180) days from installation of the software.

2. Consulting, Implementation, Conversion, and Installation Services, plus expenses, are billed as provided/incurred and are due and payable thirty (30) days after receipt of invoice.

3. INCODE agrees that for the five (5) years following the execution of this contract, INCODE will not increase annual maintenance fees from the amounts quoted within. INCODE further agrees that for the years six (6) through ten (10) the annual maintenance increase in any one year will not exceed 5%.

4. The training hours listed herein are estimates based on the experience and past history of INCODE in training Texas Counties. INCODE will monitor the actual training received by the County. At such time as the County is reaching the total training quoted, INCODE will notify the County. The County will choose whether or not they desire to purchase additional training from INCODE. Without prior written consent, INCODE will not exceed the training amounts contained within this contract.

INCODE AGREEMENT
TERMS AND CONDITIONS

5. Annual Software Maintenance Agreement - # 2 – Term of Agreement, add as "c":
    c) The maintenance for LaserFiche document imaging software begins upon execution
       of this Agreement and ends upon the last day of the month one year following that date. It will be renewed annually.

6. Third Party Product Agreement – End of Paragraph # 10 – Maintenance, add:
    Support for LaserFiche document imaging software is provided by INCODE unless otherwise specified in this Agreement.
    INCODE is responsible for delivering and installing the LaserFiche document imaging software as provided for in this Agreement.

General Payment Terms

1. Client will pay to INCODE an initial deposit upon execution of this Agreement that equals 25% of the total amount as specified in this Agreement, not including Annual Software Maintenance, Third Party Software Maintenance, and/or Hardware Maintenance fees;

2. Client will pay a second installment to INCODE upon delivery of the software products that equals 60% of the Application Software License Fees and 75% of the System Software License Fees; Delivery Attestment is included as Exhibit 1.

3. The remaining 15% balance of the total amount specified in this Agreement for all products and License fees shall be paid after (a) INCODE's verification of the software products, (b) Client's completion of its own validation process, or (c) Client's live processing. In no case, shall this period exceed thirty (30) days from live processing or one hundred-eighty (180) days from installation of the software.

4. Services shall be billed as delivered plus expenses and are due and payable net 30 days.

Software License Agreement

1) Software Product License.

a) Upon Client's payment for the software products listed on the cover of this Agreement, for the license fees set forth in the Investment Summary, INCODE shall grant to Client and Client shall accept from INCODE a non-exclusive, nontransferable, nonassignable license to use the software products and accompanying documentation for internal business purposes of Client, subject to the conditions and limitations in this Software License Agreement.

b) Ownership of the software products, accompanying documentation and related materials, and any modifications and enhancements to such software products and any related interfaces shall remain with INCODE.

c) The software products are not licensed to perform functions or processing for subdivisions or entities that were not considered by INCODE at the time INCODE issued this Agreement.

d) The right to transfer this license to a replacement hardware system is included in this Software License Agreement. The cost for new media or any required technical assistance to accommodate the transfer would be billable charges to Client. Advance written notice of any such transfer shall be provided to INCODE.

e) Client agrees that the software products, any modifications and enhancements and any related interfaces are proprietary to INCODE and have been developed as a trade secret at INCODE's expense. Client agrees to keep the software products confidential and use its best efforts to prevent any misuse, unauthorized use or unauthorized disclosures by any party of any or all of the software products or accompanying documentation.

f) If Client has made modifications to the software products, INCODE will not support or correct errors in the modified software products, unless modifications were specifically authorized in writing by INCODE.

g) Client may make copies of the software products for archive purposes only. Client will repeat any proprietary notice on the copy of the software products. The documentation accompanying the software products may not be copied except for internal use.

h) The term of the license granted by this Section shall be perpetual.

i) INCODE maintains an escrow agreement with an Escrow Services Company under which INCODE places the source code of each major release. At Client's request, INCODE will add Client as a beneficiary on its escrow account. Client will be invoiced the annual beneficiary fee by INCODE and is solely responsible for maintaining its status as a beneficiary.

2) License Fees.

a) Client agrees to pay INCODE, and INCODE agrees to accept from Client as payment in full for the license herein, the total sum of the INCODE license fees set forth in the Investment Summary.

b) The license fees listed in the Investment Summary do not include any tax or other governmental impositions including, without limitation, sales, use or excise tax. All applicable sales tax, use tax or excise tax shall be paid by Client and shall be paid over to the proper authorities by Client or reimbursed by Client to INCODE on demand in the event that INCODE is responsible or demand is made on INCODE for the payment thereof. If tax-exempt, Client must provide INCODE with Client's tax-exempt number or form.

c) In the event of any disputed invoice, Client shall provide written notice of such disputed invoice to Attention: INCODE Controller at the address listed on the cover of this Agreement. Such written notice shall be provided to INCODE within fifteen (15) days. An additional fifteen (15) days is allowed for the Client to provide written clarification and details for the disputed invoice. INCODE shall provide a written response to Client that shall include either a justification of the invoice or an explanation of an adjustment to the invoice and an action plan that will outline the reasonable steps needed to be taken by INCODE and Client to resolve any issues presented in Client's notification to INCODE. Client may withhold payment of only the amount actually in dispute until INCODE provides the required written response, and full payment shall be remitted to INCODE upon INCODE's completion of all material action steps required to remedy the disputed manner. Notwithstanding the foregoing sentence, if INCODE is unable to complete all material action steps required to remedy the disputed manner because Client has not completed the action steps required of them, Client shall remit full payment of the invoice.

d) Any invoice not disputed as described above shall be deemed accepted by the Client. If payment of any invoice that is not disputed as described above is not made within sixty (60) calendar days, INCODE reserves the right to suspend delivery of all services under the Investment Summary, this Software License Agreement, the Professional Services Agreement, the Maintenance Agreement and, if applicable, the Third Party Product Agreement.

3) Verification of the Software Products.

a) At the Client's request, within thirty (30) days after the software products have been installed on Client's system, INCODE will test the software products in accordance with INCODE's standard verification test procedure. Demonstration shall constitute Client's verification that the software products substantially comply with INCODE's documentation for the most current version of the software products and functional descriptions of the software found in INCODE's written proposal to Client. Upon such verification, Client shall pay the remaining balance in accordance with the

payment terms listed in Section General Payment Terms or amended in any attached addendum.

b) At it's option, Client may perform Client's own defined internal validation process to test the software to substantially comply with INCODE's documentation for the most current version of the software products and functional descriptions of the software found in INCODE's written proposal to Client. Such validation test shall constitute Client's verification. Upon such validation, Client shall pay the remaining balance in accordance with the payment terms listed in Section General Payment Terms or amended in any attached addendum.

c) Notwithstanding anything contrary herein, Client's use of the software products for its intended purpose, shall constitute Client's verification of the software products, without exception and for all purposes.

d) Verification or validation that the software products substantially comply with INCODE's documentation for the most current version of the software products and functional descriptions of the software found in INCODE's written proposal to Client by Client shall be final and conclusive except for latent defect, fraud, and such gross mistakes that amount to fraud and the operation of any provision of this Agreement which specifically survives verification. In the event said verification becomes other than final, or becomes inconclusive, pursuant to this paragraph, Client's sole right and remedy against INCODE shall be to require INCODE to correct the cause thereof.

e) INCODE shall correct any functions of the software products which failed the standard verification testing or failed to comply with INCODE's documentation for the most current version of the software products and functional descriptions of the software found in INCODE's written proposal to Client. If Client has made modifications to the software programs, INCODE will not make such corrections, unless such modifications were specifically authorized in writing by INCODE.

