

<b>PROJECT TITLE &amp; IDENTIFICATION NUMBER</b> (if # is known)	<b>WORK DESCRIPTION</b> (reference & list all attached exhibits)
<b>CONTRACTOR</b>	<b>CITY PROJECT ADMINISTRATOR</b> (Name, address, phone #)  City of Redmond
<b>CONTRACTOR CONTACT</b> (Name, address, phone #)	<b>BUDGET OR FUNDING SOURCE</b>
<b>FEDERAL ID #</b>	<b>MAXIMUM AMOUNT PAYABLE, IF ANY</b>
<b>SUPPLIER/CONTRACTOR'S REDMOND BUSINESS LICENSE ID #</b>	<b>COMPLETION DATE</b>
<b>APPLICANT NAME</b>	<b>APPLICANT CONTACT</b> (Name, address & phone #)

**THIS AGREEMENT is entered into on October xx, 2018 between the City of Redmond, Washington, hereinafter called "the CITY", and the above person, firm or organization, hereinafter called "the CONSULTANT".**

**WHEREAS, the CITY desires to accomplish the above-referenced project; and**

**WHEREAS, the CITY does not have sufficient staff or expertise to meet the required commitment and therefore deems it advisable and desirable to engage the assistance of a CONSULTANT to provide the necessary services for the project; and**

**WHEREAS, the CONSULTANT has represented to the CITY that the CONSULTANT is in compliance with the professional registration statutes of the State of Washington, if applicable, and has signified a willingness to furnish consulting services to the CITY, now, therefore,**

**IN CONSIDERATION OF the terms and conditions set forth below, or attached and incorporated and made a part hereof, the parties agree as follows:**

**1. Retention of Consultant - Scope of Work. The CITY hereby retains the CONSULTANT to provide professional services as defined in this agreement and as necessary to accomplish the scope of work attached hereto as Exhibit A and incorporated herein by this reference as if set forth in full. The CONSULTANT shall furnish all services, labor and related equipment necessary to conduct and complete the work, except as specifically noted otherwise in this agreement.**

**2. Completion of Work. The CONSULTANT shall not begin any work under the terms of this agreement until authorized in writing by the CITY. The CONSULTANT shall complete all work required by this agreement as set forth in Exhibit A and incorporated herein by this reference as if set forth in full. A failure to complete the work according to Exhibit A, except where such failure is due to circumstances beyond the control of the CONSULTANT, shall be deemed a breach of this agreement. The established completion time shall not be extended because of any delays attributable to the CONSULTANT, but may be extended by the CITY, in the event of a delay attributable to the CITY, or because of unavoidable delays caused by circumstances beyond the control of the CONSULTANT. All such extensions shall be in writing and shall be executed by both parties.**

**3. Payment. The CONSULTANT shall be paid by the CITY for satisfactorily completed work and services satisfactorily rendered under this agreement as provided in Exhibit A, attached hereto and incorporated herein by this reference as if set forth in full. Such payment shall be full compensation for work performed or services rendered and for all labor, materials, supplies, equipment, and incidentals necessary to complete the work specified in the Scope of Work attached. The CONSULTANT shall be entitled to invoice**

the CITY no more frequently than once per month during the course of the completion of work and services by the CONSULTANT. Invoices shall detail the work performed or services rendered, the time involved (if compensation is based on an hourly rate) and the amount to be paid. The CITY shall pay all such invoices within 30 days of submittal, unless the CITY gives notice that the invoice is in dispute. In no event shall the total of all invoices paid exceed the maximum amount payable set forth above, if any, and the CONSULTANT agrees to perform all services contemplated by this agreement for no more than said maximum amount.

4. **Changes in Work.** The CONSULTANT shall make such changes and revisions in the complete work provided by this agreement as may be necessary to correct errors made by the CONSULTANT and appearing therein when required to do so by the CITY. The CONSULTANT shall make such corrective changes and revisions without additional compensation from the CITY. Should the CITY find it desirable for its own purposes to have previously satisfactorily completed work or parts thereof changed or revised, the CONSULTANT shall make such revisions as directed by the CITY. This work shall be considered as Extra Work and will be paid for as provided in Section 5.

5. **Extra Work.**

A. The CITY may, at any time, by written order, make changes within the general scope of the agreement in the services to be performed. If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work or services under this agreement, whether or not changed by the order, or otherwise affects any other terms or conditions of the agreement, the CITY shall make an equitable adjustment in the (1) maximum amount payable; (2) delivery or completion schedule or both; and (3) other affected terms, and shall modify the agreement accordingly.

