

AGREEMENT BETWEEN THE COUNTY OF SAN MATEO AND INTEGRAL SYSTEMS, INC.

THIS AGREEMENT, entered into this ____ day of _____, _____, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and INTEGRAL SYSTEMS, INC., hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, pursuant to Government Code Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof; and

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of providing network computing infrastructure and consulting services;

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. Exhibits.

The exhibits listed below are attached hereto and incorporated by reference herein. Additional exhibits may be added by amendment:

Exhibit A—Services

Attachment I – Infrastructure Design for Hosting Sites

Attachment II – NCI Service Software

Exhibit B—Payments and Rates

2. Services to be performed by Contractor.

In consideration of the payments set forth herein and in Exhibit "B," Contractor shall perform services for County in accordance with the terms, conditions, and specifications set forth herein and in Exhibit "A."

3. Payments.

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth herein and in Exhibit "A," County shall make payment to Contractor based on the rates and in the manner specified in Exhibit "B." In no event shall the County's total fiscal obligation under this Agreement exceed NINE HUNDRED THIRTY EIGHT THOUSAND THREE HUNDRED FORTY DOLLARS [\$938,340].

If the County disputes any charge or amount on any invoice and such dispute cannot be resolved promptly through good faith discussions between the parties, the County shall pay the amounts due under this Agreement less the disputed amount, and the parties shall diligently proceed to resolve such disputed amount. An amount will be considered disputed in good faith if (1) the County delivers a written statement by facsimile or e-mail to Contractor on or before the due date of the invoice, describing in detail the basis of the dispute and the amounts being withheld by the County, (2) the County represents that the amount in dispute has been determined after due investigation of the facts and that such disputed amount has been determined in good faith consistent with applicable industry standards, and (3) all other amounts due from the County that are not in dispute have been paid in

accordance with the terms of this Agreement.

If County fails to timely pay any undisputed amount after receipt of a written delinquency notice that such amount is outstanding and County fails to cure such delinquency within 10 business days after receipt of such delinquency notice, then Contractor may suspend the performance of all services under the Agreement, without releasing County from liability for its payment obligations, until County has cured the delinquency that was the subject of such notice.

Service rates set forth in Exhibit B shall be in effect and are subject to change upon extension or renewal and if there is any change of the type, scope or quantity of Services as set forth in a mutually acceptable change order or amendment.

All amounts referenced in Exhibit B are in United States dollars and do not include any sales, use, ad valorem, surtax and personal property taxes, customs, duties, registration fees and the like, excluding, however, income taxes on profits which may be levied against Contractor (including interest and/or penalties) arising out of this Agreement and the transactions contemplated herein, all of which are the sole liability of the County. Any such taxes applicable to the transactions contemplated hereby will be paid by the County.

4. Term and Termination.

Subject to compliance with all terms and conditions, the term of this Agreement shall be from SEPTEMBER 11, 2007 through SEPTEMBER 10, 2010.

This Agreement may be terminated by Contractor or by the Chief Information Officer of San Mateo County, or his/her designee, at any time without a requirement of good cause upon thirty (30) days' written notice to the other party and if by the County, upon payment of any early termination fees.

Either party may discontinue performance and terminate this Agreement and each Exhibit upon any material breach by the other party, if such breach shall remain uncured for more than fifteen (15) days (in case of monetary breaches), or thirty (30) days (in case of non-monetary breaches) after receipt of notice of such breach.

In the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and materials (hereafter referred to as materials) delivered by Contractor under this Agreement may be retained and used by the County. Upon termination, the Contractor retains its copyright in any such materials. In the event of termination of services, upon the County's request, Contractor shall promptly provide to the County copies of any and all County Data (as defined in Section 14), on media designated by the County, in the format on which it resides on the Contractor's computer system.

Upon termination or expiration of this Agreement, or any Exhibit for any reason, the County shall immediately:

- A. Cease use of or access to the applicable Service;
- B. Return, or destroy all tangible materials provided by Contractor;
- C. Purge all County systems and records of any Contractor-provided software delivered to the County under Exhibit A, including all copies made for whatever reason and retained in any form;

D. Certify to Contractor, in writing, that the foregoing duties have been done.

Subject to availability of funding, and upon payment of any early termination fees, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be a portion of the full payment which is determined by comparing the work/services completed to the work/services required by this Agreement.

To renew, or extend this Agreement beyond September 10, 2010, County must notify Contractor no later than April 10, 2010, and the parties must have a mutually agreed upon amended, or replacement Agreement in effect no later than June 10, 2010, so that Contractor has the opportunity to make any necessary infrastructure extensions or modifications prior to the effective date of the renewal or extension.

5. Availability of Funds.

The County may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon unavailability of Federal, State, or County funds, by providing written notice to Contractor as soon as is reasonably possible after the County learns of said unavailability of outside funding.

6. Relationship of Parties.

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of the County and that Contractor acquires none of the rights, privileges, powers, or advantages of County employees.

7. Hold Harmless.

Contractor shall indemnify and save harmless County, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description, brought for, or on account of: (A) injuries to or death of any person, including Contractor, or (B) damage to any property (excluding data) of any kind whatsoever and to whomsoever belonging, (C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, or (D) excluding any matter or activity for which the County has any responsibility under Exhibit A and subject to the limitation of liability set forth in Section 17, any other loss or cost, including but not limited to, that caused by the concurrent active or passive negligence of County, its officers, agents, employees, or servants, resulting from the performance of any work required of Contractor or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which the County has been found in a court of competent jurisdiction to be liable by reason of its own negligence or willful misconduct.

8. Assignability and Subcontracting.

Contractor shall not assign this Agreement or any portion thereof to a third party to provide services required by Contractor under this Agreement without the prior written consent of County. Any such assignment without the County's prior written consent shall give County the right to automatically and immediately terminate this Agreement. Contractor may engage sub-contractors to perform tasks or services in connection with Contractor's performance of services under Exhibit A of this Agreement; provided that upon request, Contractor will identify and provide resumes for, individual contract workers who may perform services under Contractor's supervision; further provided that Contractor remains responsible for the performance of its sub-contractors.

9. Insurance.

The Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this paragraph has been obtained and such insurance has been approved by County's Risk Manager, and Contractor shall use diligence to obtain such insurance and to obtain such approval. The Contractor shall furnish the Information Services Department with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending the Contractor's coverage to include the contractual liability assumed by the Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to the Chief Information Officer of any pending change in the limits of liability or of any cancellation or modification of the policy.

A. Worker's Compensation and Employer's Liability Insurance. The Contractor shall have in effect, during the entire life of this Agreement Workers' Compensation and Employer's Liability Insurance providing full statutory coverage. In signing this Agreement, the Contractor certifies, as required by Section 1861 of the California Labor Code, that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and Contractor will comply with such provisions before commencing the performance of the work of this Agreement.

B. Liability Insurance. The Contractor shall take out and maintain, during the life of this Agreement, such Bodily Injury Liability and Property Damage Liability Insurance as shall protect Contractor while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor or by any sub-contractor or by anyone directly or indirectly employed by either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall be not less than the amount specified below.

Such insurance shall include:

1. Comprehensive General Liability	<u>\$1,000,000</u>
2. Motor Vehicle Liability Insurance	<u>\$1,000,000</u>
3. Professional Liability	<u>\$1,000,000</u>

County and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that the insurance afforded thereby to the County, its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy, and that if the County or its officers and employees have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, the County of San Mateo, at its option may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

10. Compliance with Laws; Payment of Permits/Licenses.

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including, but not limited to, Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, and the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of handicap in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including, but not limited to, appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations.

In the event of a conflict between the terms of this Agreement and State, Federal, County, or municipal law or regulations, the requirements of the applicable law will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

11. Non-Discrimination.

- A. *Section 504 applies only to Contractors who are providing services to members of the public.* Contractor shall comply with § 504 of the Rehabilitation Act of 1973, which provides that no otherwise qualified handicapped individual shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of this Agreement.
- B. *General non-discrimination.* No person shall, on the grounds of race, color, religion, ancestry, gender, age (over 40), national origin, medical condition (cancer), physical or mental disability, sexual orientation, pregnancy, childbirth or related medical condition, marital status, or political affiliation be denied any benefits or be subjected to discrimination under this Agreement.
- C. *Equal employment opportunity.* Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to County of San Mateo upon request.
- D. *Violation of non-discrimination provisions.* Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Manager, including but not limited to:
 - 1) termination of this Agreement;
 - 2) disqualification of the Contractor from bidding on or being awarded a County contract for a period of up to 3 years;
 - 3) liquidated damages of \$2,500 per violation;

- 4) imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this section, the County Manager shall have the authority to examine Contractor's employment records with respect to compliance with this paragraph and/or to set off all or any portion of the amount described in this paragraph against amounts due to Contractor under this Agreement or any other Contract between Contractor and County.

Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission, or any other entity charged with the investigation of allegations within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of their response to the Complaint when filed.