4) Schedule of Verification. INCODE will install the software products and cause the same to be verified within sixty (60) days after Client makes available to INCODE the equipment into which the software product is to be loaded. INCODE shall exercise reasonable efforts to cause the software products to be verified according to the schedule set forth in this paragraph, but INCODE shall not be liable for failure to meet said schedule if, and to the extent, said failure is due to causes beyond the control and without the fault of INCODE.

5) Limited Warranty. INCODE warrants that the then current, unmodified version of the INCODE Software Products will substantially conform to the then current version of its published Documentation. If the Software Products do not perform as warranted, INCODE's obligation will be to use reasonable efforts, consistent with industry standards, to cure the defect. Should INCODE be unable to cure the defect or provide a replacement product, Client shall be entitled to a refund for the license fee paid for application. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, ALL OTHER WARRANTIES, CONDITIONS AND REPRESENTATIONS, WHETHER EXPRESS, IMPLIED OR VERBAL, STATUTORY OR OTHERWISE, AND WHETHER ARISING UNDER THIS AGREEMENT OR OTHERWISE ARE HEREBY EXCLUDED, INCLUDING, WITHOUT LIMITATION, THE

IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

6) Limitation of Liability.

(a) In the event that the software products are determined to infringe upon any existing United States patent copyright or trademark rights held by any other person or entity, INCODE shall defend and hold harmless Client and its officers, agents and employees from any claim or proceedings brought against Client and from any cost damages and expenses finally awarded against Client which arise as a result of any claim that is based on an assertion that Client's use of the software products under this Software License Agreement constitutes an infringement of any United States patent, copyright or trademark provided that Client notifies INCODE promptly of any such claim or proceeding and gives INCODE full and complete authority, information and assistance to defend such claim or proceeding and further provided that INCODE shall have sole control of the defense of any claim or proceeding and all negotiations for its compromise or settlement provided that INCODE shall consult with Client regarding such defense. In the event that the software products are finally held to be infringing and its use by Client is enjoined, INCODE shall, at its election; (1) procure for Client the right to continue use of the software products; (2) modify or replace the software products so that it becomes non-infringing; or (3) if procurement of the right to use or modification or replacement can not be completed by INCODE, terminate the license for the infringing software product, and upon termination, refund the license fees paid for the infringing software product as depreciated on a straight-line basis over a period of seven (7) years with such depreciation to commence on the execution of

this Agreement. INCODE shall have no liability hereunder if Client modified the software products in any manner without the prior written consent of INCODE and such modification is determined by a court of competent jurisdiction to be a contributing cause of the infringement or if the infringement would have been avoided by Client's use of the most current revision of the software products. The foregoing states INCODE's entire liability and Client's exclusive remedy with respect to any claims of infringement of any copyright, patent, trademark, or any property interest rights by the software products, any part thereof, or use thereof.

b) THE RIGHTS AND REMEDIES SET FORTH IN THIS SOFTWARE LICENSE AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER RIGHTS AND REMEDIES OR WARRANTIES EXPRESSED, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND SYSTEM INTEGRATION.

c) In no event shall INCODE be liable for special, indirect, incidental, consequential or exemplary damages, including without limitation any damages resulting from loss of use, loss of data, interruption of business activities or failure to realize savings arising out of or in connection with the use of the software products. INCODE's liability for damages arising out of this Software License Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the INCODE license fees identified in the Investment Summary. The license fees set forth in the Investment Summary reflect and are set in reliance upon this

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allocation of risk and the exclusion of such damages as set forth in this Software License Agreement.

7) Dispute Resolution. In the event of a dispute between the parties under this Software License Agreement pertaining to pecuniary damages or losses, the matter shall be settled by arbitration in accordance with the then prevailing rules of the American Arbitration Association.

8) No Intended Third Party Beneficiaries. This agreement is entered into solely for the benefit of INCODE and Client. No third party shall be deemed a beneficiary of this agreement, and no third party shall have the right to make any claim or assert any right under this agreement.

9) Governing Law. This Software License Agreement shall be governed by and construed in accordance with the laws of Client's state of domicile.

10) Entire Agreement.

a) This Software License Agreement, including Exhibit 1 and the functional description of the software products found in INCODE's written proposal to Client, represents the entire agreement of Client and INCODE with respect to the software products and supersedes any prior agreements, understandings and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this agreement it did not rely on any representations or warranties other than those explicitly set forth in this Software License Agreement and the functional description of the software products found in INCODE's written proposal to Client.

b) If any term or provision of this Software License Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Software License Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Software License Agreement shall be valid and enforced to the fullest extent permitted by law.

c) This Software License Agreement may only be amended, modified or changed by written instrument signed by both parties.

d) Client should return an executed copy of this Agreement to INCODE. If the Agreement is not returned to INCODE within 90 days from the issue date, then such Agreement is subject to be voided and prices are subject to change.

11) Cancellation or Termination. In the event of cancellation or termination of this Software License Agreement, Client will make payment to INCODE for all software products, services and expenses delivered or incurred prior to the termination or cancellation of this Software License Agreement.

12) Approval of Governing Body. Client represents and warrants to INCODE that this Software License Agreement has been approved by its governing body and is a binding obligation upon Client.

Professional Services Agreement

1) Services Provided. INCODE shall provide some or all of the following services to Client:

a) Installation as described in the Investment Summary;

b) Conversion of Client's existing data as set forth in the Investment Summary. Client is responsible for reading and complying with INCODE's Conversion Statement.

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c) Training/Implementation in the quantity set forth in the Investment Summary;

d) Consulting/Analysis in the quantity set forth in the Investment Summary; and

e) Verification Testing as described in the Software License Agreement.

2) Professional Services Fees.

a) Notwithstanding specific prices to the contrary identified in the Investment Summary, all services will be invoiced in hourly increments as delivered, plus travel and other expenses, plus a 10% processing fee. Client agrees to pay INCODE for the actual amount of training provided. The Investment Summary reflects the estimated cost for the training proposed to be furnished by INCODE.

b) Upon the completion of each service day, or group of days, INCODE will present a Daily Log. Client will sign the report indicating acceptance of the service day and its subsequent billing, or noting reasons for Client's non-acceptance of such. This acceptance is final.

c) Client is not charged for travel time to and from the Client's site. Only time spent on-site is billed as training time.; excluding those cases in which the Client requires the INCODE trainer(s) to travel on the weekend, in which case Client will be billed for weekend travel time at a rate of $500 per weekend day.

d) Client agrees to pay all expenses related to transportation of Client's employees.

e) All requests for supporting documentation shall be made within thirty (30) calendar days of invoice delivery.f) The rates for Verification Testing shall be the same as the Training/Implementation rates set forth in the Investment Summary.

g) The rates listed in the Investment Summary do not include any tax or other governmental impositions including, without limitation, sales, use or excise tax. All applicable sales tax, use tax or excise tax shall be paid by Client and shall be paid over to the proper authorities by Client or reimbursed by Client to INCODE on demand in the event that INCODE is responsible or demand is made on INCODE for the payment thereof. If tax-exempt, Client must provide INCODE with Client's tax-exempt number or form.

h) Payment is due within thirty (30) calendar days of invoice.