B. The CONSULTANT must submit any "proposal for adjustment" under this clause within 30 days from the date of receipt of the written order to make changes. However, if the CITY decides that the facts justify it, the CITY may receive and act upon a proposal submitted before final payment of the agreement.

C. Failure to agree to any adjustment shall be a dispute under the Disputes clause of this agreement, as provided in Section 13. Notwithstanding any such dispute, the CONSULTANT shall proceed with the agreement as changed.

D. Notwithstanding any other provision in this section, the maximum amount payable for this agreement shall not be increased or considered to be increased except by specific written amendment of this agreement.

6. **Ownership of Work Product.** In performance of the CONSULTANT's obligations under this Agreement, the CITY or the CONSULTANT may receive access to intellectual property (including, but not limited to, knowhow and software) ("Intellectual Property") owned, controlled, or licensed by the other party or a third party ("Owner"). With respect to said Intellectual Property, the CITY and the CONSULTANT agree as

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City of Redmond

follows:

A. Intellectual Property (including derivative works thereof, regardless of authorship) owned, controlled, or licensed by an Owner before commencement of the Scope of Work shall remain the property of the Owner;

B. Subject to subparagraphs A and D hereof, any Intellectual Property (other than derivative works of the CITY's Intellectual Property) developed in connection with this Agreement shall be owned by the CONSULTANT;

C. Upon payment of all amounts due under this Agreement, the CONSULTANT shall be deemed to have granted the CITY a non-exclusive, worldwide, perpetual (without regard to any termination or expiration of this Agreement), irrevocable, fully paid, royalty-free license as to the deliverables identified in the Scope of Work in source and object code form, including all intellectual property and other proprietary rights incorporated therein or embodied thereby. The CITY shall have the right to make, use, reproduce, disclose, modify, adapt, create derivative works based thereon, translate, distribute directly and indirectly, transmit, display, and perform publicly such work for its own internal, non-commercial uses;

D. Except as provided herein, neither party hereto may use, copy, publish, or disclose an Owner's Intellectual Property to others or authorize others to copy, publish, or disclose such Intellectual Property without the Owner's prior written approval; and

E. Nothing contained in this Paragraph shall affect or modify the CITY's obligation to disclose public records under Chapter 42.17 RCW or other applicable law. Provided, however, that the CONSULTANT may mark any documents furnished to the CITY under the following:

NOTICE: The information herein has been prepared for the use of the City of Redmond, Washington and no others, and is disclosed solely as required under Chapter 42.17 RCW or other applicable law. The information contains data that is copyright by © \_\_\_\_\_, all rights reserved, and as such shall not be used by or disclosed outside the original recipient of this disclosure. Recipient may not use the information to provide services to any other person or entity for a fee or other consideration.

7. **Independent Contractor.** The CONSULTANT is an independent contractor for the performance of services under this agreement. The CITY shall not be liable for, nor obligated to pay to the CONSULTANT, or any employee of the CONSULTANT, sick leave, vacation pay, overtime or any other benefit applicable to employees of the CITY, nor to pay or deduct any social security, income tax, or other tax from the payments made to the CONSULTANT which may arise as an incident of the CONSULTANT performing services for the CITY. The CITY shall not be obligated to pay industrial insurance for the services rendered by the CONSULTANT.

8. **Indemnity.** The CONSULTANT agrees to hold harmless, indemnify and defend the CITY, its officers, agents, and employees, from and against any and all claims, losses, or liability, for injuries, sickness or death of persons, including employees of the CONSULTANT, or damage to property, arising out of any willful misconduct or negligent act, error, or omission of the CONSULTANT, its officers, agents, subconsultants or employees, in connection with the services required by this agreement, provided, however, that:

A. The CONSULTANT's obligations to indemnify, defend and hold harmless shall not extend to injuries, sickness, death or damage caused by or resulting from the sole willful misconduct or sole negligence of the CITY, its officers, agents or employees; and

B. The CONSULTANT's obligations to indemnify, defend and hold harmless for injuries, sickness, death or damage caused by or resulting from the concurrent negligence or willful misconduct of the CONSULTANT and the CITY, or of the CONSULTANT and a third party other than an officer, agent, subconsultant or employee of the CONSULTANT, shall apply only to the extent of the negligence or willful misconduct of the CONSULTANT.

