



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Andy Gebhardt
DATE: January 15, 2014
SUBJECT: Request for Board approval of Customer Information System contract terms and authorization for the General Manager to negotiate and execute a final contract and/or extend the Memorandum of Understanding with Vertex Business Solutions.

RECOMMENDATION

Staff is requesting Board approval for the General Manager to negotiate and execute a final contract with Vertex Business Solutions to provide ongoing Customer Service support. The proposed contract is attached.

DISCUSSION

TMWA's contract with their business partner, Vertex Business Solutions, is set to expire on January 16, 2016. We have had a contract with Vertex Business Solutions, and their predecessors, since 2001. It has been a successful relationship, and has been a large part of our high customer satisfaction survey results. Vertex presented us with a proposal in all phases of the contract, and to upgrade to their latest system platform. This upgrade would, among other things, provide enhanced reporting abilities, streamline many back-office functions as they relate to billing, improve user views in the Customer Information System and allow us to move to a more robust Customer Self Service Portal. The cost for the upgrade, and an enhanced Customer Self Service Portal, is \$1,030,000. This is a greatly reduced cost being offered as a component of the contract extension.

In reviewing whether our existing relationship still made sense and was still fiscally responsible, we looked at what else was on the market as far as Customer Information Systems are concerned, and how would we fare if we let the existing contract expire and started anew. The rule of thumb for replacing a Customer Information System is \$50 per account, which would translate to just under \$5,000,000 for TMWA as it exists today. This is just an external cost and does not take into account internal resource strains, nor does it calculate the cost increase that comes with employee training on a new system and efficiency loss that comes with learning new processes. The advantage to a newer system is that it is more likely to come with newer technology, and have the ability to include enhancements that our existing system is unable to provide.

One item of note is that Vertex Business Solutions has agreed to work with TMWA in bringing some of the Call Center functions to Northern Nevada. We already have two Northern Nevada Call Center Representatives working out of their homes, and an agreement in place to hire more, when the need arises.

SUMMARY

It is Staff's opinion that, while a new system might come with some newer technology and additional enhancements, those gains do not justify the associated cost increase. In addition, it is not worth the potential negative impact on Customer Service that a new system, new processes and new employees would bring.

Orcom Solutions LLC D/B/A Vertex Business Services

And

Truckee Meadows Water Authority

MASTER SERVICES AGREEMENT

Section	CONTENTS	Page
1.	<u>INTERPRETATION</u>	5
2	<u>TERM AND DURATION</u>	14
3	<u>SERVICES</u>	15
4	<u>DUE DILIGENCE</u>	15
5	<u>IMPLEMENTATION AND COMMENCEMENT</u>	16
6	<u>EMPLOYEES</u>	17
7	<u>GOVERNANCE</u>	17
8	<u>CHARGING AND INVOICING</u>	17
9	<u>APPLICABLE LAW</u>	19
10	<u>SERVICE LEVELS</u>	20
11	<u>CLIENT’S RESPONSIBILITIES</u>	20
12	<u>CLIENT DEFAULTS</u>	21
13	<u>DATA PROTECTION</u>	21
14	<u>AUDIT</u>	23
14.1	<u>AUDIT</u>	23
14.2	<u>COST OF AUDIT</u>	24
15	<u>INTELLECTUAL PROPERTY RIGHTS</u>	25
16	<u>GRANT OF LICENSES</u>	26
16.1	<u>VERTEX INTELLECTUAL PROPERTY RIGHTS</u>	26
16.2	<u>CUSTOM INTELLECTUAL PROPERTY RIGHTS</u>	26
16.3	<u>CLIENT INTELLECTUAL PROPERTY RIGHTS</u>	26
16.4	<u>NAMES, LOGOS AND TRADE MARKS</u>	26
16.5	<u>TERMINATION OF RIGHTS</u>	27
17	<u>INTELLECTUAL PROPERTY RIGHTS INDEMNITY</u>	27

