



Silverdale, Washington 98383
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**Software and Hardware Agreement
For El Dorado County Department of Transportation**

This Agreement, dated as of April 13, 2007, is made and entered into by and between Squarerigger, Inc. (herein referred to as "Squarerigger") a Washington Corporation, and the County of El Dorado (hereinafter referred to as "CLIENT"), a political subdivision of the State of California,

Business Name: Squarerigger, Inc.
Squarerigger Address: 9119 Ridgetop Blvd, Suite #300
Squarerigger Phone: (360) 698-3562
Squarerigger Fax: (360) 698-3633
Contact Name: Edward Cooper
Squarerigger e-mail: ecooper@squarerigger.com
FID/SSN #: 77-0110225

WHEREAS, the purpose of this Agreement is to provide, install and support fleet management information software, with any necessary consulting and training services, and related annual Maintenance Services;

THEREFORE, in consideration of the terms, conditions, covenants, and performance of the scope of work contained herein, as attached and made a part hereof, Squarerigger and CLIENT mutually agree as follows:

1. Definitions

- a. **Software:** For the purposes of this Agreement, Software means the machine-executable program codes, database files, and other data provided by Squarerigger and stored on and/or executed from CLIENT's computer systems,

2. Scope of Work

Squarerigger shall provide SQ.7™ software, hardware, and perform consulting services as specified herein, including training, installation, project management, telephone support and maintenance. Scope of work and specifications are in Attachment A.

- a. **Software Licenses:** Squarerigger grants to CLIENT and CLIENT hereby accepts a personal, non-exclusive, non-transferable right and license to use the Program Product(s) on the designated computer system. CLIENT shall be entitled to a perpetual license.
- b. **Software:** Squarerigger Software (Software) in this Agreement is described in detail in Attachment A. Additional equipment may be purchased from Squarerigger to support this product throughout the life of the Agreement, at the then current price.
- c. **Training:** Squarerigger shall provide training specified in Attachment A.
- d. **Customizations and Modifications:** Squarerigger shall discuss software needs with CLIENT during Agreement negotiations and through final product acceptance, to recognize reasonable customizations and modifications to the Vehicle Tracker™ system.

Squarerigger shall, at its sole discretion, make all reasonable changes to the software that allow for proper installation and use for the purpose specified and agreed upon.

Should any changes be considered beyond that necessary to implement the software for its intended use as provided for above, Squarerigger will clearly identify such situation as soon as practical. Squarerigger shall identify costs for such changes. Squarerigger costs will be calculated at their published rates based on the work being performed. The Contract Administrator must approve the change and associated costs of any such modifications before Squarerigger proceeds. The Contract Administrator shall provide a written notice to proceed before Squarerigger initiates any such work. CLIENT shall be invoiced for such work at the time of final acceptance. Squarerigger shall have no obligation to perform such modification until it has received notice to proceed and confirmation of approval for expenses for the requested change and modifications.

- e. **CLIENT Responsibility:** It is the responsibility of CLIENT to provide all required computer hardware and hardware components, wiring and connectivity in a manner that is compatible with the needs of the software. It shall also be CLIENT responsibility to identify all software that CLIENT uses or plans to use in the same-shared environment with the new software. Squarerigger shall verify that CLIENT supplied hardware, components, wiring and connectivity, and software that CLIENT identifies as being run in the same environment is acceptable and compatible with the software to be installed by Squarerigger. Squarerigger shall identify any conflicts in either CLIENT named hardware or CLIENT software, to insure proper compatibility Squarerigger supplied software. Compatibility verification may be an on-going process.

3. Performance of Service

Squarerigger shall perform such services, and accomplish such tasks, as identified and designated as the responsibilities of Squarerigger throughout this Agreement. Squarerigger shall have the authority to incur the costs and expenses necessary to perform such services and tasks, such to the limitations specified herein and approval by CLIENT.

4. Term of Agreement

The initial term of this Agreement shall commence on the date of execution of this agreement and continue until the scope of work and services are complete. Once the installation and base scope of work has been completed, this Agreement shall continue on a year-to-year basis for maintenance and upgrade services only, as described below.

The installation and base scope of work to be completed within 60 days of the effective date of the agreement.