- E. *Compliance with Equal Benefits Ordinance.* With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits Contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.
- F. The Contractor shall comply fully with the non-discrimination requirements required by 41 CFR 60-741.5(a), which is incorporated as if fully set forth herein.
- G. *Compliance with Contractor Employee Jury Service Ordinance:* Contractor shall comply with the County Ordinance with respect to provision of jury duty pay to employees and have and adhere to a written policy that provides that its employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service in San Mateo County. The policy may provide that employees' deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the employee's regular pay the fees received for jury service.

12. Retention of Records, Right to Monitor and Audit.

- (a) Contractor shall maintain all required records, related to its performance, for three (3) years after the County makes final payment and all other pending matters are closed, and shall be subject to the examination and/or audit of the County, a Federal grantor agency, and the State of California. Contractor is not required to retain any County Data after termination of the applicable phases set forth in Exhibit A (each a "Phase").
- (b) Reporting and Record Keeping: Contractor shall comply with all program and fiscal reporting requirements set forth by appropriate Federal, State and local agencies, and as required by the County.
- (c) Contractor agrees to provide to County, to any Federal or State department having monitoring or review authority, to County's authorized representatives, and/or their appropriate audit agencies upon reasonable notice, access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules and regulations, and this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.
- (d) Any records examination under this Section shall be at Contractor's office where its records are kept during normal working hours with reasonable advance written notice outlining the scope of the requested review.

13. Merger Clause.

This Agreement, including the Exhibits and Attachments attached hereto and incorporated herein by reference, constitutes the sole Agreement of the parties hereto and correctly states the rights, duties, and obligations of each party as of this Agreement's date, with respect to the matters covered under this Agreement and the Exhibits and Attachments. The County's rights and obligations with respect to its use of Contractor-licensed software products are set forth in the separate System License Agreement, as amended between the parties. Any other prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. This Agreement shall not be varied, supplemented, qualified, or interpreted by any prior course of dealing between the parties hereto or by any usage of trade. All subsequent modifications shall be in writing and signed by the parties. The terms and conditions of this Agreement shall not be modified by any purchase order or acknowledgement, even though Contractor may have signed such a document. In the event of a conflict between the terms, conditions, or specifications set forth herein and those in Exhibits "A" and "B" attached hereto, the terms, conditions, or specifications set forth herein shall prevail unless the relevant provision provides that it may be varied in an Exhibit (e.g., "unless otherwise provided in the applicable Exhibit"). Each Exhibit shall be subject to the terms of this Agreement except to the extent the Exhibit specifically provides otherwise.

14. Confidentiality and Security.

County Confidential Information

All information provided by the County, or otherwise learned by Contractor as a result of providing the Services, shall be considered "County Confidential Information," including but not limited to, any and all County employee, financial, and customer information; product production, capacity and delivery information; cost and pricing data; and like information which is highly confidential and valuable to County operations. Special use by County of information in the public domain shall also be considered County Confidential Information. County shall remain the sole and exclusive owner of all County Data and other County Confidential Information hosted on Contractor's mainframe and servers, regardless of whether such data is maintained on magnetic tape, magnetic disk, or any other storage or processing device.

- A. All such County Data and other Confidential Information shall, however, be subject to regulation and examination by the appropriate auditors and regulatory agencies to the same extent as if such information were on County premises. "County Data" means all data and information of any kind or nature submitted to Contractor by County, or received by Contractor on behalf of County, in connection with the Services. Upon County request, Contractor shall promptly provide to the County copies of any and all County Data on media designated by the County, in the format on which it resides on the Contractor's computer system.
- B. Contractor agrees: (1) to hold County Confidential Information in strictest confidence, disclosing it only to those employees and contract workers of Contractor "Contractor Personnel" and suppliers who have a need to know and only as it relates to the performance of the Services; (2) not to make use of County Confidential Information other than to perform obligations hereunder; (3) not to reproduce County Confidential Information in any media; and (4) not to disclose, cause to be disclosed, or otherwise release County proprietary information to any party. Contractor agrees to protect County Confidential Information with at least the same degree of care used to protect its own proprietary information, but in no event with less than commercially reasonable care in accordance with industry standards.

Contractor Confidential Information

- A. County acknowledges that during the term of this Agreement, certain information considered by Contractor to be confidential or proprietary information may be disclosed by Contractor to County or accessed by County from the Contractor System "Contractor Confidential Information." Contractor Confidential Information of a tangible nature may, but is not required to be, labeled as such.
- B. County agrees: (1) to hold Contractor Confidential Information in strictest confidence, disclosing it only to those employees or agents of County who have a need to know; (2) not to make use of Contractor Confidential Information other than to use Contractor Services or perform obligations hereunder; (3) not to reproduce Contractor Confidential Information in any media; and (4) not to disclose, cause to be disclosed, or otherwise release Contractor Confidential Information to any party, unless disclosure of Contractor Information is required by law. County agrees to protect Contractor Confidential Information with at least the same degree of care used to protect Contractor Confidential Information with at least the same degree of care used to protect its own proprietary information, but in no event with less than reasonable care in accordance with industry standards.

15. Warranties and Disclaimers.

Contractor warrants that it has the right to provide Services and to enter into this Agreement.

- A. Contractor represents that Services provided and items to be delivered pursuant to this Agreement will adhere to professional standards and shall be performed by qualified personnel.
- B. Contractor warrants that services provided hereunder will be performed in a good and workmanlike manner, and will perform in the environment existing at the time of installation or other environments agreed to in writing by County and Contractor. Contractor's obligations under this warranty shall be to timely perform all necessary corrections, alterations, or additions to satisfy its warranty obligations at no extra cost to County.
- C. Except as expressly indicated in this section or in Exhibits "A" or "B", contractor makes no express or implied warranties, conditions or representations to the County with respect to the services provided hereunder or otherwise, whether oral or written, express, implied or statutory, without limiting the foregoing, any implied warranty or condition of merchantability, and the implied warranty or condition of fitness for a particular purpose are expressly excluded and disclaimed.
- D. Unless otherwise specifically stated in this Agreement or in Exhibit "A" or "B", Contractor, its suppliers and licensors, do not warrant and hereby disclaim any liability with respect to performance levels, including but no limited to resource utilization, response time or system overhead. In addition, no warranty is given that access to NCI Services will be uninterrupted or error-free.

16. Title.

- A. Contractor and its suppliers retain title to their respective software products. County acknowledges that, as a user of NCI Services, it does not have license rights to the software application other than a "for use" license for the Services set forth in Exhibit "A".
- B. Unless otherwise provided in Exhibit A, Contractor shall retain ownership in and to the Consulting Services deliverables provided thereunder and all original written material, including but not limited to programs, tapes, listings, disks and other programming and documentation originated by Contractor personnel in connection with ("Consulting Deliverables") shall be the sole property of Contractor, but, upon payment of full of applicable fees, Contractor hereby grants to County, a royalty free, non-exclusive, non-transferable license to use any and all Consulting Deliverables for its own internal use, subject to the terms of the applicable software license or in Exhibit "A", if any, between the parties.

17. Limitation of Liability.

Contractor and County will each use reasonable efforts to mitigate any potential damages or other adverse consequences arising from or related to the Services.

- A. In no event shall Contractor, its officers, directors, employees, shareholders, agents, licensors, suppliers, or representatives be liable in any way to County or any third party for any indirect, special or consequential damages of any nature, including but not limited to, damages or costs incurred as a result of loss of time or access to the NCI Services, loss of savings, loss or corruption of data, loss of profits or revenue by County or any other person, loss of goodwill, whether foreseeable or not, that may arise out of or in connection with this Agreement and any Exhibit, including, but not limited to, damages or costs resulting from the use or inability to use the NCI or other Services, regardless of whether Contractor has been advised of the possibility or likelihood of such damages or costs occurring, and whether such liability is based on contract, tort, negligence, strict liability, products liability or otherwise, or whether any warranties are deemed to have failed of their essential purpose.
- B. In no event will Contractor's liability for any damages incurred by County in connection with providing Services under this Agreement, whether caused by failure to deliver, non-performance, defects, errors, breach of warranty or otherwise, exceed the total Services fees paid to Contractor by County hereunder for Exhibit "A", during the twelve months prior to the time at which the damages arose regardless of the form of action, whether based on contract, tort, negligence, strict liability, products liability or otherwise. The limitations in this section do not apply to claims arising out of damage to tangible personal property (excluding data) or personal injury proximately caused by Contractor Personnel while on County's premises or for the intentional, willful or gross misconduct of Contractor or Contractor Personnel.
- C. Subject to the limitations of Section 17 or any related section in Exhibit A, Contractor's liability for claims of any type or character arising from errors or omissions in the Services related to any County report, data or tax agency's filings that are caused by Contractor shall be to correct the affected County report, data or tax agency's filings, as the case may be. Upon the request of County, Contractor will correct any error or omission made by Contractor in connection with such Services at no additional charge to County.