18 WARRANTIES AND REPRESENTATIONS..... 28

19 LIMITATIONS ON LIABILITY 29

19.1 PHYSICAL PROPERTY 29

19.2 SOLE REMEDY..... 29

19.3 ANNUAL LIABILITY..... 29

19.4 AGGREGATE LIABILITY..... 29

20 EXCLUSIONS AND LIMITATIONS..... 30

21 GENERAL LIABILITY PROVISIONS..... 31

22 CONDUCT OF CLAIMS 31

23 FORCE MAJEURE 32

24 INSURANCE 33

25 CONFIDENTIALITY 33

26 TERMINATION..... 35

26.1 TERMINATION FOR CAUSE 35

26.2 CONSEQUENCES OF TERMINATION..... 36

27 DISPUTE RESOLUTION PROCEDURE 37

27.1 ESCALATION PROCEDURE 37

27.2 MEDIATION 38

28 SOURCE CODE ESCROW 39

29 OFF-SHORE PERSONNEL 39

30 NON-SOLICITATION 40

31 SUB-CONTRACTORS AND OTHER PERSONNEL 40

32 ASSIGNMENT AND NOVATION..... 41

33 CHANGE MANAGEMENT AND VARIATIONS 41

34 WAIVER AND ACCUMULATION OF REMEDIES 41

35 RELATIONSHIP OF THE PARTIES..... 41

36 SEVERANCE..... 42

37 ENTIRE AGREEMENT 42

38 THIRD PARTY RIGHTS..... 42

39 NOTICES 42

40 GOVERNING LAW AND JURISDICTION 43

41 COUNTERPARTS 43

INDEX OF SCHEDULES

- 1. Service Description
- 2. Charges
- 3. Service Levels
- 4. Governance
- 5. Change Management
- 6. Implementation Services

THIS AGREEMENT is dated [], 2013

BETWEEN:-

- (1) **Orcom Solutions LLC D/B/A Vertex Business Services**, a Delaware limited liability company located at 250 E. Arapaho Road, Suite 100, Richardson, Texas 75081 ("**Vertex**"); and
- (2) **Truckee Meadows Water Authority** a joint powers authority created pursuant to Nevada Revised Statutes Chapter 277 located at 1355 Corporate Blvd., Reno, Nevada 89502 ("**Client**").

BACKGROUND

(A) WHEREAS, As a result of the parties’ negotiations Client has agreed to purchase and Vertex has agreed to supply the Services on the terms and conditions in this Agreement.

NOW, THEREFORE, on the terms and conditions set forth in this Agreement, and in consideration of the covenants and promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. INTERPRETATION

1.1 The definitions and rules of interpretation in this Section 1.1 (Interpretation) apply throughout this Agreement:

- “AAA”** has the meaning set out in Section 27.2.1;
- “Affiliate”** means, with respect to an entity, any entity that Controls, is Controlled by, or is under common Control with, that entity, and shall include any such entity that meets such test whether before or after the Execution Date. It is acknowledged Client has no affiliates;
- “Agreement”** means this agreement as duly executed by the parties and including any Schedules, annexes, and appendices hereto;
- “Applicable Index “** means the average of the Consumer Price Index for All Urban Consumers (CPI-U) for Denver-Boulder-Greeley and the Consumer Price Index for All Urban Consumers (CPI-U) for Dallas-Fort Worth, not to exceed three percent (3%);
- “Applicable Law”** means any applicable law, statute, regulation, rule, notice, judgment, order, instruction or award of any court or other Competent Authority and any applicable official request or requirement with which either or both of the parties is or are legally required to comply, in each case as amended from time to time;
- “Background Intellectual** means any and all Intellectual Property Rights that are owned by or licensed to either party and which are or have been developed