5. Termination

During any term, this Agreement and the corresponding Annual Maintenance Agreement (referenced immediately above) may be terminated with cause by Squarerigger, by giving thirty (30) days written notice to CLIENT. "Cause" must be limited to extreme circumstances, such as business closure or discontinuing services stated in Agreement to all customers. CLIENT may terminate this Agreement and the corresponding Maintenance Agreement after all accepted services have been paid for in full, by giving thirty (30) days written notice to Squarerigger.

6. Communications

CLIENT authorizes the following CLIENT managers to provide direction or verbal instructions. No other individual is authorized to speak on behalf of CLIENT in regards to Agreement Service.

Communications: notices regarding the Agreement terms and conditions shall be made to:

Contract Services Officer: Tim C. Prudhel
 Mailing Address: County of El Dorado Department of Transportation
 2850 Fairlane Court
 Placerville, CA 95667

All communications regarding the project shall be directed to and from the Project Manager:

Contract Administrator: Craig Pooley
 Physical Address: County of El Dorado Department of Transportation
 2850 Fairlane Court
 Placerville, CA 95667
 E-Mail: cpooley@co.el-dorado.ca.us
 Phone: (530) 621-5995
 Fax:

7. Compensation

- a. **Total Compensation:** In consideration of Squarerigger performing services and providing software, CLIENT agrees to pay compensation outlined in Attachment A (excluding tax) which includes the software price and any additional expenses specifically agreed to and stated in the attachments.

The total amount due shall be paid based on "Milestone Payments" outlined in Attachment A.

Not included in this total cost is any hardware not purchased in this Agreement, which is the sole responsibility of CLIENT. This compensation outlined in Attachment A does not include special consultant services required and approved by CLIENT and additional tasks anticipated in the scope of work. Also not included in this cost are costs for supplemental or additional hardware. Such hardware may be ordered by CLIENT as needed during the Agreement, and shall be charged at the then current price.

- b. **Hourly rate:** Should CLIENT require technical assistance not named in the Agreement tasks or Annual Maintenance Agreement and that are not part of the initial compensation described herein, Squarerigger will provide such assistance at its published hourly rates for the type of service rendered. Should the consulting be on-site at CLIENT, the same hourly rates apply, with a minimum of eight (8) hours charged per day, plus reasonable and necessary travel expenses. In addition to its hourly fees, Squarerigger shall be entitled to reasonable expenses, not to exceed the actual amount of travel costs and a preset fee based on Squarerigger's standard billing rates, for the time the support person was at CLIENT. Squarerigger and the Contract Administrator for CLIENT are responsible for determining the need for on-site support and approving support responsibility and costs in advance of such support.
- c. **Invoicing and Payment:** Products and services will be invoiced and payable according to the milestones outlined in Attachment A. Payments are due upon receipt of goods or services rendered and may be via business check or credit card. Invoices will be submitted to the following address:

County of El Dorado County
 Department of Transportation
 2850 Fairlane Court
 Placerville, California 95667
 Attn: Administration Division-Accounts Payable

Or to such other location as County directs.

8. Patents and Royalties

Squarerigger is responsible for paying all license fees, royalties or the costs of defending claims for the infringement of any patented invention, article, process or method that may be used in performing this Agreement or with the completed work. Squarerigger shall indemnify and hold CLIENT, together with its officers and employees, harmless against any and all demands made for such fees, royalties or claims brought or made by the holder of any invention or patent.

9. New Versions and Updates of Software

As long as CLIENT subscribes to and pays for an Annual Maintenance Agreement, Squarerigger shall provide CLIENT with updates ("Releases" and/or "Versions") to the software licensed by CLIENT. For the purpose of this Agreement, "Release" refers to patches, fixes or temporary bypass solutions to verified problems, error corrections to a particular Version of the Software. "Version" refers to a version of the Software with distinct functionality, with new Versions normally providing improvements and additions to the functionality of previous Versions of the Software. Normally, new Releases are identified by a change to the numeral to the right of the decimal point in the Software name, for instance from 1.0 to 1.1, while new Versions are identified by a change to the numeral to the left of the decimal place, for instance from 1.1 to 2.0. Throughout this Agreement, "Software" shall be interpreted as referring to the Version and Release of the Software initially acquired by CLIENT under this Agreement, and as modified through the provision of new Releases and Versions such that any Releases and Versions so supplied are included in the definition of "Software".