9. **Insurance.** The CONSULTANT shall provide the following minimum insurance coverages:

A. Worker's compensation and employer's liability insurance as required by the State of Washington;

B. General public liability and property damage insurance in an amount not less than a combined single limit of two million dollars (\$2,000,000) for bodily injury, including death, and property damage per occurrence.

C. Professional liability insurance, if commercially available in CONSULTANT's field of expertise, in the amount of two million dollars (\$2,000,000) or more against claims arising out of work provided for in this agreement.

The amounts listed above are the minimum deemed necessary by the CITY to protect the CITY'S interests in this matter. The CITY has made no recommendation to the CONSULTANT as to the insurance necessary to protect the CONSULTANT'S interests and any decision by the CONSULTANT to carry or not carry insurance amounts in excess of the above is solely that of the CONSULTANT.

All insurance shall be obtained from an insurance company authorized to do business in the State of Washington. Excepting the professional liability insurance, the CITY will be named on all insurance as an additional insured. The CONSULTANT shall submit a certificate of insurance to the CITY evidencing the coverages specified above, together with an additional insured endorsement naming the CITY, within fifteen (15) days of the execution of this agreement. The additional insured endorsement shall provide that to the extent of the CONSULTANT's negligence, the CONSULTANT's insurance shall be primary

and non-contributing as to the City, and any other insurance maintained by the CITY shall be excess and not contributing insurance with respect to the CONSULTANT's insurance. The certificates of insurance shall cover the work specified in or performed under this agreement. No cancellation, reduction or modification of the foregoing policies shall be effective without thirty (30) days prior written notice to the CITY.

10. **Records.** The CONSULTANT shall keep all records related to this agreement for a period of three years following completion of the work for which the CONSULTANT is retained. The CONSULTANT shall permit any authorized representative of the CITY, and any person authorized by the CITY for audit purposes, to inspect such records at all reasonable times during regular business hours of the CONSULTANT. Upon request, the CONSULTANT will provide the CITY with reproducible copies of any such records. The copies will be provided without cost if required to substantiate any billing of the CONSULTANT, but the CONSULTANT may charge the CITY for copies requested for any other purpose.

11. **Notices.** All notices required to be given by either party to the other under this Agreement shall be in writing and shall be given in person or by mail to the addresses set forth in the box for the same appearing at the outset of this Agreement. Notice by mail shall be deemed given as of the date the same is deposited in the United States mail, postage prepaid, addressed as provided in this paragraph.

12. **Project Administrator.** The Project Administrator shall be responsible for coordinating the work of the CONSULTANT, for providing any necessary information for and direction of the CONSULTANT's work in order to ensure that it meets the requirements of this Agreement, and for reviewing, monitoring and approving the quality and quantity of such work. The CONSULTANT shall report to and take any necessary direction from the Project Administrator.

13. **Disputes.** Any dispute concerning questions of fact in connection with the work not disposed of by agreement between the CONSULTANT and the CITY shall be referred for resolution to a mutually acceptable mediator. The parties shall each be responsible for one-half of the mediator's fees and costs.

14. **Termination.** The CITY reserves the right to terminate this agreement at any time upon thirty (30) days written notice to the CONSULTANT. Any such notice shall be given to the address specified above. In the event that this agreement is terminated by the City other than for fault on the part of the CONSULTANT, a final payment shall be made to the CONSULTANT for all services performed. No payment shall be made for any work completed after ten (10) days following receipt by the CONSULTANT of the notice to terminate. In the event that services of the CONSULTANT are terminated by the CITY for fault on part of the CONSULTANT, the amount to be paid shall be determined by the CITY with consideration given to the actual cost incurred by the CONSULTANT in performing the work to the date of termination, the amount of work originally required which would satisfactorily complete it to date of termination, whether that work is in a form or type which is usable to the CITY at the time of termination, the cost of the CITY of employing another

firm to complete the work required, and the time which may be required to do so.

15. **Non-Discrimination.** The CONSULTANT agrees not to discriminate against any customer, employee or applicant for employment, subcontractor, supplier or materialman, because of race, creed, color, national origin, sex, religion, honorable discharged veteran or military status, familial status, sexual orientation, age, or the presence of any sensory, mental, or physical disability or the use of a trained dog or service animal by a person with a disability, except for a bona fide occupational qualification. The CONSULTANT understands that if it violates this provision, this Agreement may be terminated by the CITY and that the CONSULTANT may be barred from performing any services for the CITY now or in the future.