i) In the event of any disputed invoice, Client shall provide written notice of such disputed invoice to Attention: INCODE Controller at the address listed on the cover of this Agreement. Such written notice shall be provided to INCODE within fifteen (15) calendar days of Client's receipt of the invoice. An additional fifteen (15) days is allowed for the Client to provide written clarification and details for the disputed invoice. INCODE shall provide a written response to Client that shall include either a justification of the invoice or an explanation of an adjustment to the invoice and an action plan that will outline the reasonable steps needed to be taken by INCODE and Client to resolve any issues presented in Client's notification to INCODE. Client may withhold payment of only the amount actually in dispute until INCODE provides the required written response, and full payment shall be remitted to INCODE upon INCODE's completion of all material action steps required to remedy the disputed manner. Notwithstanding the foregoing sentence, if INCODE is unable to complete all material action steps required to remedy the disputed manner because Client

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has not completed the action steps required of them, Client shall remit full payment of the invoice.

j) Any invoice not disputed as described above shall be deemed accepted by the Client. If payment of any invoice that is not disputed as described above is not made within sixty (60) calendar days, INCODE reserves the right to suspend delivery of all services under the Investment Summary, the Software License Agreement, this Professional Services Agreement, the Maintenance Agreement and, if applicable, the Third Party Product Agreement.

3) Training Environment. If training is being conducted at the Client's site, the Client is responsible for providing a productive environment to conduct training. INCODE is not responsible for its inability to conduct training or for inadequate training arising due to interruptions and/or unavailability of Client personnel to be trained. Time spent on-site by INCODE that results in non-productive training time beyond INCODE's control will be billed as training time. INCODE will make reasonable efforts to schedule training on dates requested by the Client. Trainers will be on-site approximately noon Monday through noon Friday. This allows appropriate travel time to and from the Client's site.

4) Additional Services. Services utilized in excess of those set forth in the Investment Summary and additional related services not set forth in the Investment Summary will be billed at INCODE's then current market rate for the service as they are incurred.

5) Limitation of Liability. INCODE shall not be liable for inaccurate data in INCODE's application software which is the result of conversion of inaccurate data from the previous system. INCODE's liability for damages arising out of this Professional Services Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the professional service fees identified in the Investment Summary. The client shall not in any event be entitled to, and INCODE shall not be liable for, indirect, special, incidental, consequential or exemplary damages of any nature. The professional service fees set forth in the Investment Summary reflect and are set in reliance upon this allocation of risk and the exclusion of such damages as set forth in this Professional Services Agreement.

6) Dispute Resolution. In the event of a dispute between the parties under this Professional Services Agreement pertaining to pecuniary damages or losses, the matter shall be settled by arbitration in accordance with the then prevailing rules of the American Arbitration Association.

7) No Intended Third Party Beneficiaries. This Professional Services Agreement is entered into solely for the benefit of INCODE and Client. No third party shall be deemed a beneficiary of this Professional Services Agreement, and no third party shall have the right to make any claim or assert any right under this Professional Services Agreement.

8) Governing Law. This Professional Services Agreement shall be governed by and construed in accordance with the laws of Client's state of domicile.

9) Cancellation or Termination. In the event of cancellation or termination of this Professional Services Agreement, Client will make payment to INCODE for all services and expenses delivered or incurred prior to the termination or cancellation of this Professional Services Agreement.

10) Entire Agreement.

a) This Professional Services Agreement represents the entire agreement of Client and INCODE with respect to the professional services and supersedes any prior agreements, understandings and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this agreement it did not rely on any representations or warranties other than those explicitly set forth in this Professional Services Agreement.

b) If any term or provision of this Professional Service Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Professional Services Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Professional Services Agreement shall be valid and enforced to the fullest extent permitted by law.

c) This Professional Services Agreement may only be amended, modified or changed by written instrument signed by both parties.

d) Client should return an executed copy of this Agreement to INCODE. If the Agreement is not returned to INCODE within 90 days from the issue date, then such Agreement is subject to be voided and prices are subject to change.

11) Approval of Governing Body. Client represents and warrants to INCODE that this Professional-Services Agreement has been approved by its governing body and is a binding obligation upon Client.

Annual Software Maintenance Agreement

1) Scope of Agreement. The Client agrees to purchase and INCODE agrees to provide services for the software products listed on the cover of this Agreement in accordance with the following terms and conditions. Both parties acknowledge that this Annual Software Maintenance Agreement covers both Support for the software products listed on the cover of this Agreement and Licensing of updates of such installed software products.

2) Term of Agreement. This Annual Software Maintenance Agreement is effective on the date executed by an officer of INCODE and shall have a term beginning upon the first of the month six months after the installation of the INCODE Software and ending upon the last day of the month one year following that date.

a) This Annual Software Maintenance Agreement will automatically renew for subsequent one-year terms unless either party gives the other party at least thirty days prior written notice of its intent not to renew. Fees for subsequent years are subject to change.

b) If Client has not elected to participate in the INCODE Annual Software Maintenance Agreement, or elects not to renew the Agreement, the Client shall acquire Software maintenance in accordance to the Section entitled "Support Terms for Clients Not Participating in the Annual Software Maintenance Agreement ".

3) Payment.

a) Client agrees to pay INCODE the amount identified in the Investment Summary for licensing and support services, as described below. The licensing fee of the INCODE Software includes six month's maintenance from the time the Software

is installed. The annual amount identified in the Investment Summary will become due the first of the month following six months after the installation of the INCODE software. This payment is due and payable in accordance with Section General Payment Terms or amended in any attached addendum.

b) Additional Charges. Any maintenance performed by INCODE for the Client, which is not covered by this Annual Software Maintenance Agreement, will be charged at INCODE's then current market rates. All materials supplied in connection with such non-covered maintenance or support plus expenses will be charged to Client.

c) Support and services will be suspended whenever Client's account is thirty (30) calendar days overdue. Support and services will be reinstated when Client's account is made current.

4) Terms and Conditions for Licensing of Updates of the Installed Software Products.

a) Client is hereby granted the non-exclusive and nontransferable license and right to use the additional versions of the installed software products listed on the Cover of this Agreement which INCODE may release during the term of this Annual Software Maintenance Agreement. INCODE agrees to extend and Client agrees to accept a license subject to the terms and conditions contained herein for the installed software products.

b) The installed software products listed are licensed for use only for the benefit of Client listed on the cover of this Agreement. The software products are not licensed to perform functions or processing for subdivisions or entities that were

not considered by INCODE when INCODE placed Client in the categories listed on the cover of this Agreement.

c) As long as a current Annual Software Maintenance Agreement is in place, this License may be transferred to another hardware system used for the benefit of Client. Client agrees to notify INCODE prior to transferring the licensed products to any other system. The cost for new media or any required technical assistance to accommodate the transfer would be billable charges to the Client.

d) Client agrees that the software products are proprietary to INCODE and have been developed as a trade secret at INCODE's expense. Client agrees to keep the software products confidential and use its best efforts to prevent any misuse, unauthorized use or unauthorized disclosures by any party of any or all of the software products or accompanying documentation.

e) If Client has made modifications to the software products, INCODE will not support the modified software products, unless modifications were specifically authorized in writing by INCODE.

f) Client may make copies of the licensed software products for archive purposes only. The Client will repeat any proprietary notice on the copy of the software products. The documentation accompanying the product may not be copied except for internal use.

g) For as long as a current Annual Software Maintenance Agreement is in place, INCODE shall promptly correct any functions of the software products which fail to substantially comply with INCODE's documentation for the most current version of the software products. If Client has made modifications to the software products, INCODE will not make

such corrections, unless modifications were specifically authorized in writing by INCODE.