10. Nondisclosure of Data

Data provided by CLIENT either before or after Agreement award shall only be used for its intended purpose. Squarerigger and sub-contractors shall not utilize nor distribute CLIENT data in any form without the express written approval of CLIENT.

11. Final Acceptance

Squarerigger shall notify in writing the CLIENT's Contract Administrator when installation is complete. The Contract Administrator shall give final acceptance of software, customization, and services following Squarerigger's completion of all such work in accordance with the Agreement and after fourteen (14) calendar days of continuous successful and error-free operation of the software in CLIENT's fully implemented production environment.

12. Ownership of Software

- a. **Retention of Rights by Squarerigger:** All proprietary and intellectual property rights, title and interest including copyright in and to the original and all copies of the Software and the documentation or any changes or modifications made to the Software (including any new versions purchased by CLIENT) or related documentation shall be and remain that of Squarerigger or its licensor as the case may be. CLIENT has no proprietary and intellectual property rights, title or interest in or to any or related documentation except as granted herein and CLIENT shall not at any time whether before or after the termination of this Agreement contest or aid others in contesting, or doing anything which otherwise impairs the validity of any proprietary and intellectual property rights, title or interest of Squarerigger in and to any Software or related documentation, and CLIENT may not reverse engineer, disassemble or decompile any Software or prepare derivative works thereof. CLIENT shall not copy, (except for archival and backup purposes as specifically permitted herein) transfer, display, or use the Software except as expressly authorized in this Agreement.
- b. **Intellectual Property Indemnity:** Squarerigger shall defend or settle any claim made or any suit or proceeding brought against CLIENT insofar as such claim, suit or proceeding is based on an allegation that any Software supplied to CLIENT pursuant to this Agreement infringes the proprietary and intellectual property rights of any third party in or to any invention, patent, copyright or any other rights, provided that CLIENT shall notify Squarerigger in writing promptly after the claim, suit or proceeding is known to CLIENT and shall give Squarerigger information and such assistance as is reasonable in the circumstances. Squarerigger shall have sole authority to defend or settle the same at Squarerigger's expense. Squarerigger shall indemnify and hold CLIENT harmless from and against any and all such claims and shall pay all damages and costs finally agreed to be paid in settlement of such claim, suit or proceeding. This indemnity does not extend to any claim, suit or proceeding based upon any infringement or alleged infringement of copyright by the combination of the Software with other elements not under Squarerigger's sole control nor does it extend to any Software altered by CLIENT either by enhancement or by combination with product(s) of CLIENT's design or formula. The foregoing states the entire liability of Squarerigger for proprietary and intellectual proprietary rights infringement related to the Software. If the Software in any claim, suit or proceeding is held to infringe any proprietary or intellectual property rights of any third party and the use thereof is enjoined or, in the case of settlement as referred to above, prohibited, Squarerigger shall have the option, at its own expense, to either (i) obtain for CLIENT the right to continue using the infringing item, or (ii) replace the infringing item or modify it so that it becomes non-infringing; provided that no such replacement or modification shall diminish the performance of the Software.

13. Notices

CLIENT shall not obliterate, alter or remove any proprietary or intellectual property notices from the Software and to the extent this Agreement permits CLIENT to make copies of the Software, CLIENT shall reproduce such notices as they appear on the Software.

14. Archive Copies

CLIENT shall be entitled to copy the Software and Releases for archive purposes, but only if CLIENT first ensures that all copies it makes of the Software under this section include screen displays of Squarerigger's proprietary or intellectual property notices as recorded on the original copy provided Squarerigger, and CLIENT shall affix a label to each disk, reel or other housing for the medium on which each copy is recorded setting out the same proprietary or intellectual property notices as such appear on the unit of Software from which the copy is made in the same manner.