16. **Compliance and Governing Law.** The CONSULTANT shall at all times comply with all applicable federal, state, and local laws, rules, ordinances, and regulations. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

17. **Subcontracting or Assignment.** The CONSULTANT may not assign or subcontract any portion of the services to be provided under this agreement without the express written consent of the CITY. Any sub-consultants approved by the CITY at the outset of this agreement are named on separate Exhibit attached hereto and incorporated herein by this reference as if set forth in full.

18. **Non-Waiver.** Payment for any part of the work or services by the CITY shall not constitute a waiver by the CITY of any remedies of any type it may have against the CONSULTANT for any breach of the agreement by the CONSULTANT, or for failure of the CONSULTANT to perform work required of it under the agreement by the CITY. Waiver of any right or entitlement under this agreement by the CITY shall not constitute waiver of any other right or entitlement.

19. **Litigation.** In the event that either party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this agreement, the parties agree that such actions shall be initiated in the Superior Court of the State of Washington, in and for King County. The parties agree that all questions shall be resolved by application of Washington law and that parties to such actions shall have the right of appeal from such decisions of the Superior Court in accordance with the law of the State of Washington. The CONSULTANT hereby consents to the personal jurisdiction of the Superior Court of the State of Washington, in and for King County. The prevailing party in any such litigation shall be entitled to recover its costs, including reasonable attorney's fees, in addition to any other award.

20. **Taxes.** The CONSULTANT will be solely responsible for the payment of any and all applicable taxes related to the services provided under this agreement and if such taxes are required to be passed through to the CITY by law, the same shall be duly itemized on any billings submitted to the CITY by the CONSULTANT.

21. **City Business License.** The CONSULTANT has obtained, or agrees to obtain,

a business license from the CITY prior to commencing to perform any services under this agreement. The CONSULTANT will maintain the business license in good standing throughout the term of this Agreement.

**22    Entire Agreement.** This agreement represents the entire integrated agreement between the CITY and the CONSULTANT, superseding all prior negotiations, representations or agreements, written or oral. This agreement may be modified, amended, or added to, only by written instrument properly signed by both parties hereto. These standard terms and conditions set forth above supersede any conflicting terms and conditions on any attached and incorporate exhibit. Where conflicting language exists, the CITY'S terms and conditions shall govern.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

CONSULTANT:

CITY OF REDMOND:

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
John Marchione, Mayor  
DATED: \_\_\_\_\_

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
City Clerk, City of Redmond

APPROVED AS TO FORM:

\_\_\_\_\_





the results company

**HSO North America, LLC**  
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Northbrook,  
IL 60062  
T: (847) 348-0588  
W: [www.hso.com](http://www.hso.com)

# City of Redmond

## *Exhibit A*

### *Master Statement of Work*

*Microsoft Dynamics® AX2012 & Microsoft Dynamics® 365*  
*Support Agreement*



the results company



This Master Statement of Work ("SOW") is entered into pursuant to the Consulting Services Agreement ("Agreement") between The City of Redmond ("The City" or "Client") and HSO North America, LLC ("HSO" or "Consultant") dated October \_\_, 2018.

The terms and conditions of the Agreement are incorporated into this SOW; in the event of any conflict between the Agreement and this SOW, the Agreement shall prevail unless this SOW specifically identifies the Section of the Agreement which is being superseded and replaced for purposes described in this SOW.

## Overview

The City currently has AX 2012 R3 deployment and a Dynamics 365 Finance & Operations. The client has articulated a desire for HSO to assist with the following work items during a three (3) year period:

- Visioning and Roadmapping The City's Dynamics Solution and projects.
- Re-implementation of the Project Management and Accounting modules.
- Evaluation of the Tyler Insight Extensions to determine applicability to the City's on-going needs.
- Assist The City and Tyler Technologies with a variety of support needs.

## Scope and Deliverables

For each engagement under this SOW there will be a separate Work Order ("WO") which will define the project plan, estimated hours, resources, and deliverables. Hours for each WO and engagement will consume the hours from this master Statement of Work. Should the estimated hours exceed the total number of hours available there will be a separate budget approval for the engagement.

## HSO Resources

**Service Delivery Manager (SDM):** an HSO Service Delivery Manager will be assigned to the account for the life of the Agreement. The SDM will be responsible for the following tasks:

- Monthly Service Reports – Monthly status report of activities, hours, risks and concerns.
- Resource Management/coordination – Working with PM, The City, and Tyler Technologies to arrange correct HSO skill set.
- Single Point of Contact into HSO delivery – Main contact for the City to communicate any questions, concerns, or requests outside normal operational procedures.