5) Terms and Conditions for Support.

a) INCODE shall provide software related Client support during standard support hours. Currently, regular support hours are from 8:00am to 5:00pm Central Standard Time, Monday thru Friday, excluding holidays. Extended support hours are from 7:00am to 8:00am CST and 5:00pm to 7:00pm CST, Monday thru Friday, excluding holidays. Incidents (problem calls) may be initiated via INCODE's toll free support line, via e-mail to INCODE's support group or via INCODE's support web-site during regular support hours. During extended support hours, incidents must be initiated via e-mail to INCODE's support group or via INCODE's support web-site. INCODE reserves the right to modify these support hours as INCODE sees fit in order to better serve it's Client. Assistance and support requests which require special assistance from INCODE's development group will be taken and directed by support personnel.

b) INCODE will maintain staff that is appropriately trained to be familiar with the software products in order to render assistance, should it be required.

c) INCODE will provide Client with all updates that INCODE may make to the then current version of the installed software products covered in this Agreement.

d) Client acknowledges that the updates/enhancements may not be compatible with Client's particular hardware configuration or operating system. Client acknowledges that additional hardware and software may be required at the Client's expense in order to utilize the updates/enhancements.

e) INCODE will make available appropriately trained personnel to provide Client additional training, program changes, analysis, consultation, recovery of data, conversion, non-coverage maintenance service, etc., billable at the current per diem rate plus expenses. *INCODE employs many CPAs but is not a board registered CPA firm.*

f) INCODE shall provide Client with on-line support through the use of communications modem and software.

6) Support Terms for Clients Not Participating in the Annual Software Maintenance Agreement. We have evaluated our annual software support fees and defined them as follows:

> 73% - Software Support (phone, email, e-incode), including bug fixes,
>
> 27% - Enhancements and Software Upgrades

The Software License Agreement includes six months free maintenance. If Client elects not to participate in the INCODE Annual Software Maintenance Agreement, Client shall receive support on a Time and Materials basis following six months after the INCODE Software is installed in accordance with the following terms:

a) Clients not on Software Support Maintenance will receive the lowest priority for Software Support.

b) Clients not on Software Support Maintenance will be required to purchase new releases of the Software. New Releases will include fixes, enhancements and updates, such as, Tax Tables, W/2 reporting formats, 1099 changes, etc.

c) Clients not on Software Support Maintenance will be charged $175 per hour with a one-hour minimum for all software support calls.

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d) Clients not on Software Support Maintenance will not be granted access to INCODE's software support web-site.

e) Clients not on Software Support Maintenance are subject to higher rates for training and continuing education performed by INCODE employees. This is due to the fact that the Client may not be utilizing the most current version of our software.

f) INCODE will not guarantee a program fix to a documented bug for software versions that are not the currently released version. Since every Client is on Software Support Maintenance, often times, bug fixes are rolled into the latest release and then sites are upgraded to the latest release of the software.

g) If a Client decides to discontinue Software Support Maintenance and then wants to reinstate Software Support Maintenance, the Client must pay the 27% of the annual software support maintenance fees for the Enhancement and Software Updates, dating back to the date when the Client discontinued Software Support Maintenance.

Once again, INCODE feels any Client not on Software Support Maintenance will not be satisfied with the level of support they will receive, which in turn, makes a dissatisfied Client. INCODE prides itself on customer satisfaction, which is why we strongly encourage every Client to purchase Software Support Maintenance.

7) Additional Services. The Services listed below are not included in the INCODE Software Maintenance Agreement. These services shall be provided at INCODE's discretion and will be billed on a Time and Materials basis at INCODE's current rates.

a) Changes to print programs.

b) Software modifications.

c) Software Training.

d) Responding to problems caused by bad data.

e) Responding to problems caused by hardware.

f) Responding to problems caused by operator error.

g) Responding to problems caused by software that is not INCODE software.

h) Responding to problems resulting from misuse, accidents, Client neglect, fire, or any other cause not within INCODE's reasonable control.

i) Changes made to the INCODE Software by someone other than INCODE personnel.

j) Any other services performed by INCODE not otherwise specifically provided for in this Agreement, including but not limited to, bank reconciliation, reconciling out of balance reports, balancing segments of the system, etc.

8) Limitations and Exclusions. The support and services of this Maintenance Agreement do not include the following:

a) Support service does not include the installation of the software products, onsite support, application design, and other consulting services, support of an operating system or hardware, or any support requested outside of normal business hours.

b) Client shall be responsible for implementing at its expense, all changes to the current version. Client understands that changes furnished by INCODE for the current version are for implementation in the current installed software products version, as it exists without customization or client alteration.

9) Client Responsibilities.

a) Client shall provide, at no charge to INCODE, full and free access to the programs covered hereunder: working space; adequate facilities within a reasonable distance from the

equipment; and use of machines, attachments, features, or other equipment necessary to provide the specified support and maintenance service. Such environment includes, but is not limited to, use of the appropriate operating system at the version and release levels specified by INCODE and additionally specifies that the environment for any INCODE software application requires the Client to have e-mail and Internet access. Client shall provide telephone lines, communications software specified by INCODE, and all equipment necessary to use INCODE's on-line support. Client will be responsible for all additional costs incurred to the extent such hardware and software does not conform to INCODE's specifications.

b) Client shall maintain a dialup, IP or VPN connection through pcAnywhere, Citrix or Microsoft Terminal Services. INCODE, at its option, shall use the connection to assist with problem diagnosis and resolution. This connection shall be dedicated for the use of INCODE and shall not be shared with fax or internet connection line.

c) Client must maintain an active e-mail address capable of receiving a 5 MB attachment. This e-mail account must be accessible from a PC connected to the server hosting the INCODE software applications.

d) Client must open firewall ports to enable access to INCODE's FTP server for program updates via Live Update.

10) Non-Assignability. The Client shall not have the right to assign or transfer its rights hereunder to any party.

11) Force Majeure. INCODE shall not be responsible for delays in servicing the products covered by this Annual Software Maintenance Agreement caused by strikes, lockouts, riots, epidemic, war, government regulations, fire, power failure, acts of God, or other causes beyond its control.

12) Limitation of Liability. The liability of INCODE is hereby limited to a claim for a money judgment not exceeding the fees paid by the Client for services under this Annual Software Maintenance Agreement. The client shall not in any event be entitled to, and INCODE shall not be liable for, indirect, special, incidental, consequential or exemplary damages of any nature.

13) Governing Law. This Annual Software Maintenance Agreement shall be governed by and construed in accordance with the laws of Client's state of domicile.

14) Entire Agreement.

a) This Annual Software Maintenance Agreement represents the entire agreement of Client and INCODE with respect to the maintenance of the software products and supersedes any prior agreements, understandings and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this agreement it did not rely on any representations or warranties other than those explicitly set forth in this Annual Software Maintenance Agreement.

b) If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Annual Software Maintenance Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Annual Software Maintenance Agreement shall be valid and enforced to the fullest extent permitted by law.

c) This Annual Software Maintenance Agreement may only be amended, modified or changed by written instrument signed by both parties.

d) Client should return an executed copy of this Agreement to INCODE. If the Agreement is not returned to INCODE within 90 days from the issue date, then such Agreement is subject to be voided and prices are subject to change.