15. Express Warranties

- a. **Software** – Squarerigger warrants that on the date of Final Acceptance, the Software and installation furnished hereunder shall be free from significant programming errors and when used properly shall operate and conform to the purpose, performance capabilities, specifications, functions and other descriptions and standards provided by Squarerigger. Client warrants it has reviewed, understands and accepts the purpose, performance capabilities, specifications and functions of the Software prior to execution of this Agreement.
- b. **Services** – Squarerigger warrants that Services shall be performed in a timely and professional manner by qualified professional personnel with in-depth knowledge of the matters required for employee to complete employees' assigned task; and that Services shall conform to the standards generally observed in the industry.
- c. Squarerigger warrants that it has full power and authority to license or sublicense the Software to CLIENT without the consent of any other Person.
- d. Squarerigger warrants that performance of Services by Squarerigger and the licensed use of the Software by CLIENT as permitted by this Agreement, including copying, will not in any way constitute an infringement or other

violation of any copyright, trade secret, trademark, patent, invention, proprietary information, nondisclosure or other right of any third party.

- e. Squarerigger warrants that the Software, the License to CLIENT to use the Software, instructions for use of the Software and performance by Squarerigger of Services, shall be in compliance with all applicable laws, rules and regulations.
- f. If at any time during the twelve (12) month period immediately following the Final Acceptance Date of any Software covered by this Agreement, Squarerigger or CLIENT shall discover one or more defects or errors in the Software or any other aspect in which the Software fails to meet the provisions of the warranty requirements herein, or the Scope of Work, Squarerigger shall, at its own expense and within thirty (30) days of notification of the defect by CLIENT, correct the defect, error or nonconformity by, among other things, making additions, modifications or adjustments to the Software as may be necessary to keep the Software in operating order in conformity with the warranties herein.
- g. Squarerigger warrants the tapes, CD's, diskettes or other media delivered to CLIENT to be free of defects in materials and workmanship under normal use for sixty (60) days from the date of receipt by CLIENT. During the sixty (60) day period, CLIENT may return defective media to Squarerigger and it will be replaced without charge to CLIENT.
- h. In order to qualify for remedial action under these warranties, CLIENT must report a warranty failure to Squarerigger in writing within twelve (12) months from the date of Final Acceptance.

THE EXPRESS WARRANTIES SET FORTH IN THIS SECTION ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

16. Initial Implementation of Purchased Software

Installation and configuration of the purchased software is the joint responsibility of Squarerigger and CLIENT.

17. Non-Disclosure Obligation

While providing the Service required under this Agreement, Squarerigger may encounter licensed technology, Software, Documentation, drawings, schematics, manuals, data or other materials marked confidential, proprietary or business secret (hereafter "Confidential Material"). Squarerigger shall, with regard to such information and material received or used in performance of this Agreement, employ practices no less than those used for the protection of Squarerigger's own confidential information.

CLIENT shall comply with the below obligations and protect Squarerigger's information to the extent that CLIENT considers allowable under the State public disclosure laws, as stated in the Terms and Conditions under "Proprietary Material."

Squarerigger shall provide CLIENT with certain confidential and proprietary information of Squarerigger including, but not limited to, product and software information, manuals software and other information designated confidential (hereafter also referred to as "Confidential Material"). CLIENT agrees (i) that all such Confidential Material will be used solely by CLIENT in connection with the purchased software and that such materials will be kept highly confidential by CLIENT, (ii) that CLIENT will not disclose Confidential Material, or any part thereof, to any person other than those employees, agents and advisors (collectively "Permitted Persons") who need to know such information in connection with the use of the purchased software, and (iii) that CLIENT shall not knowingly permit the removal any of the Confidential Material from CLIENT premises without prior written authorization of Squarerigger. Without the prior written consent of Squarerigger or as otherwise required by applicable law, CLIENT will not disclose the Confidential Material to any person other than Permitted Persons.

The Agreement imposes no obligation upon Squarerigger or CLIENT with respect to Confidential Material which either Squarerigger or CLIENT can establish that: a) was in the possession of, or was rightfully known by Squarerigger or CLIENT without an obligation to maintain its confidentiality prior to receipt under this Agreement; b) is or becomes generally known to the public without violation of this Agreement; c) is obtained by Squarerigger or CLIENT in good faith from a Third (3rd) Party having the right to disclose it without an obligation of confidentiality; or, d) is independently developed by Squarerigger or CLIENT without use of the Confidential Material and/or without the participation of individuals who have had access to Squarerigger's or CLIENT's Confidential Material. Squarerigger or CLIENT may disclose Confidential Material if so required by law, provided that Squarerigger or CLIENT notifies the other party prior to disclosure.