**Tyler Extensions Subject Matter Expert (SME):** Specific knowledgeable SME to assist with initial roadmapping and review of Tyler Extension removal.

**Project Manager:** At times when specific projects are requiring more attention and management beyond the scope of the SDM. This role will be defined per WO.

**Technical Consultants:** Development or System Engineer consultants to aid in the deliverable of specific WO.

**Functional Consultants:** SME in specific modules. WO will determine module and business process required for the specific work.

## The City Resources

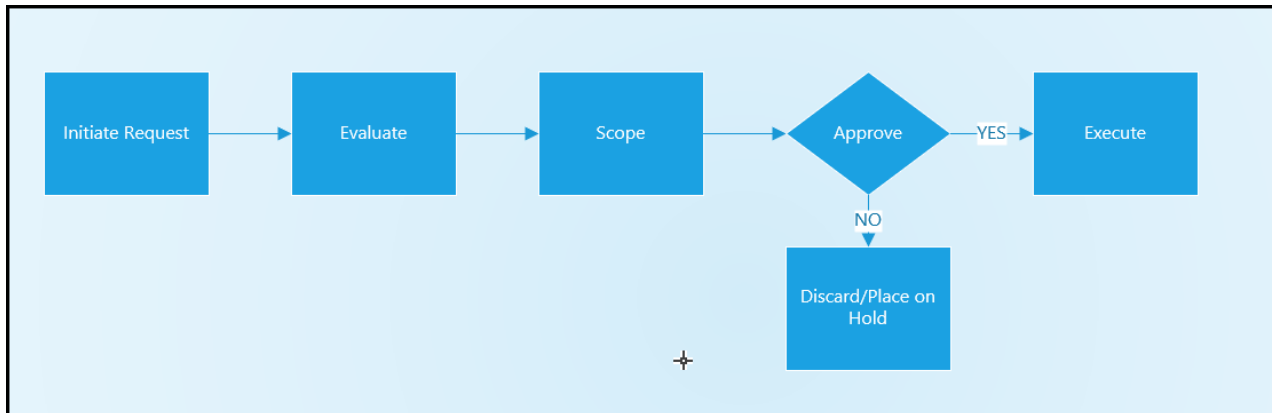
**Project Coordinator:** A City of Redmond named resource dedicated to owning the relationship with HSO.

Coordinator has authority to approve completed work and to approve Work Orders within the scope of the

Agreement and this SOW. The Coordinator will keep HSO Resources and the Service Delivery Manager informed of events that may affect the work performed for this SOW and associated WOs.

## Work Order Process

As specific projects or requests are required for HSO engagement, a Work Order will be developed to help the City and HSO to agree upon the Deliverable, the level of effort (hours), the resources, and the project plan. A formal process which will be managed by the Service Delivery Manager will govern the Work Order initiation, scoping, and approval. The City or HSO may initiate this process. The City's Project Coordinator will approve the Work Order. The City and HSO will work together to agree upon timelines and work location (remote or onsite).



Work Orders are required for all mini-project that the City engages HSO to complete. The exception to the creation of the WO is the regular activity being perform by the Service Delviery Manager to manage the Agreement, this SOW, and all WOs.

Change Orders to this SOW or any WO will be made in formal writing and will follow the WO process outline above in this SOW. Change Orders are required if WOs Scope or Estimate needs to be adjusted that has more than a 20% change impact. For example, a WOs estimate is at 100 hours and the consultant needs an additional 25 hours.

Upon reciept of a Work Order, the City will respond within 5 business days. Upon reciept of a Change Order, the City will respond within 2 business days. Not responding to a Change Order may cause HSO to stop working on the associated WO.

## Escalation Process

In the event, the City is not satisfied with services, deliverable, or a resource, the City should contact the Service Delivery Manager to discuss the situation and work together for resolution.

In the event, the City is not satisfied with the effort of the SDM, the City may escalate to their associate Engagement Manager/Sales Director.

The City will provide an escalation path for HSO to follow, if in the event the City's resources, Tyler Technologies resources, or the terms of the Agreement, this SOW or a WOs are not being met and if affecting HSO abilities to perform.

The City and HSO agree to work to their best abilities to resolve any conflicts or escalations in most effiecient and professional manner.