Hardware and System Software Agreement

1) Agreement to License or Sell Hardware. For the price set forth in the Investment Summary (Hardware & System Software), INCODE agrees to license or sell and deliver to Client, and Client agrees to accept from INCODE the hardware and system software products set forth in the Investment Summary.

2) License of Hardware.

a) Upon Client's payment for the hardware listed in the Investment Summary, for the license fees set forth in the Investment Summary, INCODE shall grant to Client and Client shall accept from INCODE a non-exclusive, nontransferable, non-assignable license to the hardware and system software products and accompanying documentation and related materials for internal business purposes of Client, subject to the conditions and limitations in this section.

3) Price. Client agrees to pay INCODE and INCODE agrees to accept from Client as payment in full for the hardware and system software products, the price set forth in the Investment Summary at the following manner:

a) Twenty-five percent (25%) of the price of all hardware and system software products listed in the Investment Summary upon execution of this Agreement; and

b) The remaining balance of the price of each item delivered to Client upon delivery of each product.

c) In the event of any disputed invoice, Client shall provide written notice of such disputed invoice to Attention: INCODE Controller at the address listed on the cover of this Agreement. Such written notice shall be provided to INCODE within fifteen (15) calendar days of Client's receipt of the invoice. An additional fifteen (15) days is allowed for the Client to provide written clarification and details for the disputed invoice. INCODE shall provide a written response to Client that shall include either a justification of the invoice or an explanation of an adjustment to the invoice and an action plan that will outline the reasonable steps needed to be taken by INCODE and Client to resolve any issues presented in Client's notification to INCODE. Client may withhold payment of only the amount actually in dispute until INCODE provides the required written response, and full payment shall be remitted to INCODE upon INCODE's completion of all material action steps required to remedy the disputed manner. Notwithstanding the foregoing sentence, if INCODE is unable to complete all material action steps required to remedy the disputed manner because Client has not completed the action steps required of them, Client shall remit full payment of the invoice.

d) Any invoice not disputed as described above shall be deemed accepted by the Client. If payment of any invoice that is not disputed as described above is not made within sixty (60) calendar days, INCODE reserves the right to suspend delivery of all services under the Investment Summary, the Software License Agreement, the Professional Services Agreement, the Maintenance Agreement and this Hardware and System Software Agreement.

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4) Costs and Taxes.

a) Unless otherwise indicated in the Investment Summary, the price includes costs for shipment of and insurance while in transit for the hardware and system software products from the supplier's place of manufacture to Client's site.

b) The price listed in the Investment Summary does not include any tax or other governmental impositions including, without limitation, sales, use or excise tax. All applicable sales tax, use tax or excise tax shall be paid by Client and shall be paid over to the proper authorities by Client or reimbursed by Client to INCODE on demand in the event that INCODE is responsible or demand is made on INCODE for the payment thereof. If tax-exempt, Client must provide INCODE with Client's tax-exempt number or form.

5) F.O.B. Point. Delivery of each hardware and system software product shall be F.O.B. Client's site.

6) Schedule of Delivery. Delivery of each hardware and system software product shall take place according to mutually agreeable schedule, but INCODE shall not be liable for failure to meet the agreed upon schedule if, and to the extent, said failure is due to causes beyond the control and without the fault of INCODE.

7) Client Delays. If any act or failure to act by the Client delays INCODE's performance, INCODE shall be excused from performance for an amount of time commensurate with the delay caused by Client. Client acknowledges that its delay may excuse INCODE from performance for an amount of time greater than the delay caused by Client. Such delays by Client that may cause INCODE to delay performance include, but are not limited to failure to have prepared any data in the form and format requested by INCODE, on or before the date specified by INCODE or to have verified such data for accuracy, submission of erroneous data to INCODE or Client's failure to have completely prepared the Hardware's installation site prior to the Hardware's actual delivery including, but not limited to, failure to have all electrical work and cable installation completed.

8) Installation and Verification. If itemized in the Investment Summary, the price includes installation of the hardware and system software products. Upon the completion of installation, Client shall obtain from the installer a certification of completion, or similar document, which certification or similar document shall constitute Client's acceptance of the hardware and system software products. Such acceptance shall be final and conclusive except for latent defects, fraud, such gross mistakes as amount to fraud and rights and remedies available to Client under the paragraph hereof entitled Warranties.

9) Site Requirements. Client shall prepare the installation site prior to the delivery of the hardware and system software. Client is solely responsible for and will furnish all necessary labor and material to install all associated electrical lines, CRT cables, and telephone lines for communication modems. Client is responsible for installing all required cables.

10) Warranties.

ALL WARRANTIES RELATING TO THE HARDWARE AND SYSTEM SOFTWARE ARE PROVIDED DIRECTLY FROM THE HARDWARE MANUFACTURERS AND/OR SOFTWARE PUBLISHERS UNDER THE TERMS AND CONDITIONS OF THEIR RESPECTIVE WARRANTIES. THE WARRANTIES SET FORTH IN THIS HARDWARE AND SYSTEM SOFTWARE AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER RIGHTS AND REMEDIES REPRESENTATIONS OR WARRANTIES

EXPRESSED, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND SYSTEM INTEGRATION.

11) Maintenance. There is no hardware maintenance provided pursuant to this Agreement. Hardware warranty and/or maintenance is typically provided by the manufacturer or a Third Party. In situations where INCODE and the Client agree that INCODE will provide hardware maintenance, such hardware maintenance shall be governed by the terms of INCODE's Annual Hardware Maintenance agreement.

12) Limitation of Liability. Client expressly assumes sole responsibility for the selection and use of the hardware and system software. In no event shall INCODE be liable for special, indirect, incidental, consequential or exemplary damages, including without limitation any damages resulting from loss of use, loss of data, interruption of business activities or failure to realize savings arising out of or in connection with the use of the hardware and system software products. INCODE's liability for damages arising out of this Hardware and System Software Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the price of the hardware and system software products set forth in the Investment Summary. The prices set forth in the Investment Summary reflect and are set in reliance upon this allocation of risk and the exclusion of such damages as set forth in this Hardware and System Software Agreement.

13) Dispute Resolution. In the event ōf a dispute between the parties under this Hardware and System Software Agreement pertaining to pecuniary damages or losses, the matter shall be settled by arbitration in accordance with the then prevailing rules of the American Arbitration Association.

14) Governing Law. This Hardware and System Software Agreement shall be governed by and construed in accordance with the laws of Client's state of domicile.

15) Cancellation or Termination. In the event of cancellation or termination of this Hardware and System Software Agreement, Client will make payment to INCODE for all products and related services and expenses delivered or incurred prior to the termination or cancellation of this Hardware and System Software Agreement. Client may also be responsible for restocking fees.

16) Entire Agreement.

a) This Hardware and System Software Agreement represents the entire agreement of Client and INCODE with respect to the hardware and system software products and supersedes any prior agreements, understandings and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this agreement it did not rely on any representations or warranties other than those explicitly set forth in this Hardware and System Software Agreement.

b) If any term or provision of this Hardware and System Software Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Hardware and System Software Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Hardware and System Software

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Agreement shall be valid and enforced to the fullest extent permitted by law.

c) This Hardware and System Software Agreement may only be amended, modified or changed by written instrument signed by both parties.

d) Client should return an executed copy of this Agreement to INCODE. If the Agreement is not returned to INCODE within 90 days from the issue date, then such Agreement is subject to be voided and prices are subject to change.