18. System Enhancements, Upgrades, and Replacements

Squarerigger agrees to provide to CLIENT, at no cost prior to and during installation of the system, any software/firmware enhancements that Squarerigger initiates or generates. Also, all post-installation enhancements of this nature are to be included as part of the Annual Maintenance Agreement fee after the warranty period for the system ends.

19. Representations

Squarerigger represents and warrants that it has the requisite training, skill and experience necessary to provide the services.

20. Independent Contractor

It is the intention and understanding of the Parties that Squarerigger is an independent Contractor and CLIENT shall neither be liable nor obligated to pay sick leave, vacation pay or any other benefit of employment, nor to pay any social security or other tax that may arise as an incident of employment. Squarerigger shall pay all income and other taxes as due. Industrial or other insurance that is purchased for the benefit of Squarerigger shall not be deemed to convert this Agreement to any employment contract. It is recognized that Squarerigger may or will be performing professional services during the term for other parties and CLIENT is not the exclusive user of Squarerigger services.

21. Equipment and Software Support

During the warranty period, equipment and software support shall be as described in your Annual Maintenance Agreement.

22. Work Product

All work product (exclusive of software, code and Squarerigger's published manuals), including records, files, documents, plans, computer disks, magnetic media or material which may be produced or modified by Squarerigger exclusively for CLIENT while performing the services shall belong to CLIENT. At the termination or cancellation of this Agreement, copies of files containing the written record of Squarerigger's services shall be delivered to CLIENT upon request.

23. Squarerigger to Direct Work

Squarerigger shall control and direct the performance of Squarerigger work pursuant to this Agreement, subject to CLIENT oversight.

24. Insurance

All insurance requirements named below shall be in effect throughout the term of this Agreement and all maintenance agreements. Squarerigger is responsible to provide CLIENT updated and renewed documents as documents expire during the Agreement or maintenance period.

Worker's Compensation and Employer's Liability Coverage: coverage or insurance in accordance with the applicable laws related to worker's compensation, and employer's liability insurance with limits no less than \$1,000,000 including \$1,000,000 for bodily injury by Accident, each accident; and \$1,000,000 bodily injury by disease, each employee; and \$1,000,000 bodily injury, policy limit (including but not limited to, the Washington Industrial Insurance Act and the laws of the state in which any such person was hired), regardless of whether such coverage or insurance is mandatory or merely elective under the law. In case of subcontracted work, Squarerigger shall require each sub-contractor to provide Worker's Compensation insurance for their employees unless Squarerigger covers such employees.

Squarerigger's Liability & Property Damage Insurance:

- a. Squarerigger shall maintain during life of Agreement (and during performance of these services and all maintenance services within the scope of Agreement), Commercial General Liability Insurance.
- b. Insurance shall provide coverage to Squarerigger, any sub-contractor performing work provided by this Agreement, and CLIENT. Coverage provided shall protect against claims for personal injuries, including accidental death, as well as claims for property damages which may arise from any act or omission of Squarerigger or by anyone directly or indirectly involved or employed by either of them.