Property Rights"	independently of this Agreement (whether prior to the Effective Date or otherwise);
"Business Day"	means Monday to Friday (inclusive) excluding any Vertex Holidays;
"Change Management Process" or "CMP"	means the procedure for changing this Agreement, as set out in Schedule 5 (Change Management);
"Change"	means a change to this Agreement including to any of the Services and/or Service Levels;
"Charges"	means the charges set out in Schedule 2 (Charges) which become due and payable by Client to Vertex for the provision of the Services;
"Client Assets"	means Client Data, Client Software, Client Operating Environment and Client Equipment together with any other data, software, assets, equipment or other property which are owned by Client and which are, or may be, used in connection with the provision or receipt of the Services;
"Client Data"	means any data (including any Client Personal Data), contained in documents, text, drawings, diagrams, images (together with any database made up of any of those), embodied in any medium, that are supplied to Vertex by or on behalf of Client, or which Vertex is required to generate, process, store or transmit pursuant to this Agreement;
"Client Default"	means: (i) a Default by Client; or (ii) a Relief Event.
"Client Intellectual Property Rights"	has the meaning set out in Section 15.1.2;
"Client Personal Data"	means any Personal Data relating to the staff, customers or suppliers of Client, contained in documents, text, drawings, diagrams, images or sounds (together with any database made up of any of those), embodied in any medium, that are supplied to Vertex by or on behalf of Client, or which Vertex is required to generate, process, store or transmit pursuant to this Agreement;
"Client Operating Environment"	means Client's computing environment (consisting of hardware, software, and telecommunications networks), excluding Client Equipment, that is to be used by Client in connection with its use of the Services and which interfaces with the Vertex System in order for Client to receive the Services;
"Client Personnel"	means all employees, staff, agents, consultants (internal or external),

subcontractors, or other suppliers of Client from time to time;

- “Client Representative”** means the person identified as such in Schedule 4 (Governance), or replaced by Client providing prior notice to Vertex in accordance with Section 39 (Notices), and who will be the person responsible for managing Client’s overall relationship with Vertex and the Services on behalf of Client;
- “Client Responsibilities”** means the responsibilities of Client as described in this Agreement including Schedule 6 (Implementation Services);
- “Client Software”** means any software listed in Schedule 1A, 1B, or 6 and used by, or licensed to, Client (other than by Vertex pursuant to this Agreement), and that may be used, copied, and modified by Vertex for the sole purpose of providing the Services to Client;
- “Competent Authority”** means any court, tribunal, government agency, or other regulatory, administrative, statutory, judicial or quasi judicial authority which (whether under statute, rules, regulations, or otherwise) is entitled or required by any Applicable Law to supervise, regulate, or investigate any party or the matters dealt with in this Agreement;
- “Confidential Information”** means all information in respect of the business of either party disclosed or obtained in connection with this Agreement and which is either marked as confidential or should reasonably be understood to be confidential including any business methods; finance; business, financial, or manpower plans; client lists or details; and information concerning either party’s relationships with actual or potential clients, customers or suppliers;
- “Consents”** means third party permissions, consents, approvals, certificates, permits, licenses, agreements and authorities (whether statutory, regulatory, contractual or otherwise) necessary for the provision of the Services;
- “Contract Year”** means the period from the Effective Date to the first (1st) anniversary of the Service Commencement Date and each subsequent period of twelve (12) months commencing on each anniversary of the Service Commencement Date;
- “Control”** including with correlative meanings, the terms **“Controlling,” “Controlled by”** and **“under common Control with”** means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by trust, management agreement, contract or otherwise; provided, however, that beneficial ownership of fifty percent (50%) or more of the voting equity interests of an entity shall be deemed to be Control;