18. Customer Responsibilities and Acknowledgements.

- A. County will follow the instructions and reasonable policies established by Contractor from time to time and communicated to County. County is only permitted to use the Services provided by Contractor for its own employees and contract workers, and is not permitted to use the Services to provide service bureau, data processing, time sharing services or otherwise provide payroll or human resource record keeping for third parties, except for any affiliates identified in Exhibit "A" (the "County Group"). County agrees that each of the entities included in the County Group must comply with each of the provisions contained in this Agreement applicable to the County.
- B. If Contractor Services are integrated with County Data processing systems, County will provide to Contractor access to applicable County systems, and County will maintain its internal systems, equipment and software, as required in order for Contractor to provide the Services. County agrees to procure and maintain appropriate licenses to the software and other works in respect of which interfaces are to be delivered or maintained by Contractor as part of the Services.
- C. County acknowledges that it has the continuing obligation to assure the accuracy and quality of the results generated by the County's use of NCI Services. Without limiting the generality of the foregoing, County represents and warrants that the systems, procedures and data used in conjunction with such Services, from time to time, will be accurate and complete, and that County shall conduct reasonable reviews, samples and tests to confirm the foregoing. If any County user in authority discovers that such Services do not operate in accordance with Contractor's standard documentation, then County shall notify Contractor promptly for review, and if applicable, resolution.
- D. The Services are designed to assist County in complying with its applicable legal and regulatory responsibilities. Nevertheless, County (and not Contractor) will be responsible (i) for compliance by County with all laws and governmental regulations affecting its operations and (ii) for any use County may make of the Services to assist it in complying with such laws and governmental regulations.
- E. While Contractor will take reasonable precautions to prevent the loss of or alteration to County Data files in Contractor's possession, County must, to the extent it deems necessary, keep copies of all source documents of the information delivered to Contractor or inputted by County or on behalf of County into the Contractor systems and will maintain a procedure external to Contractor systems for the reconstruction of lost or altered data files. The foregoing shall not reduce Contractor's responsibility for backup and recovery services as set forth in Exhibit A.
- F. County must ensure that its employees and plan participants ("Users") who access the Services or Contractor systems comply with Contractor's published policies relating to access to, and acceptable use of, Services. Contractor may suspend or discontinue access to the Services by any User if Contractor reasonably believes that such User has violated such terms or is otherwise using the Services in an inappropriate manner. County must take any and all actions reasonably necessary to maintain the privacy of User names and passwords for the Services and the Contractor system.
- G. Except as otherwise provided in the applicable Exhibit, if the Services require the use by County of communication lines to connect to Contractor facilities, County will be responsible for those communication lines. County will pay all installation, use, service and repair charges for the communication lines. Contractor will not be responsible for the reliability or availability of the communication lines used by County to access the Services.

- H. This provision applies to any Services which are being provided to County via the Internet or to which County may access via the Internet. Data transmitted through the Internet is encrypted for County's protection. However, the security of transmissions over the Internet can never be guaranteed. Contractor is not responsible for County's access to the Internet, for any interception or interruption of any communications through the Internet, or for changes to or losses of data through the Internet. In order to protect County and County Data, Contractor may suspend County's use of the Services via the Internet immediately, without notice, pending an investigation, if any breach of security is suspected.
- I. County shall defend, indemnify, and hold harmless Contractor, its officers, employees, and agents (collectively "Contractor") against and from all claims, suits, judgments, losses, damages, fines or costs resulting from any claim, suit or demand by any third party (a) for injuries to or deaths of person or loss of or damage to property, arising out of negligence or willful misconduct of County in connection with County's performance under any Exhibit for NCI Services; or (b) for any suit or cause of action alleging infringement upon any United States patent, copyright, trade secret, or other proprietary right of a third party, to the extent that any such suit or cause of action results from an allegation of infringement arising from (i) any change, or enhancement in the Contractor Products (defined below) made by County or any third party for the County, (ii) County's use of the Contractor Products except as permitted under this Agreement or in combination with any hardware, software or other materials not expressly authorized by Contractor, (iii) County's use of other than the most current release of the Contractor Products that results in a claim or action for infringement that could have been avoided by use of the current release, or (iv) the provision by County to Contractor of materials, designs, know-how, software or other intellectual property with instructions to Contractor to use the same in connection with the Services. "Contractor Products" means the computer software programs and modules, tutorials and related documentation, delivered to County by Contractor as part of the Services under Exhibits "A" and "B" (excluding pre-packaged third party software and custom programs developed by Contractor for County).

19. Non-Proselytizing.

The parties recognize that they each have invested substantial effort and expense to recruit, train, and employ their personnel. Therefore, for the term of this Agreement and for six months following its termination, the County and Contractor agree that neither will, without the other party's prior written consent, actively recruit nor employ any person employed by or working as a contract worker for the other party; provided that with respect to the foregoing, the County's obligation is limited to its Information Services Department. Violation of this provision shall be considered a material breach of the terms of this Agreement.

20. Miscellaneous.

Neither party will be liable for the failure to perform its obligations under this Agreement if such failure is due to acts beyond its control which include, by way of illustration, but not limited to, acts of God or public enemy, acts of government, civil disobedience, lockouts, freight embargoes, errors or defects in the County Data, errors caused by computer software used by or on behalf of the County which is not owned or licensed by Contractor, or any other cause or condition beyond a party's reasonable control and the applicable party's performance will be excused and the time for the performance will be extended for the period of delay or inability to perform resulting from such occurrence. The occurrence of such an event will not constitute grounds for a declaration of default by either party

- A. If any term or provision of this Agreement shall be found to be illegal or unenforceable, then, notwithstanding, it will be enforced to the maximum extent permissible, and the legality and enforceability of the other provisions of this Agreement will not be affected.
- B. No term or provision hereof shall be deemed waived by either party, and no breach excused by either party, unless such waiver or consent shall be in writing signed by the other party. No consent by either party to, or waiver of, a breach of this Agreement by the other party shall constitute a consent to waiver of or excuse for any other different or subsequent breach.
- C. The provisions of Sections titled "Payments", "Term and Termination", "Confidentiality and Security", "Warranties and Disclaimers", "Title", "Limitation of Liability", "Customer Responsibilities and Acknowledgements", "Non-Proselytizing", "Miscellaneous" and "Notices" shall survive the termination of this Agreement.
- D. Headings included in this Agreement are for convenience only and are not to be used to interpret the Agreement between the parties.

21. Controlling Law.

The validity of this Agreement and of its terms and provisions, as well as the rights and duties of the parties hereunder, the interpretation, and performance of this Agreement shall be governed by the laws of the State of California.

22. Notices.

Any notice, request, demand, or other communication required or permitted hereunder shall be deemed to be properly given (a) when deposited in the United State mail, postage prepaid, (b) sent by facsimile with confirmation of receipt, or (c) sent by a nationally recognized overnight delivery service, addressed to the addresses set forth below, or to such other addresses as either party hereto may designate by notice to the other party; provided that any notice of default must be sent by means whereby a manual signature of receipt is obtained.

In the case of County, to:

San Mateo County
Information Services Department
Chris Flatmoe, CIO/Director
455 County Center, Third Floor
Redwood City, CA 94063

In the case of Contractor, to:

Integral Systems, Inc.
ATTN: CEO
25W560 Geneva Road
Carol Stream, Illinois 60188

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO
*A Political Subdivision of the
State of California*

By: _____
Rose Jacobs Gibson, President,
Board of Supervisors, San Mateo County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

INTEGRAL SYSTEMS, INC.

By: _____

(Printed Name)

Date: _____

EXHIBIT A - SERVICES

AGREEMENT BETWEEN COUNTY OF SAN MATEO AND INTEGRAL SYSTEMS, INC.

In consideration of the payments set forth in Exhibit "B", Contractor shall provide the following services:

1. SCOPE OF WORK.

This Exhibit "A" is part of September 11, 2007 Agreement entered into between the undersigned (the "Agreement"). Capitalized terms not defined in this Exhibit "A" have the meanings ascribed to such terms in the Agreement. If any provision of this Exhibit conflicts with a provision of the Agreement, then the provisions of this Exhibit shall control.

A. Phase 1 Background

County is retiring its existing mainframe computer, by June 2008. The mainframe computer hosts the Personnel Information Payroll System ("PIPS") application that performs payroll and human resources functions and is based upon Contractor's i-Trust Web ("Contractor System") product.

Other applications have been or are being migrated to Unix as part of the mainframe retirement effort. As part of the mainframe retirement project, the County presently desires to migrate PIPS to a Unix operating environment; however, migration of PIPS to a Unix operating environment will not be completed prior to the planned mainframe retirement date.

Contractor is prepared to host PIPS at its Hosting Site during the interim period between the retirement of the mainframe and the migration of PIPS to Unix, or for a longer period if desired by County.

