

Implementation Services Time and Materials Addendum



1. DEFINITIONS

"Commercial Off-the-Shelf Software" or "COTS Software" means all or any portion of Esri's proprietary software technology accessed or downloaded from an authorized Esri website or delivered on any media, in any format, including backups, updates, service packs, patches, hot fixes, or permitted merged copies, available under license to the general public.

"Map Data" means any digital dataset(s) including geographic, vector data, coordinates, raster, or associated tabular attributes supplied by either party for use in the performance of this Addendum.

"Services" means consulting support being performed by Esri on a time and materials basis in exchange for compensation from Customer.

"Services Output" means any work product produced by Esri as a result of Services provided under this Addendum. Services Output can include, but is not limited to, reports, training materials, and custom software code.

2. OWNERSHIP AND GRANT OF LICENSE

Except as specifically granted in this Addendum, Esri owns and retains all rights, title, and interest in Services Output. Subject to the terms and conditions in this Addendum, Esri grants to Customer a nonexclusive, royalty-free, worldwide license to use, modify, and/or reproduce Services Output in connection with Customer's authorized use of Esri's COTS Software.

3. PATENTS AND INVENTIONS

Esri and Customer will retain title to any inventions, innovations, and improvements ("Inventions") made or conceived solely by its principals, employees, consultants, or independent contractors ("Inventors") during the term of this Addendum. Esri and Customer will jointly own any Inventions made or conceived jointly by Inventors from both parties. Where Inventions are jointly owned, each joint owner will share equally the costs of acquiring protection for the Inventions and furnish the other joint owner with assistance reasonably required for acquiring protection. Neither Esri nor Customer may license, transfer, or sell its interest in jointly owned Inventions without the written consent of the other party, which will not be unreasonably withheld.

4. COMPENSATION

Esri will perform and invoice Services on a time and materials basis using the labor categories and rates specified for the performance period. Labor, including travel time, will be invoiced on a monthly basis for actual hours expended during the previous month. Meals will be invoiced on a "per diem" basis in accordance with the full daily limits stated in the most current Federal Travel Regulations. Other direct costs (ODCs), including travel-related expenses and meal per diem, will include a fifteen percent (15%) burden. Esri's payment terms are net thirty (30) days. If Customer's credit history has not been established, Esri reserves the right to require full or partial prepayment.

Esri may reallocate authorized funding between contracted activities, labor categories, and ODCs as necessary to facilitate the work requirements, provided the overall authorized funding is not exceeded. In the event that Esri reaches the not-to-exceed funding limit, Customer may increase the order funding to allow additional work to be performed, or direct Esri to stop work without further obligation or liability. If Services are required beyond the period of performance stated in the original proposal or resultant order, Esri reserves the right to escalate labor rates up to five percent (5%) per calendar year.

5. LIMITED WARRANTY AND DISCLAIMER OF WARRANTIES

Esri warrants for a period of ninety (90) days from the date of performance that Services will substantially conform to the professional and technical standards of the software industry. If Services do not substantially conform to these standards, Customer may require Esri to reperform Services at no additional cost to Customer. Services Output is provided as is without warranty of any kind.

Disclaimer of Warranties. With the exception of the limited warranty set forth in this Article, Esri disclaims and this Addendum expressly excludes all other warranties, express or implied, oral or written, including, without limitation, any and all warranties of merchantability or fitness for a particular purpose.

In addition to and without limiting the preceding paragraph, Esri does not warrant in any way Map Data. Map Data may not be free of nonconformities, defects, errors, or omissions; be available without interruption; be corrected if errors are discovered; or meet Customer's needs or expectations. Customer should not rely on any Map Data unless Customer has verified Map Data against actual data from documents of record, field measurement, or observation.

6. LIMITATION OF LIABILITY AND EXCLUSIVE REMEDY

In no event will Esri be liable to Customer for procurement of substitute goods or services; lost profits; lost sales; business expenditures; investments; business commitments; loss of goodwill; or any indirect, special, exemplary, consequential, or incidental damages arising out of or related to this Addendum, however caused or under any theory of liability, even if Esri has been advised of the possibility of such damages.

Esri's total cumulative liability under this Addendum, from all causes of action of any kind, will in no event exceed the amount actually paid by Customer for Services under this Addendum from which the liability directly arose.