## Fees & Estimates

### A. Annual estimated SOW cost

Resource	Hourly Rate	Estimated Hours	Total
<b>Service Delivery Manager (SDM)</b>	\$225	100	\$22,500
Hso Delivery Manager Investment	\$225	50	(\$11,250)
<b>Tyler Extensions SME Project Manager</b>	\$210	100	\$21,000
<b>Project Delivery Consultants (Technical/Functional)</b>	\$165	900	\$148,500
		<b>Annual Total</b>	<b>\$180,750</b>

Above rates are guaranteed for 3 years from the signed date of this Statement of Work



**B. Duration Terms:**

SOW Start: To be determined mutually agreed with the City and HSO, within 30 days of approval

Expiration: Three (3) years from the Agreement signed approval

**C. Reimbursed Expenses:**

Expense	Rate
Mileage	The IRS rate
Lodging, Airfare, Rental Car and Cab To/From Airport	Actual
Parking	Actual
Per Diem – Based on Government Per Diem Rates	\$51

## Terms & Conditions

1. Services billings are due 30 days after the invoice is received, providing that the invoice is not in dispute.
2. When payments are not received timely, as is the case for overdue amounts, and the overdue amount is not as the result of an invoice in dispute, all work will be stopped.
3. Out-of-pocket expenses incurred by HSO in anticipation of scheduled service, which is canceled by Client at any time, will be invoiced to Client and Client shall pay such expenses in accordance with this SOW & the Agreement.
4. Travel costs during the implementation project are covered by the client for Hotel, Air, Car, and normally daily expenses for food will be covered by a daily Per Diem which is \$51 (*based upon IRS norm for the area*) a day. Per Diem for travel outside the US will be determined based on the norm for the particular area. This includes meals and misc. expenses when consultants are traveling and at client site. This does not include travel costs such as air/car rental or hotel costs. Client will be provided prior review on all expenses not part of the per diem and above \$100, as well an expense plan/structure will be agreed upon with the client.
5. Payments on invoices not in dispute that are issued after thirty (30) days of receipt may be subject to a 1% late payment fee, the maximum rate of interest allowed by RCW 39.76.011.
6. HSO's services will commence as soon as practical following HSO's receipt of this signed Agreement and a SOW pursuant to the second paragraph hereof, such services are hereafter referred to as "Services". It is expressly agreed and understood that no terms, provisions or conditions of any purchase order or other business form or written authorization used by Client will have any effect on the rights, duties or obligations of the parties under, or otherwise modify, the Agreement and this SOW, unless agreed upon in writing by HSO.

### Mutual Non Hire and Non Solicitation

During the term of the Agreement and engagement with the client, and for three years thereafter, Client and HSO shall not, directly or indirectly, hire or solicit for employment, offer employment to, employ or engage as a consultant any individual who was involved in the delivery of work product to Client under the Agreement. A payment of one calendar year's compensation for that individual will be owed if such an occurrence occurs, this is payable within ten days of the occurrence.

### Confidential Information

In connection with the Agreement and this SOW, each party will be exposed to or acquire information and materials which are proprietary and confidential to the other party or its clients. Any such information and material obtained by the other party or its employees, agents or representatives in the performance of the Agreement and this SOW, including, but not limited to, information about computer programs or systems developed or improved by either party, data, systems, processes, scientific or technical information and procedures, legal or business affairs, business plans, financing, costs, profits, markets, sales, products, key personnel, customers, prospective customers, pricing, policies or operational methods, plans for future developments for the business of either party, information which affects publicly held securities, and other information which is not readily available to the public, shall be deemed to be



confidential and proprietary information of such party (collectively, "Confidential Information"). In connection with the performance of the Services under the SOW and WOs, HSO may develop, write or design, programs, documentation, training materials, computer media and other tangible work product, and ideas, concepts, know-how and techniques related thereto (collectively, excluding any Deliverables, the "HSO Work Product"). The HSO Work Product shall be considered Confidential Information of HSO.

HSO and Client shall hold each other's Confidential Information in strict confidence, and shall not copy, reproduce, sell, assign, license, market, transfer, give or otherwise disclose such information and materials to third parties or to use such information and materials for any purposes whatsoever, without the express written permission of the other party and shall advise each of its employees, agents and representatives of their obligations to keep such information and materials confidential. Upon the completion of client's project, HSO shall return all confidential information supplied by client and shall keep no duplicates of same other than as necessary to continue to support the software.