25. General Provisions

- a. **Governing Law:** This Agreement shall be interpreted, construed, and enforced in all respects in accordance with the laws of the State of California.
- b. **Full Agreement:** This Agreement contains all of the agreements of the Parties with respect to any matter covered or mentioned in this Agreement and no prior agreements shall be effective for any purpose.
- c. **Modification:** No provisions of this Agreement may be amended or modified except by written agreement signed by both Parties.
- d. **Full Force and Effect:** Any provision of this Agreement which is declared invalid or illegal shall in no way affect or invalidate any other provision hereof and such other provisions shall remain in full force and effect.
- e. **Attorney Fees:** In the event either party brings a lawsuit to enforce the terms of this agreement, or arising from breach of this agreement, the prevailing party shall be entitled to its costs and attorneys' fees for bringing or defending the action. The venue for any dispute related to this Agreement shall be El Dorado County, California.
- f. **Survivability:** The obligation of CLIENT under all provisions of this Agreement, which may reasonably be interpreted or construed as surviving the completion, termination, or cancellation of this Agreement, shall survive the completion, termination, or cancellation of this Agreement.
- g. **Executory Agreement:** This Agreement will be considered valid once signed by both parties.
- h. **Entire Agreement:** This Agreement and all attachments form all of the covenants, promises, agreements and conditions, between the parties. All attachments are incorporated herein by this reference, and shall be a part of this Agreement instrument.
- i. **Binding Effect:** The provisions, covenants, and conditions in this Agreement apply to and bind the parties, their legal heirs, representatives, successors, and assigns.
- j. **Force Majeure:** Except for payment of sums due, neither party shall be liable to the other or deemed in default under this Agreement, if and to the extent that such party's performance of this Agreement is prevented by reason or force Majeure, as determined by Squarerigger. The term "force Majeure" means an occurrence beyond the control of the affected party and not avoidable by reasonable diligence. Force Majeure includes acts of God, war, riots, strikes, fire, floods, epidemics, or other similar occurrences. If either party is delayed by force Majeure, said party shall provide written notification to the other within 48 hours. Delays shall cease as soon as practicable and written notification of same provided. The time of Agreement completion may be extended by Agreement modification, for a period of time equal to that delay caused under this condition.
- k. Additional consideration outlined in Attachment B, if present.

CLIENT:

Signature:

Bonnie H. Rich, Purchasing Agent
Chief Administrative Office

Date:

5/1/07

ATTEST:

By:

Date:

SQUARERIGGER, INC.:

Signature:

Edward Cooper
Chief Executive Officer

Date:

5/8/2007

Theda Cooper
Corporate Secretary

Date:

5/8/07

ATTACHMENT A**Price Schedule**

Item	Amount	Qty	Total
Squarerigger requires payment for software, hardware and shipping charges on contract signing			
Squarerigger supplied software			
ShopWatch™ time management software module	3,500	1	3,500
Total Squarerigger supplied software			\$3,500
Squarerigger supplied hardware			
Symbol PPT8846 handheld with 128MB RAM and SQ.7 MobileShop software	2500	6	15,000
Total Squarerigger supplied hardware			\$15,000
Miscellaneous charges			
Shipping handhelds from Squarerigger office to El Dorado County	75	1	75
Total miscellaneous charges			\$75
Amount due on contract signing			\$18,575
Squarerigger will bill for training services, travel fees and travel expenses after training occurs.			
Estimated project management, implementation and training services*			
Onsite Training and Go-Live assistance (one trip) at \$1000/day	1000	2	2,000
Travel fee	500	1	500
Total project management, implementation and training services			\$2,500
Annual support and maintenance subscription charges			
Your Annual Support and Maintenance subscription is affected by purchase of the above hardware and software. Your AMA subscription will increase by the amount shown here on your next billing cycle. Your next billing cycle will be January 1, 2008 - December 31, 2008 so your December, 2007 invoice will reflect this increase.			\$3,700
*Note: Actual travel related expenses are billed for all on-site training, implementation and support.			

ATTACHMENT B

Clarifications and Additions

1. Squarerigger published rates are as follows:
 - Web-Assist Live! online training: \$125 per hour.
 - On-site training: \$1,000 per day plus travel expenses.
 - Conversion assistance and other custom programming tasks: \$150 per hour.
2. The total amount of this Agreement shall not exceed *\$26,375, inclusive of all expenses for the period beginning upon CLIENT's execution of this Agreement and continuing as provided by Section 4 of the Agreement.
3. The County Business License Ordinance provides that it is unlawful for any person to furnish supplies or services, or transact any kind of business in the unincorporated territory of El Dorado County without possessing a County business license unless exempt under County Ordinance Code Section 5.08.070. Squarerigger warrants and represents that it shall comply with all of the requirements of the County Business License Ordinance prior to beginning work under this Agreement and at all times during the term of this Agreement. Squarerigger's El Dorado County business license number is 2006-038373.
4. The County Officer or employee with responsibility for administering this Agreement is Craig Pooley, Senior Information Technology Department Coordinator, Department of Transportation, or successor.

*This amount includes the items listed in Attachment A, Price Schedule, and a not-to-exceed amount of \$1,600 for travel and miscellaneous expenses.