17) Approval of Governing Body. Client represents and warrants to INCODE that this Hardware and System Software Agreement has been approved by its governing body and is a binding obligation upon Client.

Annual Hardware Maintenance Agreement

1) Scope of Agreement. For the prices set forth in the Investment Summary, Client requests to cover and INCODE agrees to cover the equipment specified on the cover of this agreement in accordance with the following terms and conditions. INCODE requires all like-kind hardware to be covered (i.e. ALL cash drawers, ALL receipt printers, etc.).

2) Price. The Client agrees to pay the Annual Hardware Maintenance fee specified in this Agreement. INCODE guarantees this fee for the term of the Annual Hardware Maintenance Agreement. However, fees for subsequent years are subject to change.

3) Payment. Client agrees to pay the Annual Hardware Maintenance Agreement fee in accordance with the following terms:

a) The Client will be invoiced 12 months after the initial installation of the hardware.

b) In order for equipment to be eligible to be covered under this Annual Hardware Maintenance Agreement, the equipment must be covered beginning 12 months after the installation date of the equipment and must remain under continuous coverage on the Annual Hardware Maintenance Agreement

4) Equipment Maintenance Program Terms. INCODE agrees to provide the maintenance on the equipment specified under this agreement in accordance to the following terms:

a) In the event of equipment failure, INCODE will repair the defective equipment and provide the Client with "like or near like" equipment while the defective equipment is being repaired.

b) Client shall notify INCODE of equipment failure. Upon notification, INCODE will ship via over-night service to the Client the appropriate loaner equipment. The Client shall package the defective equipment in its original container and ship the equipment to INCODE.

c) Once the equipment is repaired, it will be shipped to the Client. Upon receipt of the repaired equipment the Client shall ship the loaner equipment back to INCODE. The loaner equipment should be shipped back to INCODE within two days of receiving the repaired equipment. The Client agrees to pay daily rental fees to INCODE if the loaner equipment is not shipped back to INCODE within the time frame specified.

d) The Client is responsible for shipping cost related to shipping equipment to INCODE. INCODE is responsible for shipping cost related to shipping equipment to the Client.

5) Definitions. The following definitions apply to the terms of this Annual Hardware Maintenance Agreement:

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INCODE AGREEMENT
TERMS AND CONDITIONS

a) Loaner Equipment. Equipment loaned to the Client by INCODE for use while the Client's equipment is being repaired.

b) Like or Near-Like Equipment. Equipment compatible with the Client's computer system and capable of performing the tasks performed by the equipment being repaired.

6) Limitation of Liability. The liability of INCODE is hereby limited to that claim for the money judgment not exceeding the fees paid by the Client for services under this Annual Hardware Maintenance Agreement. The Client shall not in any event be entitled to, and INCODE shall not be liable for, indirect, special, incidental, consequential or exemplary damages of any nature.

7) Governing Law. This Annual Hardware Maintenance Agreement shall be governed by and construed in accordance with the laws of Client's state of domicile.

8) Entire Agreement.

a) This Annual Hardware Maintenance Agreement represents the entire agreement of Client and INCODE with respect to the maintenance of the hardware and system software products and supersedes any prior agreements, understandings and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this agreement it did not rely on any representations or warranties other than those explicitly set forth in this Annual Hardware Maintenance Agreement.

b) If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Annual Hardware Maintenance Agreement or the application of such term or provision to persons or circumstances other than those

as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Annual Hardware Maintenance Agreement shall be valid and enforced to the fullest extent permitted by law.

c) This Annual Hardware Maintenance Agreement may only be amended, modified or changed by written instrument signed by both parties.

d) Client should return an executed copy of this Agreement to INCODE. If the Agreement is not returned to INCODE within 90 days from the issue date, then such Agreement is subject to be voided and prices are subject to change.

Third Party Product Agreement

1) Agreement to License or Sell Third Party Products. For the price set forth in the Investment Summary (Hardware & System Software), INCODE agrees to license or sell and deliver to Client, and Client agrees to accept from INCODE the third party products set forth in the Investment Summary.

2) License of Third Party Software Products.

a) Upon Client's payment for the third party software products listed in the Investment Summary, for the license fees set forth in the Investment Summary, INCODE shall grant to Client and Client shall accept from INCODE a non-exclusive, nontransferable, non-assignable license to use the third party software products and accompanying documentation and related materials for internal business purposes of Client, subject to the conditions and limitations in this section.

b) Ownership of the third party software products, accompanying documentation and related materials, shall remain with the third party manufacturer or supplier.

c) The right to transfer this license to a replacement hardware system is governed by the Third Party. The cost for new media or any required technical assistance to accommodate the transfer would be billable charges to Client. Advance written notice of any such transfer shall be provided to INCODE.

d) Client agrees that the third party software products are proprietary to the third party manufacturer or supplier and have been developed as a trade secret at the third-party's expense. Client agrees to keep the software products confidential and use its best efforts to prevent any misuse, unauthorized use or unauthorized disclosures by any party of any or all of the third party software products or accompanying documentation.

e) Client shall not perform decompilation, disassembly, translation or other reverse engineering on the software products.

f) Client may make copies of the software products for archive purposes only. Client will repeat any proprietary notice on the copy of the software products. The documentation accompanying the software products may not be copied except for internal use

3) Price. Client agrees to pay INCODE and INCODE agrees to accept from Client as payment in full for the third party products, the price set forth in the Investment Summary at the following manner:

a) Twenty-five percent (25%) of the price of all third party products listed in the Investment Summary upon execution of this Agreement; and

b) The remaining balance of the price of each item delivered to Client upon delivery of each product.

c) In the event of any disputed invoice, Client shall provide written notice of such disputed invoice to Attention: INCODE

Controller at the address listed on the cover of this Agreement. Such written notice shall be provided to INCODE within fifteen (15) calendar days of Client's receipt of the invoice. An additional fifteen (15) days is allowed for the Client to provide written clarification and details for the disputed invoice. INCODE shall provide a written response to Client that shall include either a justification of the invoice or an explanation of an adjustment to the invoice and an action plan that will outline the reasonable steps needed to be taken by INCODE and Client to resolve any issues presented in Client's notification to INCODE. Client may withhold payment of only the amount actually in dispute until INCODE provides the required written response, and full payment shall be remitted to INCODE upon INCODE's completion of all material action steps required to remedy the disputed manner. Notwithstanding the foregoing sentence, if INCODE is unable to complete all material action steps required to remedy the disputed manner because Client has not completed the action steps required of them, Client shall remit full payment of the invoice.

d) Any invoice not disputed as described above shall be deemed accepted by the Client. If payment of any invoice that is not disputed as described above is not made within sixty (60) calendar days, INCODE reserves the right to suspend delivery of all services under the Investment Summary, the Software License Agreement, the Professional Services Agreement, the Maintenance Agreement and this Third Party Product Agreement.

4) Costs and Taxes.

a) Unless otherwise indicated in the Investment Summary, the price includes costs for shipment of and insurance while in

transit for the third party products from the supplier's place of manufacture to Client's site.

b) The price listed in the Investment Summary does not include any tax or other governmental impositions including, without limitation, sales, use or excise tax. All applicable sales tax, use tax or excise tax shall be paid by Client and shall be paid over to the proper authorities by Client or reimbursed by Client to INCODE on demand in the event that INCODE is responsible or demand is made on INCODE for the payment thereof. If tax-exempt, Client must provide INCODE with Client's tax-exempt number or form.