7. CONFIDENTIALITY

Services Output is Esri confidential information, and Customer must preserve and protect the confidentiality of Services Output. Customer agrees not to reverse engineer or decompile custom software delivered in object code,

executable code, or similar formats (collectively, "Secure Formats"). For custom software delivered in source code or other human-readable formats, Customer will have met its obligations under this provision if its disclosure of custom software is limited to custom software in Secure Formats, provided that the means for reverse engineering, decompiling, or disassembling the custom software is withheld from such disclosure, and the person or entity in receipt of the custom software similarly agrees not to perform the prohibited acts described above or allow others to do so.

Except as provided in the preceding paragraph, Customer will not disclose Services Output to third parties without the advance written consent of Esri. Customer may make disclosures to Customer's employees to the extent reasonably required to allow Customer to use Services Output in a manner authorized under the applicable software licenses. Customer must comply with Article 8 in making any permitted disclosures. Before disclosing all or any portion of Services Output to employees or third parties as permitted in the preceding sentence, Customer will inform its employees or third parties of the obligations in this Addendum and obtain their agreement to be bound by them.

8. EXPORT COMPLIANCE

Each party will comply with all applicable export laws and regulations, including the US Department of Commerce's Export Administration Regulations (EAR), the US Department of State's International Traffic in Arms Regulations (ITAR), and other applicable export laws. Customer will not export, reexport, transfer, release, or otherwise dispose of, in whole or in part, or permit access to or transfer or use of Services or Esri Offerings to any United States embargoed countries or denied entities or persons except in accordance with all then-current applicable US government export laws and regulations. Customer will not export, reexport, transfer, or use Services or Esri Offerings for certain missile, nuclear, chemical, or biological activities or end uses without proper authorization from the US government. Customer shall immediately notify Esri in writing if any US government entity or agency denies, suspends, or revokes Customer's export privileges. Customer will not upload, store, or process in Cloud Services any Customer Content that (i) has an Export Control Classification Number (ECCN) other than EAR99 or (ii) is controlled for export from the United States under ITAR. Customer will notify Esri in advance if Esri's performance of any Services or provision of any Esri Offerings is related to any defense article, defense service, or technical data, as defined under the ITAR Sections 120.6, 120.9, and 120.10, respectively; Esri will not perform any such Services or provide any such Esri Offerings until Esri obtains any necessary export license from the US government. Customer will reasonably assist Esri in applying for and obtaining an export license if needed.

9. GENERAL PROVISIONS

9.1 Nonsolicitation. Neither party will directly solicit for hire any employee of the other party who is associated with Services called for under this Addendum during, and for a period of one (1) year after, project completion. In the event this provision is breached, liquidated damages equal to twelve (12) months of the employee's compensation, plus any legal expenses associated with the enforcement of this provision, will be paid by the breaching party to the aggrieved

party. The foregoing will in no way restrict the parties from publicly advertising positions for hire in newspapers, professional magazines, or Internet postings.

9.2 Use of Subcontractors. Esri reserves the right to utilize technically qualified subcontractor resources to support work contracted under this agreement. Esri will remain responsible for the quality of all work performed by an Esri subcontractor resource.

9.3 Taxes. Services are quoted exclusive of all state, local, value-added, or other taxes; customs; duties; or other charges (other than income taxes payable by Esri). In the event such taxes and/or charges become applicable to Esri's Services or Services Output, Customer will pay the applicable tax upon receipt of written notice that it is due.

9.4 UCC Inapplicability. Services provided under this Addendum will not be governed by the Uniform Commercial Code (UCC) and will not be deemed "goods" within the definition of UCC.

9.5 Order of Precedence. These terms and conditions will take precedence over any Customer terms and conditions included in Customer ordering or authorizing documents, such as purchase orders. Any additional terms or conditions in Customer ordering or authorizing documents will be void and may be incorporated into this Addendum only by written amendment signed by both parties.

9.6 Equitable Relief. Customer agrees that any breach of this Addendum by Customer may cause Esri irreparable damage. In the event of a breach, in addition to any and all remedies at law, Esri will have the right to seek an injunction, specific performance, or other equitable relief in any court of competent jurisdiction to prevent violation of these terms without the requirement of posting a bond or undertaking or proving injury as a condition of relief.

9.7 Governing Law. This Addendum will be governed by and construed in accordance with the laws of the State of California without reference to its conflict of laws principles.

9.8 Entire Agreement. This Addendum is the sole and entire agreement of the parties for Services and supersedes any previous agreements, understandings, and arrangements (including any purchase order terms and conditions) between the parties relating to the subject matter.