Confidential Information shall not include, and the confidentiality obligations in this Section shall not operate as a restriction on a receiving party's right to use, disclose, or otherwise deal with, information which (a) is or becomes generally available to the public through no wrongful act of the receiving party or its employees or agents; (a) was in the receiving party's possession prior to the time it was acquired from the other party and which was not directly or indirectly acquired from the other party; (c) is required to be disclosed by court order or operation of law, provided the other party is notified immediately in order to have the opportunity to contest such disclosure and the receiving party takes reasonable steps to assist in contesting such request; or (d) is independently made available as a matter of right to the receiving party by a third party without access to the Confidential Information.

#### **Warranty**

HSO WARRANTS THAT ALL OF ITS SERVICES FOR CLIENT SHALL BE PERFORMED IN A PROFESSIONAL, WORKMANLIKE MANNER. IN CASE OF A CLAIMED BREACH OF THIS WARRANTY, OF WHICH CLIENT NOTIFIES HSO BY CERTIFIED LETTER WITHIN THIRTY (30) BUSINESS DAYS IMMEDIATELY FOLLOWING THE DATE OF DISCOVERY or COMPLETION OF THE SERVICES FOR WHICH THE CLAIM IS ASSERTED, HSO SHALL RE-PERFORM THE APPLICABLE SERVICES REASONABLY PROMPTLY. EXCEPT AS STATED IN THIS PARAGRAPH, AND IN PLACE OF ANY AND ALL OTHER WARRANTIES, THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING – BUT MERELY BY WAY OF EXAMPLE – ANY WARRANTIES OF FITNESS OR FOR ANY PARTICULAR PURPOSE.

UNDER NO CIRCUMSTANCES SHALL HSO HAVE ANY LIABILITY FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE MANNER IN WHICH IT PERFORMED UNDER ANY SOW GOVERNED BY THIS LETTER AGREEMENT.

ANY THIRD PARTY WARRANTIES PROVIDED TO HSO FOR THE SOFTWARE WILL BE ASSIGNED TO CLIENT IN WRITING. EXCEPT FOR SUCH MANUFACTURER WARRANTIES THERE ARE NO WARRANTIES OF ANY KIND OR NATURE, EXCEPT THOSE DESCRIBED IN THIS SECTION, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE MICROSOFT DYNAMICS LICENSING IS BASED UPON THE TYPE OF NAMED USER, MICROSOFT MAY AT IT'S DISCRETION RUN AUDIT REPORTS THUS PROVIDING THEM AN UNDERSTANDING OF USER COUNTS AND TYPES OF USERS, THIS AUDIT REPORT MAY BE USED BY MICROSOFT IN PROVIDING USER COUNT INFORMATION FOR ONGOING TRUE-UP OF LICENSING AS PART OF THE YEARLY MICROSOFT ENHANCEMENT AGREEMENT, THIS INFORMATION IS COVERED IN MORE DETAIL IN THE MICROSOFT SHRINK WRAP LICENSE AGREEMENT THAT IS A REQUIREMENT OF USE OF MICROSOFT DYNAMICS, HSO HAS PROVIDED USER COUNT INFORMATION AS PROVIDED BY THE CLIENT TO MICROSOFT, AND THE CLIENT UNDERSTANDS THAT THESE AMOUNTS OF USERS MAY BE CORRECTED BY THE USE OF THIS AUDIT TOOL WITHIN DYNAMICS.

HSO warrants that (a) all works of authorship included in the Deliverables are original creations of the HSO; (b) the Deliverables do not infringe, misappropriate, slander, defame, or otherwise violate the intellectual property or other rights of any third party, (c) HSO has or will have at the time of delivery to HSO hereunder good and marketable title to all of the Deliverables, and (d) HSO has the full right to deliver Deliverables as set forth in this Section. HSO will indemnify, defend and hold harmless Client and its customers from any and all liabilities, losses, costs, damages, judgments or expenses (including reasonable attorney's fees) resulting from or arising in any way out of any



such claims by any third parties, and/or which are based upon, or are the result of any alleged breach of the warranties contained in this Section.

#### **Obligations HSO**

HSO agrees to use its best efforts and abilities in performing Services, and to give Client the benefit of HSO's knowledge, experience, judgment and expertise in rendering advice to Client on the matters and subjects requested under the Agreement and this SOW and each applicable WO.

All Services will be performed in relation to the software releases stated in the applicable SOW. HSO is not responsible for migrating or re-implementing of services for new software releases unless a separate SOW or WO for such migration services is signed.