5) F.O.B. Point. Delivery of each third party product shall be F.O.B. Client's site.

6) Schedule of Delivery. Delivery of each third party product shall take place according to mutually agreeable schedule, but INCODE shall not be liable for failure to meet the agreed upon schedule if, and to the extent, said failure is due to causes beyond the control and without the fault of INCODE.

7) Installation and Verification.

a) If itemized in the Investment Summary, the price includes installation of the third party products. Upon the completion of installation, Client shall obtain from the installer a certification of completion, or similar document, which certification or similar document shall constitute Client's acceptance of the third party products. Such acceptance shall be final and conclusive except for latent defects, fraud, such gross mistakes as amount to fraud and rights and remedies available to Client under the paragraph hereof entitled Warranties.

8) Site Requirements. Client shall provide:

a) a suitable environment, location and space for the installation and operation of the third party products;

b) sufficient and adequate electrical circuits for the third party products; and

c) installation of all required cables.

9) Warranties.

a) INCODE is authorized by the manufacturer or supplier of all third party software products listed in the Investment Summary to grant licenses or sublicenses to such products.

b) Unless otherwise noted in any attached addendum, INCODE warrants that each third party product shall be new and unused, and if Client fully and faithfully performs each and every obligation required of it under the Third Party Product Agreement, Client's title or license to each third party product shall be free and clear of all liens and encumbrances arising through INCODE.

c) The parties understand and agree that INCODE is not the manufacturer of the third party products. As such, INCODE does not warrant or guarantee the condition of the third party products or the operation characteristics of the third party products. d) THE WARRANTIES SET FORTH IN THIS THIRD PARTY PRODUCT AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER RIGHTS AND REMEDIES REPRESENTATIONS OR WARRANTIES EXPRESSED, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND SYSTEM INTEGRATION.

10) Maintenance. It shall be the responsibility of Client to repair and maintain the third party products after acceptance. Support for Third Party Application Software is not provided by INCODE unless otherwise specified in this Agreement. INCODE's responsibility is limited to delivering the Third

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Party Application Software and installing the software if installation services are provided in this Agreement.

11) Limitation of Liability. Client expressly assumes sole responsibility for the selection and use of the Third Party Application Software. In no event shall INCODE be liable for special, indirect, incidental, consequential or exemplary damages, including without limitation any damages resulting from loss of use, loss of data, interruption of business activities or failure to realize savings arising out of or in connection with the use of the third party products. INCODE's liability for damages arising out of this Third Party Product Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the price of the third party products set forth in the Investment Summary. The prices set forth in the Investment Summary reflect and are set in reliance upon this allocation of risk and the exclusion of such damages as set forth in this Third Party Product Agreement.

12) Dispute Resolution. In the event of a dispute between the parties under this Third Party Product Agreement pertaining to pecuniary damages or losses, the matter shall be settled by arbitration in accordance with the then prevailing rules of the American Arbitration Association.

13) Governing Law. This Third Party Product Agreement shall be governed by and construed in accordance with the laws of Client's state of domicile.

14) Cancellation or Termination. In the event of cancellation or termination of this Third Party Product Agreement, Client will make payment to INCODE for all products and related services and expenses delivered or incurred prior to the termination or cancellation of this Third Party Product Agreement.

15) Entire Agreement.

a) This Third Party Product Agreement represents the entire agreement of Client and INCODE with respect to the third party products and supersedes any prior agreements, understandings and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this agreement it did not rely on any representations or warranties other than those explicitly set forth in this Third Party Product Agreement.

b) If any term or provision of this Third Party Product Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Third Party Product Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Third Party Product Agreement shall be valid and enforced to the fullest extent permitted by law.

c) This Third Party Product Agreement may only be amended, modified or changed by written instrument signed by both parties.

d) Client should return an executed copy of this Agreement to INCODE. If the Agreement is not returned to INCODE within 90 days from the issue date, then such Agreement is subject to be voided and prices are subject to change.

16) Approval of Governing Body. Client represents and warrants to INCODE that this Third Party Product Agreement has been approved by its governing body and is a binding obligation upon Client.

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EXHIBIT 1 – DELIVERY ATTESTMENT

The Delivery Attestment test detailed below will be conducted following the INCODE software install and prior to the implementation. The test is performed using the INCODE Sample Database. This database contains general information applicable to all customers. Given this, the tests will not validate site specific functionally. Rather, the tests will affirm that the INCODE system is installed and performs base line functions. Customer specific functionality will be reviewed during the implementation phase when site-specific data will be built and applied against desired functionality.

Each suite has a space where clients will be asked to initial certifying the software has been installed and accepted. If a section does not apply to you, then please mark it as N/A. Please fill out the Client and Contact Name, initial the appropriate space and fax this document to (806) 797-4849, attn: Dennis Mailman.

Client Name	
Contact Name	
Date	

Financial Suite
1. View General Ledger Account Manager   (Initial)_____
2. View Budget Maintenance
3. View AP Vendor Manager
4. Find PO's in PO Inquiry
5. View Inventory Item Maintenance
6. View Fixed Assets Maintenance
7. View Deduction codes
8. View Pay Type codes
9. View Employee Manager
10. View HR Manager

CIS Suite
1. View Fee Schedule with Rate Tables   (Initial)_____
2. View Account Manager
3. View Contact and Property Consoles
4. View Bill Maintenance
5. View License Manager
6. View AR Customer Manager
7. View Permits Project Manager

Court Suite
1. View Citation Maintenance   (Initial)_____
2. View Fee Maintenance
3. View Offense Code Maintenance

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The Data Conversion Process

Purpose
One of the most difficult aspects of software transition revolves around data conversion. This process takes place in one of two ways:
1. The manual method - In the manual mode the customer enters data from the existing system into the new InCode system.
2. The automated method - In the automated mode a software program is written or coded in order to facilitate moving information from the existing system to the new InCode system.

This document is provided to aid the customer in understanding the automated conversion process and provide clear direction as to the responsibility and the scope of the process.

Who should read this document?
The obvious answer to this question is the individual at the customer site that is most responsible for the transition. Specifically it should be:
1. The individual responsible for extracting and providing data from the old system to InCode.
2. Any individuals responsible at a department level.
3. Any individual that would benefit from understanding the conversion process

The Conversion Process
The process itself has a predefined set of steps that must take place for a successful conversion.
1. Initial data extraction - The customer must perform the preliminary extraction and transmission of data.
2. Data Evaluation - InCode will then be responsible for evaluating the information that has been transmitted. Upon a successful evaluation the customer will be contacted for further scheduling.
3. Conversion scheduling - Once a schedule has been decided upon, InCode will proceed in development of the conversion programs. During the development step, the customer will be responsible for providing knowledge and insight into the information from their current system
4. On-Site Conversion - Upon InCode's arrival at the customer's site for the conversion, the customer will be responsible for a final extraction of the data. In most situations the customer will not have to transmit the final extraction to InCode. The InCode trainer on site will assist the customer in preliminary InCode application setup that is required for the conversion as well as execute the conversion programs and assist in the verification of the converted information's integrity.

Even though the InCode trainers possess a great deal of knowledge in the area of conversion, it is ultimately the customer's responsibility to validate any converted data. The sections that follow clearly outline and describe each of the above steps.

