

SHORT TERM "PILOT" AGREEMENT

THIS SHORT TERM "PILOT" AGREEMENT ("Agreement") is entered into as of this 2nd day of April, 2010 by and between Runbeck Election Services, Inc., an Arizona corporation, having its principal office at 2404 West 14th Street, Suite 110, Tempe, Arizona 85281 ("Contractor"), and El Dorado County, a political subdivision of the State of California, having its principal office at Placerville, California ("County"),

WITNESSETH:

WHEREAS, Contractor has offered to provide services and/or equipment that shall conform to the Scope of Services identified in Appendix A; and,

WHEREAS, County desires to procure from Contractor such services and/or equipment, in accordance with the terms of this Agreement and the Payment Terms identified in Appendix B;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

TERMS

- 1) **EFFECTIVE DATE:** This Agreement shall become effective on the date set forth above and shall expire on November 30, 2010.
- 2) **NATURE OF THE AGREEMENT:** In addition to any other obligations set forth herein, Contractor shall provide, in exchange for payments, the equipment and/or services to the County as set forth in Appendix A --- Scope of Services.
- 3) **PAYMENT FOR SERVICES/AMOUNT OBLIGATED:** Contractor will be paid the Contract amount upon invoices submitted to the County. The details of payments are set forth in Appendix B --- Payment Terms. Contractor will provide County with an invoice for each payment, which will be due and payable 30 days after County's receipt of the corresponding invoice.
- 4) **INDEPENDENT CONTRACTOR RELATIONSHIP:** Contractor is, and shall at all times be, an independent contractor. No employee, agent or partnership relationship shall be created under this Agreement.
- 5) **CONFIDENTIALITY:** Except upon prior written approval by Contractor, County shall not furnish or disclose to any person or organization (a) any reports, studies, data, or other information provided to the County by Contractor in connection with the services performed under this Agreement, (b) any reports, studies, recommendations, data or information relating to, or made or developed by, Contractor in the course of the

performance of the services hereunder, or (c) the results of any such services performed. All equipment, reports, studies, recommendations, and other products and information related to the performance of services described herein are solely the confidential, proprietary, and/or trade secret property and information of Contractor.

- 6) **INDEMNIFICATION:** Contractor shall indemnify and hold harmless County and its officers, employees, agents and instrumentalities from any and all liability, losses or damages, including attorneys' fees and costs of defense, which County or its officers or employees may incur as a result of claims arising out of the performance of this Agreement by Contractor or its employees. Notwithstanding anything to the contrary in this Agreement, Contractor shall have no indemnity obligations to County for any claim arising out of, or relating to, any act or omission of County, its employees, or its agents.

County shall indemnify, defend, and hold harmless Contractor from and against any and all claims and losses, including attorneys' fees and costs of defense, in any manner arising from or related to County's hire, use, possession, or operation of any equipment described in this Agreement, or any breach by County of its obligations under this Agreement.

- 7) **GOVERNING LAW:** This Agreement shall be deemed to be executed in Maricopa County, Arizona and shall be interpreted and construed in accordance with the laws of the State of Arizona. The parties agree that the venue for any and all litigation claims arising from this Agreement shall be Maricopa County Arizona.

- 8) **TERMINATION:** This Agreement may be terminated by either party without cause upon thirty (30) days written notice delivered to the other party.

- 9) **DELIVERY; LOCATION; MAINTENANCE:** The equipment hereunder shall be delivered to County by Contractor at El Dorado County may move the equipment, in a careful manner, to other location(s) within the jurisdiction without the prior consent of Contractor. County will permit Contractor to inspect the equipment during normal hours and will maintain the equipment in good working condition. County will be responsible for paying for all costs associated with any repairs or replacements required as a result of County's misuse or neglect of the equipment, or resulting from an accident caused by County's use, operation, or possession of the equipment.

- 10) **OWNERSHIP:** No Liens. Throughout the term of this Agreement, the equipment is, and will remain, the sole property of Contractor. County shall have no right or interest in the equipment and shall do nothing to create any lien in such equipment.

- 11) **RISK OF LOSS; INSURANCE:** While the equipment is in County's possession, County assumes and will bear the entire risk of loss or damage to the equipment from any cause or risk, and no such loss or damage to the equipment will relieve County of its obligations under this Agreement. In the event of loss or damage, County will, at County's sole expense and at Contractor's direction: (a) repair the equipment, or (b) replace the equipment with like equipment of comparable value.

- 12) **LIMITATION OF LIABILITY:** EXCEPT AS EXPRESSLY SPECIFIED IN THIS AGREEMENT, CONTRACTOR'S LIABILITY FOR DAMAGES UNDER ANY THEORY OR FORM OF ACTION SHALL NOT EXCEED THE TOTAL AMOUNT PAID BY CUSTOMER

UNDER THIS AGREEMENT TO CONTRACTOR AS ITEMIZED IN APPENDIX-B. CONTRACTOR WILL NOT BE RESPONSIBLE FOR ANY LIABILITY RESULTING FROM COUNTY'S IMPROPER USE, POSSESSION, OR OPERATION OF THE EQUIPMENT. CONTRACTOR WILL NOT BE LIABLE TO COUNTY OR ANY THIRD PARTY FOR ANY DIRECT, INDIRECT, INCIDENTAL, PUNITIVE, OR OTHER CONSEQUENTIAL DAMAGES.