PIPS is a customization of the Contractor System licensed under the System License Agreement dated as of March 31, 1989, as amended (the "License"). County will continue to use the Contractor System product under the License at the Hosting Site described in Phase 3 - NCI Services. Contractor will continue to provide maintenance services for the Contractor System product to County under the License and County will continue to be responsible for applying the maintenance and other modifications to the Contractor System product. The current System Software Maintenance Services period is through 5/9/08, with a payment of \$44,900 due 11/10/07; renewal for the period of 5/10/08 through 5/9/09 is \$97,000 in two payments of \$47,500.

The discussion of long range plans for PIPS has identified the following phases:

- a. Phase 1 (Phase 1 – PIPS Hosting Project) - Project Planning and Definition of Scope
- b. Phase 2 (Phase 2 – PIPS Hosting Project) - Project Implementation
- c. Phase 3 (Phase 3 – NCI Services) - Hosting Operations
- d. Phase 4 (a future SOW) – Modify/upgrade PIPS to include the base functionality of the current release of the base Contractor System product
- e. Phase 5 (a future SOW) – Contractor application of Contractor supplied maintenance to PIPS
- f. Phase 6 (a future SOW) – Migration of PIPS to UniKix

1. Objective

The objective of Phase 1 is to provide a Statement of Work (“SOW”) for the Project Planning and Definition of Scope Phase (“Phase 1”) of the project to complete the migration of PIPS from the County data center mainframe to the Contractor Hosting Site (“PIPS Hosting Project”).

2. Tasks

	Task Description	Estimated Days (Contractor)	Responsible Parties
1	<u>Define Project Scope</u> : define exactly what is to be included in the PIPS Hosting Project.	2 days	Contractor and County
2	<u>Participate in building the High-Level Project Plan</u> : assist in defining the high-level tasks that will be required to implement the PIPS Hosting Project. Note: County to have primary responsibility in building the project plan.	3 days	County and Contractor
3	<u>Participate in creating Project Management Procedures</u> . Methods for managing the project will be established and agreed upon by all parties. This includes the manner of tracking and gathering project status, the required reporting format and the frequency, and the method for correcting slippage.	2 days	County and Contractor
4	<u>Match Requirements to Target Implementation</u> : provide the final definition of the scope, the functional specifications and technical requirements for the work to be done in Phase 2, Implementation.		Contractor with County Support
4.a	Define Application Software used, County modifications made to Contractor System and external interfaces supported.	5 days	Contractor and County
4.b	Define Databases	3 days	Contractor and County
4.c	Define Infrastructure	3 days	Contractor
4.d	Define how current Batch Job Schedule & Run Procedures will be implemented in the hosted environment using IBM Scheduler. Identify the need for changes to Run documentation and application changes.	3 days	Contractor with County Support

4.e	Document the current report distribution process. Define the process for providing Reports from the hosted software to the County-selected report distribution tool, including defining the file distribution, data and new form for check/advice printing on a laser printer.	4 days	Contractor with County Support
5	Assess the work effort to migrate from release 10.1.12 to release 10.2. This is identified as Phase 4 in the Background section of this document.	10 days	Contractor with County Support
6	<u>Create detailed Project Plan with completion dates:</u> based upon the completed analysis in Task 4 create the detailed project plan.	1 day	County with Contractor Review
7	<u>Build Implementation Methodology:</u> including defining the method for implementation focusing on roles, responsibilities and process. Note: County to develop methodology for County tasks, Contractor to review the County methodology	1 day	County with Contractor Support

3. Deliverables

- 1 A Scope Document: a measurable statement of what the project will accomplish (expressed as being in scope), and what it will not try to accomplish (expressed as out of scope).
- 2 A high-level Project Plan: built using MS Project (or other mutually agreed upon tool).
- 3 Project Management Procedures: including Progress Tracking Procedures, Status Reporting Procedures, and Slippage Correction Procedures.
- 4 Functional specifications and technical requirements that include a definition of the implementation of the various environments (test, training, quality assurance, production). See items listed in Tasks 4a through 4e.
- 5 Assessment of work effort to migrate from i-Trust Web release 10.1.12 to 10.2, including a definition of how the new release will be implemented at County. Also, included will be release-by-release changes as appropriate, and a detailed proposal utilizing Contractor Services.
- 6 Detailed Project Plan
- 7 Implementation Methodology: a process document including roles of participants during implementation and during operations following implementation

4. Acceptance Criteria

Upon delivery to County of the Deliverables identified as documents in Section 3 of this Exhibit, County will have 10 working days from receipt to accept such Deliverable or define any deficiencies. Upon County's completion of review and analysis, Contractor will make any mutually agreed upon changes within 5 working days. Should County not respond within 10 days, such Deliverables are deemed accepted in full by County.

5. Project Management

The persons listed below are designated as project managers for Phase 1. Each party may change its project manager upon written notice.

- County: Jeff Taylor
- Contractor: Currently Carol Gleckler, with John Schladweiler as backup

Two days per month are required for Project Management of the PIPS Hosting Project, for a total of 4 days.

Contractor and County expect that changes to task assignments and resource levels for analysis tasks will be made during the course of the project per mutual agreement within the allotment of available Contractor hours.

6. Assumptions

This project will be performed in two calendar months starting 5 business days after this Agreement is fully executed, subject to scheduling.

7. County Responsibilities

- a. Provide timely responses to Contractor requests for information
- b. Support project planning scheduling in advance to:
 - Create County deliverables with sufficient lead-time for Contractor review and approval
 - Review the draft Contractor Deliverables and approve final Deliverables
 - Coordinate meetings with any required County organizations for the purpose of gathering requirements
 - Provide a staff member to participate on the Project team
 - Provide office space and facilities for Contractor's staff when at County locations, including external Internet access

B. Phase 2 Background

County has established a project to retire its existing mainframe computer by June 2008 ("Hosting Project"). The mainframe hosts the Personnel Information Personnel System ("PIPS") application that performs payroll and human resources functions and is based upon Contractor's i-Trust Web ("Contractor System") product.

1. Objective

The objective of this document is to provide a Statement of Work for the implementation of certain items identified in Phase 1 of the PIPS Hosting Project – Project Planning and Definition of Scope.

2. Tasks

	Task Description	Estimated Duration (Contractor)	Responsible Parties
1	<u>Prepare Infrastructures</u> : create two instances of the Contractor Software – one instance for “test”, “QA” and “training” and one instance for “production”. Included are the system software licenses, if necessary, and setup of required software.	3 days	Contractor
2	<u>Populate Data</u> : load PIPS data provided by County into the appropriate instance of the software.	5 days	Contractor with County support
3	<u>Implement Application Security</u> : review application access and security policies of County and implement the same level of application security as exists currently.	5 days	Contractor with County support
4	<u>Migrate PIPS</u> : load the PIPS application software, including JCL, source code, copylibs, and run spec libraries.	7 days	Contractor with County support
5	<u>Initial Operating Test</u> : establish online system for inquiry and update with both green screens and i-Trust Web screens; establish batch system using limited test data; refer to County for acceptance of initial operating environment, acceptance not to be withheld if the operation fails due to County application software.	3 days	Contractor with County support
6	<u>Implement Scheduler</u> : establish the JCL and procs making any necessary changes, and implement IBM Scheduler (including converting from existing CA Scheduler)	8 days	Contractor with County support
7	<u>Interfaces</u> : establish and test sending and receiving of files	8 days	Contractor with County support
8	<u>Modify Run Documentation</u> : make adjustments to existing run documentation for new hosted environment.	7 days	Contractor
9	<u>Check/Advice Printing</u> : convert current impact printer process to laser printing process	8 days	Contractor
10	<u>Establish Run Spec Libraries</u> : populate and modify Run Spec Libraries as necessary for each of four instances of PIPS.	3 days	Contractor

	Task Description	Estimated Duration (Contractor)	Responsible Parties
11	<u>Implement Backup and Recovery Capabilities</u> : establish procedures to implement County backup and retention policy; validate recovery approach works	7 days	Contractor
12	<u>Operating Test</u> : run each of the two instances to determine if all components are in place and working properly; included would be verification that all inputs and outputs have been accounted for	4 days	Contractor
13	<u>Verification and Validation</u> : County inspects outputs to ensure results are accurate and complete; verify security implementation; document deficiencies	0 days	County
14	<u>Make Corrections and Rerun Operational Test</u> : review issues, make appropriate changes, run each of the two instances, as necessary, to determine if all components are in place and working properly; maximum three iterations per instance each containing one payroll cycle (each iteration is estimated at 6 days each).	18 days	Contractor
15	<u>Verification and Validation</u> : repeat step 10 until satisfactory results are obtained	0 days	County
16	County commences parallel processing	0 days	County
	Total Estimated Contractor Days	86 days	

3. **Deliverables**

- Acceptance of initial operational test (Task 5)
- Two instances of Virtual Machine: one for test, QA and training, and one for production
- Operational PIPS: test, training, QA and production
- Security implementation: test, training, QA and production
- PIPS application output for County verification and validation
- Recovery test results for County verification and validation

4. **Acceptance Criteria**

Upon delivery to County of the Deliverables (documents or notice of completion of the relevant tasks) listed in Section 3 of this Exhibit, County will have 10 working days from receipt to accept such Deliverable or define any deficiencies. Upon County's completion of review and analysis, Contractor will make any mutually agreed upon changes within 5 working days. Should County not respond within 10 days, such Deliverables are deemed accepted in full by County.