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Data Extraction and Transmission of Data

As stated in the contract, the customer must supply data in ASCII file format with unpacked data fields. This terminology is sometimes considered confusing. The ASCII (pronounced as AS-key) is an abbreviation that represents the American Standard Code for Information Interchange. This standard was established in 1967 and still represents one of the most important standards in the computer industry. Since that time, some vendors have deviated from this standard. An example would be IBM's has a proprietary standard format abbreviated EBCDIC (pronounced EBB-see-dik). This is their current standard on the System36 and AS400. Vendors also use compression techniques in their data structures to pack numeric fields and dates. Since these techniques are not standard and vary from vendor to vendor, we are unable to process this information. In the simplest of terms the customer's data that is transmitted to InCode should be legible in a standard text processing program such as Windows textpad or wordpad. The characters that you view on screen should be the same characters that are on your computer keyboard.

File Descriptions and layout

The contract further states that the customer must supply sufficient file descriptions and layout information for the data. Sometimes file descriptions will be referenced as data definitions. Normally data files have one row after another. Each row represents a record or grouping of information. As an example, a vendor file would normally have a row for each vendor in the system. The rows then have to be broken down further into columns or fields. An example of a field in the vendor file could be vendor name. The file description provides the information needed to know exactly what position each field starts and stops in each row. In all cases, file descriptions are absolutely necessary for any type of conversion.

Media Type

Also outlined in the contract is the media type that the information can be transmitted to InCode. Unless the customer's existing system has a unix operating system, the most desirable media to transmit the data would be a cd. In situations where a writable cd is not available the customer can submit the information on a zip disk or 4mm tape. If a 4mm tape is used then the customer should transfer the information to the tape using the standard Windows backup software. The customer may also submit the data via email when the customer has a compression utility such as winzip and a fast and reliable internet connection. When the customer's existing system has a unix operating system, the customer may use any of the methods mentioned above with the additional transmittal method of a 4mm tape with the maximum capacity of 4gb or a ¼ inch tape with the maximum capacity of 1gb. The customer should include the Data Transmission Form with the media. If the customer is using email to transmit the data please include the information from the Data Transmittal Form in the email as text or an attachment. In situation where none of the above options are available to the customer, arrangements should be made with InCode as to viable alternatives. These alternatives may involve additional fees.

There are certain vendors that InCode has had considerable conversion experience and has developed processes to extract the information from their proprietary data files. Other vendors store their data in Microsoft Access or Microsoft SQL Server database. It is

possible in these situations that the customer can provide their existing data files in their current state without data extraction. In this scenario the customer would only be responsible for providing a backup of their current data.

The first data extraction is for the sole purpose of developing the conversion software. This extraction should contain all the tables or files that are to be converted along with the appropriate record layouts. An incomplete extraction can produce time delays and undesirable results during the actual conversion.

Final Data Extraction

The final data extraction will be performed on the day of or a day very close to the final conversion. This extraction will be coordinated with InCode's conversion personnel and implementation coordinator.

Data Extraction Assistance

In almost all instances the customer owns its data, but the current software provider's file descriptions will be considered proprietary information. There will be scenarios where the software provider will not provide file descriptions or will provide the descriptions for a fee. Any fees required by the vendor are the responsibility of the customer and are not included in the contract. In many situations the data will have proprietary fields with no easy solution for extraction. InCode's years of experience with data conversions has lead to many innovative techniques for data extraction. When the customer has exhausted their available options, InCode can assist with the data extraction for additional fees. The customer will have the responsibility of contacting their sales representative for a quote for additional services. Upon receipt of a purchase order from the customer, InCode will proceed with this assistance.

Conversion Scheduling

Once InCode has received the data from the customer a three stage evaluation process will be implemented. Media will be evaluated as to its readability. Each data file transmitted will be reviewed as to its format, file description, and estimated complexity. When these two stages have been successfully completed, InCode's implementation coordinator will schedule with the customer a time for the data conversion, conversion assistance, and training. The third stage of the evaluation is more detailed and will follow in approximately 3 weeks. During this stage the data will be evaluated for its completeness, validity, and mandatory fields needed in the conversion. If problems arise during this process, InCode will communicate to the customer the problems. The customer will be responsible for resolving the problems in a timely a manner as possible so that the schedule is not affected. If no problems arise then the customer can assume that InCode is on schedule.

Timing is an important element during a data conversion. Scheduling of the conversion will revolve around the most advantageous cutoff dates. For example, if a customer bills their utility customers at the end of each month, the best time to do the conversion would be during the last two weeks of the month. Financial conversions will be easier to validate if performed after a period has been closed. All of these elements will be discussed by the implementation coordinator with the customer during scheduling.

Conversion Program Development

After InCode receives and validates the customer's data, the development of the conversion program will begin. During the development process, questions about the customer's current data or application may be raised. The customer is responsible for providing contact information for staff member(s) that are capable of responding to questions for each module being converted.

It is important for the customer to understand that InCode has a minimal amount of experience with the customer's current application. Questions raised by the InCode will be the result of analyzing data. There are a significant number of times when the data being analyzed does not correspond with the information that the customer views on the screen in their current application. Providing staff members that have an in depth knowledge of the customer's current application is a key element of a successful conversion.

Part of the development process will be testing the program with the data provided in the first extraction. This testing will take place at InCode's facilities. Any potential problem areas will be communicated to the customer.

Conversion Assistance

As part of the contract, an InCode trainer will be at the customer location during the actual conversion. The trainer will provide conversion assistance in the areas of preliminary setup, conversion program execution and data validation. Even though the primary focus of the trainer is a successful completion of the conversion process, the trainer will be providing a limited amount of training in certain areas. In a majority of cases, the trainer responsible for the conversion assistance will also be responsible for the training that will occur either before or after the conversion.

It is important to note that the trainer will not be the programmer responsible for the creating or modifying conversion program. The trainer will be responsible for conveying to the programmer discovery of customer specific information before the final conversion and any mistakes found after the conversion. The customer will need to facilitate the trainer by providing a comfortable place to work, access to facilities before and after normal work hours and telephone communications.

Data Validation

The final step in the conversion process is the data validation. Much attention will be given to data integrity during the testing phase by the program developers. The conversion assistant will also spend time testing the integrity of the information. Balances and the output of processes will be tested after the conversion. A visual inspection of different modules will be performed by choosing different records on a random base. But Data validation is ultimately the responsibility of the customer.

Conclusion

After over 20 years and several hundred conversion experiences, InCode has determined that there are several key factors in a successful conversion. The customer needs to have a realistic expectation of what is going to happen. The customer must understand that there are no pleasant conversions; therefore a successful conversion is one that provides the least amount of displacement and

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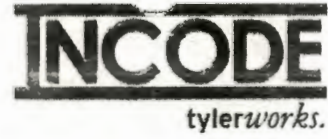
discomfort. More than likely, the customer will have to change their schedules and prepare for a heavier work load during the conversion. The customer has to realize that the data on the system being converted is exactly how the data will be on the new system. The conversion process does not clean up or correct any information during the conversion process. The old adage "garbage in, garbage out" is very relevant during the conversion process. One example would be a general ledger conversion where the current system's ledger is out of balance. After the conversion, the InCode general ledger will be out of balance. Conversions maybe somewhat mystical but the process is not magical. And finally, to have a successful conversion, there must be a team approach by all those involved.