HSO will comply with all procedures, security rules and methods of the client.

HSO acknowledges that it owns the HSO Business Apps or has the right to install this software and/or programs on client's servers which HSO shall install pursuant to SOW's to be entered into by the parties. The products from Microsoft, and other Software vendors are required to be properly licensed by the Client as well.





HSO will comply with all state and federal laws and regulations in performing its tasks under the Agreement, this SOW and all WO's to be entered into by the parties, including but not limited to applicable workers compensation provisions.

### **Client's Duties and Responsibilities**

Client management and staff shall make available in a timely manner at no charge to HSO all information and reasonable resources required by HSO for the performance of Services. Information may include process descriptions; employee communications; internal audit reports; MIS operations/run-time procedures; previous task force reports; organization charts; job descriptions; current staffing levels; procedure manuals; work flow documentation; administrative policies; and cost summaries; technical data, computer facilities, programs, files, documentation, test data, sample output; and other relevant materials. Client is responsible for timely review and turnaround of all documents requiring Client approval. Client will be responsible for, and assumes the risk of any problems resulting from, the content, accuracy, completeness and consistency of all such reviews of the data, materials and information supplied.

Client shall provide, at no charge to HSO, office space, Internet and related as HSO reasonably requires to perform the Services when HSO staff is on-site.

Client shall provide, at no charge to HSO, remote access and appropriate access levels for the specific servers to perform work remotely.

Client shall provide sufficient, qualified personnel capable of performing all of Client's duties and obligations under the Agreement and this SOW and under each WO. Failure to provide qualified personnel with appropriate time availability and knowledge of your company goals for the implementation may cause a project to go over budget and timeframe, thus creating additional costs from HSO to be billed to Client.

### **Proprietary Rights**

All right, title, and interest in and to all work products and other deliverables (the "Deliverables") delivered to Client by HSO under a Statement of Work or Work Orders, including all rights in copyright that may subsist therein, shall belong to Client. Client hereby acknowledges and agrees that the Deliverables shall not include any HSO owned proprietary program such as HSO Business Apps, or any part thereof, or the ideas, concepts, know-how or techniques employed by HSO in rendering the Services and delivering the Deliverables to Client, or to any modifications of or enhancements to such HSO owned proprietary programs (HSO Business Apps as an example); provided, however, if and to the extent any proprietary information or material of HSO is embodied in any Deliverable, HSO hereby grants the Client a perpetual, irrevocable license to use such proprietary information or material in conjunction with the then current release of Dynamics AX or Dynamics 365 Finance & Operations. Client does not have rights to upgrade/distribute HSO proprietary solutions without expressed permission.

Notwithstanding anything to the contrary in the Agreement and this SOW, HSO will retain all right, title and interest in and to all software development, tools, know-how, methodologies, processes, technologies or algorithms used in providing the Services which are based on trade secrets or proprietary information of HSO or are otherwise owned or licensed by HSO. No licenses will be deemed to have been granted by either party to any of its patents, trade secrets, trademarks or copyrights except as otherwise expressly provided in the Agreement and this SOW. Nothing in the Agreement and this SOW will require HSO or Client to violate the proprietary rights of any third party in any software or otherwise

HSO and Client agree to execute and deliver such other instruments and documents as either party reasonably requests to evidence or effect the transactions contemplated by this section. The provisions of this Section will survive the expiration or termination of the Agreement and this SOW and each WO for any reason.

### **Assumptions**

Key Assumptions that were leveraged in the generation of the proposed project hours are as follows:

- The City of Redmond's team has a solid understanding of the business requirements, and will be able to clearly articulate them to the HSO delivery team.



- City of Redmond will make available its employees for interviews and as needed follow up sessions.
- City of Redmond will notify the HSO Service Delivery Manager of any potential changes well in advance of on-site visit or if they wish the scope of this SOW or WOs to be modified while the HSO team is on-site will prompt modification to this SOW to be communicated to the Service Delivery Manager.
- Start dates are tentative and will be confirmed by The City and HSO upon execution of the Agreement, the Statement of Work, or Work Order.

**IN WITNESS WHEREOF**, the parties have entered into this Statement of Work of the last date set forth below, with effect as of the Effective Date.

**HSO North America, LLC**

**City of Redmond**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Rohit Gupta

\_\_\_\_\_  
Name

\_\_\_\_\_  
CTO

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date