5. **Project Management**

The persons listed below are designated as project managers for Phase 2. Each party may change its project manager upon written notice.

- County: Jeff Taylor
- Contractor: Currently Carol Gleckler; John Schladweiler

Two days per month are required for Project Management of the PIPS Hosting Project for the six-month duration, for a total of 12 days.

6. **Assumptions**

This project will be performed following acceptance of the deliverables in Phase 1, and is expected to have a duration of six months.

Application output files will be sent to County via FTP for County report distribution and electronic forms processing and paper forms printing

The NCI Services, described in Phase 3, have been contracted for in test or production mode starting no later than one month after this project starts, and will remain under contract throughout its duration.

7. **County responsibilities**

- Review the draft Deliverables
- Coordinate meetings with any required County organizations for the purpose of gathering requirements
- Provide a staff member to participate on the Project team to provide technical input
- Provide an Easytrieve license and any currently used Forms Software licenses for use by County at Hosting Sites
- Provide office space and facilities for Contractor's staff when at County locations, including external Internet access

C. **Phase 3: Network Computing Infrastructure Services and Responsibilities**

Network Computing Infrastructure ("NCI") Services consist of providing the necessary network infrastructure, computer hardware, third party software, computer operations, database administration services and connectivity point at the hosting facility (herein referred to as the "Hosting Site") as defined below in "Service Description" and in Attachments I & II. Contractor reserves the right to establish the location of the Hosting Site, and the place from which computer operations and support are provided. At the Hosting Site will be the web servers and equipment, mainframe computer, storage area network ("SAN") and other equipment necessary to run the County's Personnel Information Payroll System ("PIPS") application that performs payroll and human resources functions.¹

¹ PIPS is a customization of the Contractor's i-Trust Web system (the "Contractor System" product) licensed under the System License Agreement dated as of March 31, 1989, as amended (the "License"). County will continue to use the Contractor System product under the License at the Hosting Site.

County will be responsible to provide for the specified connectivity between County's location(s) and the Hosting Sites. It is expressly understood and acknowledged by County that Contractor does not guarantee or warrant the quality, speed or uninterrupted availability of the NCI Services as it relates to the connectivity to the Hosting Site. County agrees that Contractor will have no liability for and County will not be excused from any of its obligations under the Agreement as a result of the quality, speed or interruption of the communication lines for the NCI Services. Provided County supplies the communication connectivity, Contractor shall provide the County network access to the Hosting Site servers, mainframe and PIPS.

The Service Responsibility Matrix in Section 3 sets forth certain roles and responsibilities for each party. In addition, County has the responsibilities set forth in Section 7. County acknowledges that Contractor shall perform from time to time certain administrative tasks, such as daily backups, applying hardware and software upgrades and releases and preventive maintenance on the computer.

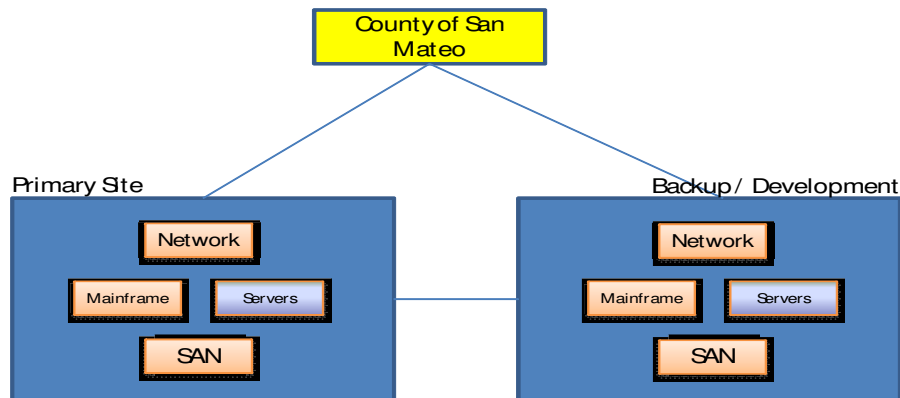
1. Service Description

The NCI Services include use of primary and backup Hosting Sites. The County has the option of connecting to the Hosting Sites: a) via the public Internet, or b) via a County private network connection at the primary and backup Hosting Sites. The NCI Services include at the Hosting Sites both Internet connectivity and local access for private lines. The County is responsible for all other telecommunications capabilities and costs.

County will be provided with either a Virtual Machine ("VM") or equivalent LPAR on an IBM mainframe at Contractor's discretion.

A diagram showing the high level infrastructure follows:

Integral Hosting Infrastructure



At the Contractor primary and backup Hosting Sites, network equipment and associated software provides connectivity, security and redundancy. The Hosting Sites will contain an IBM mainframe computer (64 bit) processor running the zOS operating system. Storage is via a SAN, which will provide RAID storage and automated redundancy at the backup Hosting Site.

The computing capability is located at a Hosting Site with redundant power, cooling and communications facilities and is designed to provide very high facility availability characteristics. See Attachment I for details regarding the current design.

- Data and Disaster Recovery is provided at the Backup Hosting Site
- The Hosting Sites are fully equipped and designed to meet stringent physical and electronic security requirements.

The disaster recovery capability at the Backup Hosting Site is accomplished by using mirrored data maintained on backup storage. The equipment such as mainframe and servers and operating systems will be maintained in a ready state. Recovery involves performing a start up of backup copies of the applications, linking to the most recent copy of the data, and performing a failover of the VPN Internet connection (or other telecom connection if applicable) to the Backup Hosting Site. Recovery is expected to be accomplished within one business day.

Contractor and County will perform periodic tests of the recovery capability on a mutually agreed upon schedule.

2. Service Levels

Hosting Site Availability:

The PIPS application will be made available to County twenty-four hours a day, seven days a week less Excusable Downtime consisting of the following:

- i. scheduled network, hardware or service maintenance;
- ii. the acts or omissions of County or County's employees, agents, contractors, or vendors, or anyone gaining access to the Hosting Site or computing equipment via the network by means of County's passwords or equipment;
- iii. a failure of the Internet, County private network links or the public switched telephone network; and
- iv. the occurrence of any event that is beyond Contractor's reasonable control.

Application availability:

- a. Provided that the County satisfies the hardware and communication requirements set forth by Contractor, and that the PIPS application provided by County operates correctly and that the result of downtime is not a direct result of the PIPS application itself, PIPS uptime (less Excusable Downtime) will be maintained at 98% and reported monthly. PIPS availability will be reported and if the reported level fails to meet the foregoing standard, as documented by the Contractor project manager, the Contractor project manager will coordinate efforts between Contractor and County personnel and document a plan to rectify the PIPS availability situation.

Down Time Credit. The standard for Contractor NCI Services reliability for 24 hours per day, 7 days per week service is 98% of available hours (less Excusable Downtime), to be measured on a monthly basis. The following schedule identifies Contractor NCI Services reliability levels at which a credit to the next monthly invoice would occur:

- b. Up-time availability percentage Credit to County (as % of monthly fee)

98.0% and Above	0%
95% to 98.0%	5%
90% to 94.9%	10%
Less than 90%	25%

- c. Calculation of the monthly availability percentage is based upon the average of the previous month's data. The credit to County is a credit on the invoice issued in the second month following the month of calculation. The foregoing is County's exclusive remedy if the above PIPS availability standard is not met.

Response times:

- a. Response times to end-users depend upon the County local network, the Internet, Contractor NCI Services and County application. Contractor agrees to utilize its resources based on a mutually agreed severity to diagnose and resolve performance issues. County acknowledges the latency inherent in the Internet for TN3270 devices.

3. Roles of Parties

The NCI Services are available for use in September 2007 or thereafter – refer to Phase 1 – Scope and Phase 2 – Implementation for County implementation requirements.

Contractor will:

- Design, implement, maintain, support and administer the infrastructure.
- Receive PIPS from County and return PIPS issues to County.
- Provide two Virtual Machines with images of PIPS: seven CICS regions for “test”, “training”, and “quality assurance” in one Virtual Machine; and one CICS region for “production” in the second Virtual Machine. Both VM machines will have a full TSO environment, compilers and utilities (see Attachment II for software provided by Contractor). Approximately 3 to 5 County developers will be accessing the Hosting Site for PIPS-related activities such as development, maintenance, and testing. Training classes involve approximately 30 students.
- Support operating cycles for payroll biweekly. Requirements are to be defined (see Phase 1 – Scope and Phase 2 – Implementation). Additional regularly scheduled cycles will require a Change Order and the payment of applicable fees.
- Support existing County employee base (5,900 employees and 7,000 total employees and retirees). Additional employees in excess of 10% of current base will require a Change Order and the payment of applicable fees.
- Provide a problem reporting and status application that can be accessed by County personnel via the Web.
- Implement security using RACF
- Provide output distribution via FTP to County. Remote printing by Contractor, if required, will involve a Change Order and the payment of applicable fees. See Phase 1 – Project Planning and Definition of Scope.