- 13) **REPRESENTATIONS, WARRANTIES, AND COVENANTS**: County represents, warrants, and covenants that: (a) County is duly authorized to execute and deliver this Agreement and all procedures have been met so that this Agreement is legal, valid, binding and enforceable against County, and that the execution and delivery of this Agreement and the consummation of the transactions contemplated in this Agreement will not conflict with or result in a breach, default, or violation of any other agreement or law to which County is a party or is bound by; (b) County shall not permit the equipment to be used, displayed, inspected, or disclosed in a trade or business of any other person or entity; (c) County shall use the equipment for the sole purpose of performance in the manner specified in this Agreement; and (d) County shall comply with the terms and conditions of Contractor's software licenses associated with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the first date above set forth.

Contractor:

County:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attest: _____

Attest: _____

Corporate Secretary

Appendix A Scope of Services

Runbeck Election Services (Contractor) will provide El Dorado County (County) with a Sentio Ballot Printing System for use for the County's 2010 election cycle. The Sentio Ballot Printing System will be used for the purpose of printing supplemental, duplicate, provisional, emergency and other ballots for the county elections conducted in 2010.

The Contractor will support the County with installation, setup and testing of the Sentio Ballot Printing System, and will provide training and election support for the County. The pilot for the 2010 election cycle is designed to provide the County with an opportunity to use the Sentio Ballot Printing System, and to determine if the system will meet the long-term printing needs of the County.

The installation, setup and testing of the Sentio Ballot Printing System will occur at an agreed-upon date by the Contractor and County upon delivery of the Sentio Ballot Printing System. The County will be onsite with the Contractor to oversee and provide any additional assistance with installation, setup and testing of the system.

Following are services provided as part of our proposed pilot project for El Dorado County:

All Consumables

- Printer toner
- Printer drums
- Printer fuser
- Printer transfer belts

County is responsible for installation of consumables while operating printers during election cycle.

Materials Management

- Pre-election inventory and ordering of all consumables
- Removal of any outdated supplies to ensure quality print
- Ordering of supplies necessary to print 115% of anticipated volume
- Shipping of all consumables to ROV location

County is responsible for providing storage area that provides adequate space and maintains proper environmental conditions for stocking of supplies.

Software Maintenance

- 7X24 technical software support hotline during declared election cycles
- Includes on-site service support with an agreed, specified timeframe during the election cycle
- Installation of any new software updates
- Testing and validation of all software updates

Hardware Maintenance

- 7X24 technical support hotline during declared election cycles
- Includes on-site service support with an agreed, specified timeframe during the election cycle
- Bi Annual preventative maintenance on each Sentio system
- All replacements parts

Training

- 1st level train-the-trainer for poll worker (operator) training
- 2nd level Certification training
- Refresher training as needed or requested

Training will be provided on a pre-scheduled basis in advance of a declared election. Number and length of training sessions will be mutually agreed upon in advance. County agrees to provide a facility to hold training sessions.

Election Implementation Support

- Installation of ballot repositories and necessary side files for the first election
- Certification training for set up and testing of each Sentio system to validate accurate ballot production
- Training for the creation of test deck for each election for L&A and quality verification
- Additional and advanced election support provided on a contract basis

County is responsible for making available an area that provides adequate space and maintains proper environmental conditions for the storage, set up and testing of the equipment. County also agrees to allow RES employees access to the equipment, when requested, during normal working hours.

Appendix B Payment Schedule

El Dorado County (County) will pay to Runbeck Election Services (Contractor) the below amounts to conduct the pilot project for the 2010 election cycle.

Shipping

The County will pay Contractor the actual shipping amount for shipping the Sentio Ballot Printing System to the County. The shipping cost is based on the transportation of the shipping from Tempe, Arizona to Placerville, California. Payment shall be made to the Contractor (30) days following the end of the first election cycle conducted on the Sentio Ballot Printing System.

Ballot Processing Fee

The following fees will be billed for each ballot sheet printed on the Sentio Ballot Printing System:

Ballot Type	Price each
Permanent Absentee / Vote-By-Mail / Mail Ballot	\$.35
Early Voting / Counter Ballot	\$.35
Precinct / Test Ballot	\$.35
Ballot Stock	\$.10 regardless of size

Ballot Setup Fee

The charges for Ballot Set-Up Fees are billed per election event.

Election Set-Up Fee	Pre-Press Fee
\$450 Primary Election	\$1 per unique PDF (style or precinct)
\$350 Any Other Election	

Pricing Notes

A ballot sheet is defined as a sheet of paper, regardless of whether printed on either 1 or 2 sides. Ballot usage will be determined by the Sentio print audit software, which will account for every ballot request, by ballot type, processed through the software for printing.