The County is responsible to provide support for its end users, maintenance of the PIPS application, and as set forth in Section 7.

A Service Responsibility Matrix is provided below to identify the various tasks involved and to clarify lead and supporting parties. In the columns labeled "Responsible Party" it is indicated which party has Full, Primary or Secondary responsibility.

Service Responsibility Matrix				
Legend				
X = Full Responsibility P = Primary Responsibility S = Secondary Responsibility				
Type	Summary Service Description (detailed descriptions follow this Matrix)	Responsible Party		
		County	Contractor	
Operations	1. Infrastructure System Administration			
	• Issue user IDs (WAN/mainframe/server)	P	S	
	• Reset passwords.	P	S	
	• Allocate file space (Mainframe/Server)	P	S	
	2. Infrastructure System Management			
	• Monitor infrastructure performance (active)	S	P	
	• Perform WAN Management	S	P	
	• Provide/manage host connectivity	S	P	
	• Conduct troubleshooting activities	S	P	
	• Implement corrective actions	S	P	
	• Perform testing and verification	S	P	
	• Perform backup and recovery	S	P	
	• Perform infrastructure performance tuning		X	
	• Perform infrastructure capacity planning	S	P	
	• Provide measurements and reporting		X	
	• Establish DR plan	S	P	
	• Test DR plan	S	P	
	• Implement DR plan	S	P	
	• Provide business recovery facilities		X	
	3. Infrastructure Maintenance			
	• Coordinate dispatch		X	
	• Perform diagnostics	S	P	
	• Perform repairs (break/fix)		X	
	• Verify service restoration	S	P	
	• Apply SW patches		X	
	• Apply HW/SW upgrades		X	
	4. Physical Hosting Site Support			
	• Coordinate dispatch		X	
	Operations	• Perform diagnostics		X
	• Implement corrective actions		X	
	• Verify results		X	

Service Responsibility Matrix				
Legend				
X = Full Responsibility P = Primary Responsibility S = Secondary Responsibility				
Type	Summary Service Description (detailed descriptions follow this Matrix)	Responsible Party		
		County	Contractor	
	5. Operate PIPS			
	• Create job schedule		X	
	• Create/maintain run books & documentation		X	
	• Initiate online environment		X	
	• Verify data present		X	
	• Initiate batch jobs		X	
	• Validate successful end-of-job		X	
	• Monitor PIPS		X	
	• Report problems to appropriate party		X	
	6. Help Desk – Contractor			
	• Track and record incoming calls		X	
	• Log and categorize user problems		X	
	• Diagnose and assign problems		X	
	• Track problems to resolution		X	
	• Perform Level 1 PIPS support (County Help Desk)	X		
	• Perform Level 2 PIPS support (County Help Desk, using Integral Software Maintenance Services Help Desk per License as needed)	X		
	• Create/maintain PIPS knowledge base (County Help Desk)	X		
	• Perform Level 1 infrastructure support		X	
	• Perform Level 2 infrastructure support		X	
	• Create/maintain infrastructure knowledge base		X	
	• Manage escalation procedures		X	
	• Perform problem analysis, trending, reporting		X	
Administration	7. Security Management			
	• Define security policy	P	S	
	• Implement appropriate security practices	S	P	
	• Control physical access to centralized assets		X	
	• Control/log access to infrastructure		X	
	• Monitor security violations		X	
	• Provide security violation reports		X	
	8. Service Level Management			
	• Define service level requirements	S	P	
	• Test/validate target service levels		X	
	• Monitor service level performance		X	
	• Provide monthly reporting		X	

Service Responsibility Matrix				
<u>Legend</u>				
<i>X = Full Responsibility P = Primary Responsibility S = Secondary Responsibility</i>				
Type	Summary Service Description (detailed descriptions follow this Matrix)	Responsible Party		
		County	Contractor	
	9. Storage Management			
	• Establish data backup/retention policy	P	S	
	• Perform data base administration	P	S	
	• Provide offsite storage		P	
	10. Change Management			
	• Define change management process	S	P	
	• Publish availability schedules		X	
	• Coordinate change management activities	S	P	
	• Implement infrastructure changes		X	
	• Validate infrastructure changes		X	
	• Perform user acceptance tests	S	P	

4. Detailed Service Responsibility Descriptions

a. Infrastructure System Administration

1. **Issue user IDs (WAN/mainframe/server):** Register users and provide authorized access.
2. **Reset passwords (WAN/mainframe/server):** Issue replacements for lost/forgotten passwords to authorized users.
3. **Allocate file space (mainframe/server):** Manage and maintain shared file space that is not used by the PIPS.

b. Infrastructure System Management

1. **Monitor infrastructure performance (active):** Maintain ongoing “dialog” with infrastructure components to ensure continued operations and gauge operational effectiveness.
2. **Perform WAN management:** Network management and monitoring for WAN component of infrastructure. Primary will have ultimate responsibility for ongoing operations, but Secondary will have visibility to common network components.
3. **Provide/manage host connectivity:** Primary will provide and manage access to host applications, but Secondary will have ability to diagnose host-based application problems.
4. **Conduct troubleshooting activities:** Analyze results of monitoring and respond to trouble reports by conducting detailed diagnosis.
5. **Implement corrective actions:** Take action as required to restore infrastructure to full operational efficiency.
6. **Perform testing and verification:** Validate that corrective actions have produced the desired result.

7. **Perform backup and recovery:** Utilize tape backups or other appropriate means to ensure that required system images and data have been replicated for fast recovery. Promptly restore images and data in the event of an infrastructure failure.
8. **Perform infrastructure performance tuning:** Maintain infrastructure and balance work load to ensure optimum performance.
9. **Perform infrastructure capacity planning:** Monitor consumption of infrastructure capacity and perform trend analysis to forecast future requirements and anticipated growth. Secondary provides input based on application development plans and scope of operations.
10. **Provide measurements and reporting:** Analyze and summarize key performance statistics and publish results on a monthly basis.
11. **Establish DR plan:** Document the steps necessary to recover the infrastructure in the event of a major failure or natural disaster.
12. **Test DR plan:** Conduct periodic “dry runs” to ensure the plan is complete and easily implemented.
13. **Implement DR plan:** Execute the plan in the event of a major failure or disaster.
14. **Provide business recovery facilities:** Ensure that appropriate equipment and facilities are readily available to replace equipment or facilities that are irreparably damaged in a disaster.

c. Infrastructure Maintenance

1. **Coordinate dispatch:** Notify appropriate Hosting Site support personnel of requirements for on-site assistance and monitor their activities to completion. Provide user status as required.
2. **Perform diagnostics:** Perform analysis of failure and isolate problem.
3. **Perform repairs (break/fix):** Perform corrective actions.
4. **Verify service restoration:** Test to ensure that service has been fully restored.
5. **Apply SW patches:** Install code updates/corrections as received from manufacturers.
6. **Apply HW/SW upgrades:** Implement SW release upgrades or HW upgrades (e.g., disk, memory) as required.

d. Physical Hosting Site Support

1. **Coordinate dispatch:** Notify appropriate Hosting Site support personnel of requirements for on-site assistance and monitor their activities to completion. Provide user status as required.
2. **Perform diagnostics:** Perform analysis of failure and isolate problem.
3. **Implement corrective actions:** Take necessary steps to resolve issue.
4. **Verify results:** Test to ensure that problem has been appropriately resolved.

e. Operate PIPS

1. **Create Job Schedule:** create a script and timing for execution of programs.
2. **Create/maintain run books and documentation:** create and maintain instructions for operators on how to operate PIPS, including how to diagnose, repair and rerun PIPS.
3. **Initiate online environment:** start the CICS region and ensure it is working.

4. **Verify data present:** verify data required for PIPS is ready for job scheduling.
5. **Initiate batch jobs:** using the Job Schedule, initiate job stream (this step may be automated).
6. **Validate end-of-job:** verify that output files are ready to be supplied to County.
7. **Monitor PIPS:** provide watch over system alarms and other indications that PIPS is performing as desired.
8. **Report problems to appropriate party:** PIPS problems will be reported to the County's PIPS application support group; infrastructure problems to Contractor's personnel or subcontractors.

f. **Help Desk - Contractor**

1. **Track and record incoming calls:** Enter all calls and associated user data into the call tracking application.
2. **Log and categorize user problems:** Enter all problem data using a standard method for categorization.
3. **Diagnose and assign problems:** Perform initial diagnosis; resolve if possible, otherwise pass to appropriate support group.
4. **Track problems to resolution:** Monitor activities against all open problems until satisfactory closure has been achieved.
5. **Perform Level 1 PIPS support:** Basic support for PIPS by County.
6. **Perform Level 2 PIPS support:** Advanced support for PIPS by County, with the option to use Integral's Software Maintenance Services Help Desk per License.
7. **Create/maintain application knowledge base:** Common problems and corrective actions will be cataloged for general use by County help desk personnel.
8. **Perform Level 1 infrastructure support:** Basic support for all infrastructure HW and SW.
9. **Perform Level 2 infrastructure support:** Advanced support for all infrastructure HW and SW.
10. **Create/maintain infrastructure knowledge base:** Common problems and corrective actions will be cataloged for general use by help desk personnel.
11. **Define escalation procedures:** Identify specific occurrences that will trigger escalation, specific individuals who will be notified, time frames involved, and expected results.
12. **Manage escalation procedures:** Invoke and monitor escalation process as required.
13. **Perform problem analysis, trending, reporting:** Utilize data entered in call tracking and problem management system to identify trends, root causes and corrective actions. Provide monthly summary of activities and results of all analysis, as well as direct access to the data for use by Secondary.

g. **Security Management**

1. **Define security policy:** Establish requirements and standards.
2. **Implement appropriate security practices:** Enforce standards.
3. **Control physical access to centralized assets:** Provide restricted access environments for centralized infrastructure components.

4. **Control/log access to infrastructure:** Monitor physical and logical access to infrastructure components.
5. **Monitor security violations:** Actively check for unauthorized access (physical or logical) to the infrastructure.
6. **Provide security violation reports:** Report all attempts at unauthorized access on a regular basis.

h. Service Level Management

1. **Define service level requirements:** Primary establishes requirements. Secondary establishes capabilities.
2. **Test/validate target service levels:** Determine if required service levels can be consistently met.
3. **Monitor service level performance:** Actively review support performance in key areas to ensure that service levels will be achieved.
4. **Provide monthly reporting:** Document results in all key areas and publish on a monthly basis.

i. Storage management

1. **Establish data backup/retention policy:** Establish requirements and standards.
2. **Perform data base administration:** Manage and maintain application data bases.
3. **Provide off- site storage:** Move backup media to off-site facility that conforms to policy.

j. Change Management

1. **Define change management process:** Document the process for initiating, testing, reviewing and approving changes.
2. **Publish availability schedules:** Notify involved parties of scheduled downtime for PIPS and Hosting Sites (Primary and Backup).
3. **Coordinate change management activities:** Conduct regular meetings and act as the “gate keeper” for change release.
4. **Implement infrastructure changes:** Conduct required activities once approved.
5. **Validate infrastructure changes:** Test to ensure changes have been applied correctly.
6. **Perform user acceptance tests:** Validate that new environment continues to satisfy user requirements.

5. Additional NCI Services

Contractor will provide the following as a service:

- Provide a NCI Services Manager as primary contact for County: Initially, Carol Gleckler, backup John Schladweiler; Contractor will notify County of any changes.

6. Term and Termination

Initial Term: from execution of Schedule for an Initial Term of up to 36 calendar months (a) beginning upon acceptance of initial operational test (Phase 2 – Task 5); and (b) ending on September 10, 2010.

To terminate before completion of the Initial Term, County must notify Contractor three (3) months prior to the effective date of termination and pay the applicable termination fee set forth below.

- a) If County licenses the Server-Based version of the Contractor System product when, as and if it becomes available, then no termination fee is applicable.
- b) If County wishes to terminate the Services without licensing the Server-Based version of the Contractor System product, the following termination fees apply:
 - i. If the effective date of termination is within months 25 through 36 of the Initial Term: 3 monthly payments at the most recent "Hosting Services -Production Version" monthly fee rate.
 - ii. If the effective date of termination is within months 13 through 24 of the Initial Term: 6 monthly payments at the most recent "Hosting Services – Production Version" monthly fee rate.
 - iii. If the effective date of termination is within months 1 through 12 of the Initial Term: 12 monthly payments at the most recent "Hosting Services – Production Version" monthly fee rate.

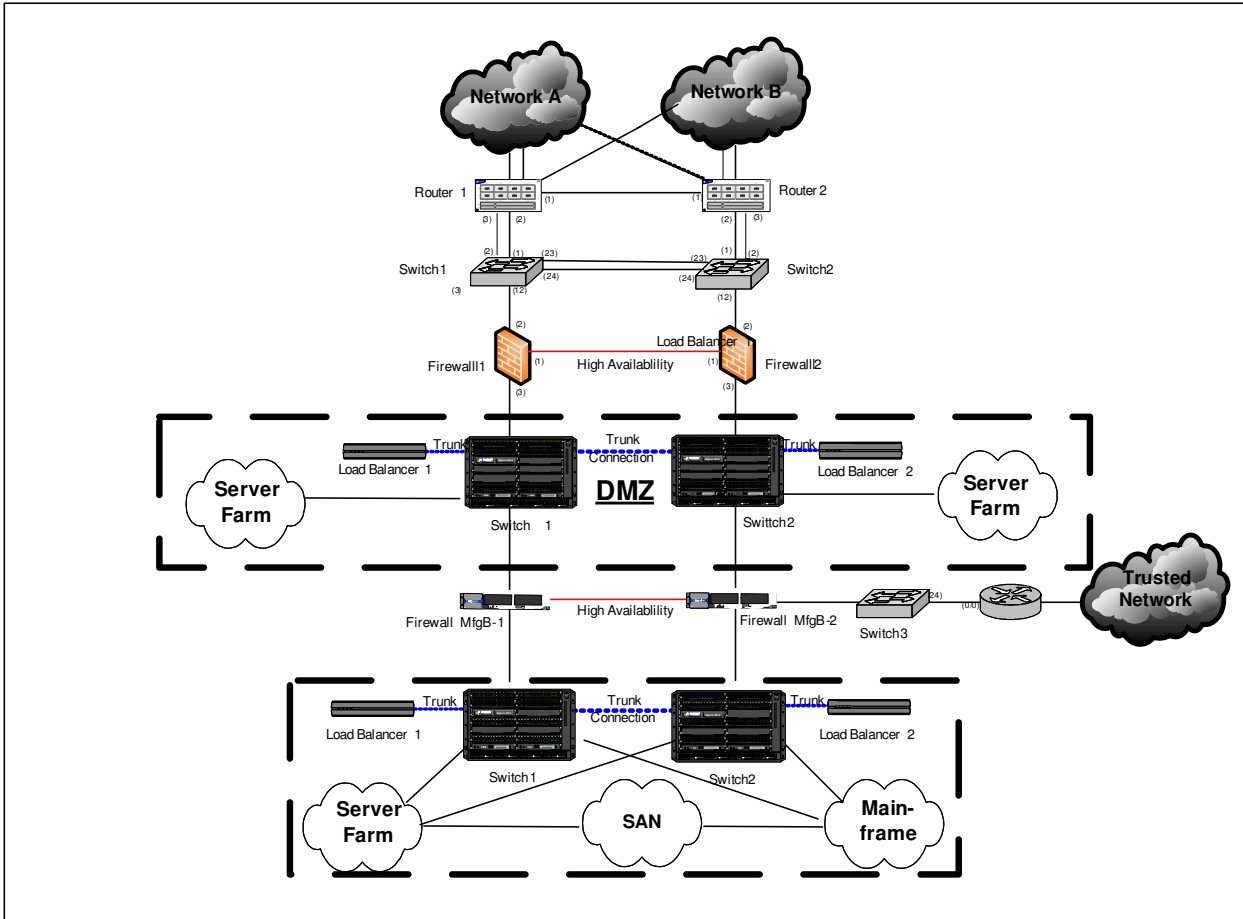
7. Additional County Responsibilities

County will provide resources to support the PIPS application

- Assign a service manager, with a backup
- Provide requirements as part of Phase 1 – Scope and Phase 2 – Implementation
- Create files for and support transition as part of Phase 2 - Implementation
- Maintain Integral Software Maintenance Services under the License throughout the Term and apply available Contractor System product maintenance updates.
- Provide ongoing PIPS operational support
- Provide ongoing database administration

The methods and techniques used to provide services to the County are within the Contractor's discretion, but subject to County Information Services Department's technology policies, guidelines, and requirements. The amount of time, specific hours, and location of the performance of Contractor's services is also left to the Contractor's discretion provided that Contractor coordinates with County departments as needed.

Attachment I: Infrastructure Design for Hosting Sites



The above diagram presents the current physical infrastructure design used by Contractor. The specific implementation on this platform for County will be determined per Phase 2 – Implementation. County can choose to either connect as a Trusted Network via private line, or via the public Internet (Network A/B for redundancy).

The initial primary Hosting Site is targeted to be located at the Qwest Communications Corp. facility in Chicago, Illinois.

Contractor has the right to modify the design or implementation to maintain a high quality infrastructure or to change the Hosting Site vendor or location.

Attachment II: NCI Service Software

Function	San Mateo Current Technology	Integral Supported Capability
Operating System & Related Tools	z/OS	z/OS
CICS		CICS
VSAM		VSAM
Non-O/S System Software		
Online System Access		
Legacy Native CICS Screens	IBM CICS	IBM CICS
Browser Enabled Pages	Data21, HTML	Data 21, HTML
Security		
CICS Transaction Level Security	Top Secret	RACF
File Access Security	Top Secret	RACF
PIPS Application Security	Integral ADS	Integral ADS
Cost Accounting		
Online Access		
Batch Jobs		
Remote Access via VPN & County Intranet		
VPN	Cicso VPN Dialer Citrix ICA	Private VPN
Mainframe Emulator	WRQ Reflection	
Batch Environment		
Program Source Execution		
COBOL		
EZtrieve	CA Eztrieve Plus	Extra Cost
ASAP	Integral ASAP Execution Environment	
Other		
Disk File Access (Sequential & GDGs)		
File Allocate	IBM ISPF	IBM ISPF
File Copy	IBM ISPF	IBM ISPF
File Delete	IBM ISPF	IBM ISPF
File Sort	CA-Sort	IBM Sort
Disk File Access (VSAM)	IDCAMS	ISAMS, IDCAMS
File Allocate		
File Copy		
File Delete		
File Sort		
Archived Data Access		
Specified (JCL) Cart Creation & Retrieval	IBM IEBGENER, 3490 Tape, 3490 Tape Drive	IBM IEBGENER, 3590 Tape, 3590 Tape Drive
Historical Cart Retrieval	IBM IEBGENER & DFSMSHsm	IBM IEBGENER & DFSMSHsm
Automated Disk to Cart Archival	IBM IEBGENER & DFSMSHsm	IBM IEBGENER & DFSMSHsm
Data Backup Facility	IBM IEBGENER & DFSMSHsm	IBM IEBGENER & DFSMSHsm
Job Control		
Job Control Language (JCL)		
Job Submission		
On-Demand		
Job Scheduling		IBM Scheduler "OPC"
Job Monitoring		
Job Status Reporting		
Job Statistics		
Job Recovery	CA-11 Automated Rerun and Tracking System	IBM
Job Restart	CA-11 Automated Rerun and Tracking System	IBM

Function	San Mateo Current Technology	Integral Supported Capability
Development and Support Tools		
Development Environments		
Test		
QA		
Training		
Program Source Management		
Program Source Version Control	CA-Librarian	IBM Librarian "SCLM"
Automated Production Turnover	CA-Pan/APT	
Program Debug Tools		IBM DeBug
Batch	CA-Interrest for CICS CA-SymDump/Batch	
Online	IBM/CICS CEDF	
Data Manipulation Tools		
VSAM Files	InSync Marketing InSync	IBM ISPF
Sequential Datasets	IBM ISPF	IBM ISPF
Partitioned Datasets	IBM ISPF	IBM ISPF
Production Environment		
Report Archival & Access		
Report Distribution System	CA-Dispatch	
Ad-Hoc Reporting Tools		
Special Forms Printing		
Pre-Printed forms on Impact Printer		
Pre-Printed forms on Laser Printer		
Electronic Forms Printing		

EXHIBIT B – PAYMENTS AND RATES
AGREEMENT BETWEEN COUNTY OF SAN MATEO
AND INTEGRAL SYSTEMS, INC.

In consideration of the services provided by Contractor in Exhibit "A", County shall pay Contractor based on the following fee schedule:

1. **SCHEDULE OF CHARGES**

PHASE 1 CONSULTATION FEES (Fixed Fee):	\$57,400
PHASE 1 MISCELLANEOUS EXPENSES (Estimated):	\$10,000
PHASE 2 CONSULTATION FEES (T&M - 776 HOURS x \$175/HOUR):	\$137,200
PHASE 2 MISCELLANEOUS EXPENSES (Estimated):	\$18,000
NETWORK COMPUTING INFRASTRUCTURE (NCI) SERVICES:	\$656,940
NCI MISCELLANEOUS EXPENSES (Estimated):	\$58,800
TOTAL	\$938,340

The initial payments for Phases 1 and 2 are due upon execution of this Agreement, and the remaining payments are due upon acceptance of the applicable Deliverables by the County. For Phase 2, if the work effort requires less Contractor time, the County will only be invoiced for hours worked. The initial payment for NCI Services is due upon acceptance of initial operational test (Phase 2 – Task 5).

For Miscellaneous Expenses, including travel to County sites and meals, receipts must be submitted to the County's Information Services Department (ISD).

The County will submit payment within thirty (30) days of receipt of invoice conditioned upon the approval of work performed during the billing cycle. Payment for NCI Services is payable monthly in advance.

In no event shall total payment exceed an amount of NINE HUNDRED THIRTY EIGHT THOUSAND THREE HUNDRED FORTY DOLLARS (\$938,340). The County will have the right to withhold payment if the County determines that the quantity or quality of work performed is unacceptable as provided in the applicable Phases.

Phase 1	
Payment Schedule	Professional Fees
Due upon execution of Agreement by County	\$10,000
Due upon acceptance by County of Deliverables 1 – 4	\$24,000
Due upon acceptance by County of Deliverable 5	\$14,000
Due upon acceptance by County of Deliverables 6 – 7	\$9,400
Total Fixed Fee	\$57,400
Total Estimated Expenses	\$10,000
Total	\$67,400

Phase 2		
Payment Schedule	Approximate Percentage	Estimated Amount
Initial Payment – due at execution of agreement	10%	\$13,720
Completion of Phase 2 -Task 5	30%	\$41,160
At time of acceptance of all deliverables	60%	\$82,320
Total Estimated T&M Fees	100%	\$137,200
Total Estimated Expenses		\$18,000
Total		\$155,200

NCI Services Phase 3				
Period *	Notes	Services**	Expenses***	Total
1	Start per ****	\$ 12,000	\$ 833	\$ 12,833
2		\$ 12,000	\$ 833	\$ 12,833
3		\$ 12,000	\$ 3,233	\$ 15,233
4		\$ 12,000	\$ 833	\$ 12,833
5	Start per *****	\$ 18,000	\$ 833	\$ 18,833
6		\$ 18,000	\$ 3,233	\$ 21,233
7		\$ 18,000	\$ 833	\$ 18,833
8		\$ 18,000	\$ 833	\$ 18,833
9		\$ 18,000	\$ 3,233	\$ 21,233
10		\$ 18,000	\$ 833	\$ 18,833
11		\$ 18,000	\$ 833	\$ 18,833
12		\$ 18,000	\$ 3,233	\$ 21,233
13		\$ 18,900	\$ 833	\$ 19,733
14		\$ 18,900	\$ 833	\$ 19,733
15		\$ 18,900	\$ 3,233	\$ 22,133
16		\$ 18,900	\$ 833	\$ 19,733
17		\$ 18,900	\$ 833	\$ 19,733
18		\$ 18,900	\$ 3,233	\$ 22,133
19		\$ 18,900	\$ 833	\$ 19,733
20		\$ 18,900	\$ 833	\$ 19,733
21		\$ 18,900	\$ 3,233	\$ 22,133
22		\$ 18,900	\$ 833	\$ 19,733
23		\$ 18,900	\$ 833	\$ 19,733
24		\$ 18,900	\$ 3,233	\$ 22,133
25		\$ 19,845	\$ 833	\$ 20,678
26		\$ 19,845	\$ 833	\$ 20,678
27		\$ 19,845	\$ 3,233	\$ 23,078
28		\$ 19,845	\$ 833	\$ 20,678
29		\$ 19,845	\$ 833	\$ 20,678
30		\$ 19,845	\$ 3,233	\$ 23,078
31		\$ 19,845	\$ 833	\$ 20,678
32		\$ 19,845	\$ 833	\$ 20,678
33		\$ 19,845	\$ 3,233	\$ 23,078
34		\$ 19,845	\$ 833	\$ 20,678
35		\$ 19,845	\$ 833	\$ 20,678
36		\$ 19,845	\$ 3,233	\$ 23,078
	Not to Exceed	\$ 656,940	\$ 58,800	\$ 715,740

*Unless renewed or extended, the NCI Services Phase terminates on September 10, 2010

**Service Fees, Subject to Annual Escalation: per above

***Expenses are estimated: Travel (Quarterly on-site) - \$28,000; Other Expenses - \$30,000

****Hosting-Test Service Fees start upon acceptance of initial operational test (Phase 2 – Task 5).

*****Hosting Production Fees start when the first complete job cycle is run (including parallel test cycles designed to simulate actual production – County commences Phase 2 – Task 16.)