“Critical Service Levels”	means any of the Service Levels identified as Critical in Exhibit 1 to Schedule 3, Service Levels;
“Custom Intellectual Property Rights”	means Intellectual Property Rights in any custom programming, software, operations manuals, training material and any other material which is created by or on behalf of Vertex specifically for Client in the performance of the Services and described as such in the applicable SOW;
“Data Protection Laws”	means data protection or privacy laws, rules, and regulations in any jurisdiction and shall include the Gramm-Leach-Bliley Act of 1999, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and all other applicable data protection laws and regulations;
“De-identified Data”	means data that was Personal Data but that has been anonymised such that all information that could directly or indirectly relate to an identified or identifiable natural person or that could allow one to directly or indirectly relate the data to the Client or current or former customers, employees, staff, consultants (internal and external), partners or individuals designated by such persons as beneficiaries or in other capacities (<i>e.g.</i> , as an emergency contact, and the like) or individuals who become entitled to benefits as a result of the operation of Applicable Law or the rules of any benefit plan has been irreversibly removed;
“Default”	means any default or negligence of a party in complying with its obligations under this Agreement;
“Developed Intellectual Property Rights”	means any Intellectual Property Rights, except for Custom Intellectual Property Rights, developed, written, procured or prepared by Vertex or the Sub-Contractors, whether individually, collectively, or jointly with Client, in preparation for and/or during the provision of the Services and which shall be owned at all times by Vertex or the Sub-Contractors;
“Dispute”	means any dispute under this Agreement;
“Dispute Notice”	means the dispute notice described in Section 27.1.1(b) (Escalation Procedure);
“Dispute Resolution Procedure”	means the dispute resolution procedure set out in Section 26 (Dispute Resolution Procedure);
“Documentation”	means all technical specifications, user manuals, operating manuals, process definitions and procedures, and all such other documentation as is provided or required to be provided by Vertex to Client to enable it to use the Services;

“ECI”	means the publication by the U.S. Department of Labor, Bureau of Labor Statistics named “Table 1 - Seasonally Adjusted: Employment Cost Index for total compensation, by ownership, occupational group, and industry” that sets cost of living increases for various industries;
“Effective Date”	means the date of this Agreement;
“FOIA”	means the U.S. federal Freedom of Information Act, 5 U.S.C. § 552, and any state equivalent, any state Sunshine Act, Public Records Act, or Freedom of Information Act (including Texas Public Information Act, Tex. Gov’t Code Ann. §§ 552.001- 552.353 (Vernon’s 1994)); and each of them;
“Force Majeure Event”	means any cause affecting the performance by a party of its obligations under this Agreement arising from acts, events, omissions or non-events beyond its reasonable control, including acts of God, riots, war, acts or threats of terrorism, military operations, fire, flood, storm or earthquake and any disaster, act or omission of any Competent Authority, public telecommunications operators or other competent authorities, industrial action, strikes or lock-outs (other than a dispute solely involving the affected party’s employees);
“Forecast Volumes”	means the forecast of volumes as described in Schedule1A;
“Good Industry Practice”	means those standards which are currently and generally accepted in the relevant industry for the provision of comparable services (<i>i.e.</i> , services substantially similar to the Services or the relevant part of them), having regard to factors such as the location of the parties, the nature and size of the parties, this Agreement, the service levels and service credits, the term, the pricing structure and any other relevant factors;
“Grace Period”	means the longer of: (i) the period ending at the end of the third (3 rd) complete calendar month following the Service Commencement Date; and (ii) the period specified in Schedule 3 (Service Levels);
“Implementation Activities”	means the implementation activities, if any, as set out in the Implementation Plan;
“Implementation Period”	means the implementation period, if any, as set out in the Implementation Plan;
“Implementation Plan”	means the implementation plan, if any, as drafted by Vertex under this Agreement;
“Initial Term”	means the period commencing on the Effective Date and ending on the fifth (5 th) anniversary of the Service Commencement Date;

- “Intellectual Property Rights”** means all copyrights and other intellectual property rights, however arising and in any media whether or not registered, including copyright, patents, trademarks, service marks, trade names, registered and unregistered designs, trade secrets, any applications for the protection or registration of those rights, and renewals and extensions of those rights, throughout the world;
- “Losses”** means losses, damages, costs or expenses and other liabilities (including reasonable legal fees);
- “Milestone(s)”** means the milestones, if any, as set out in Schedule 6 or the Implementation Plan;
- “Personal Data”** means personally identifiable data about individuals, including sensitive personal data recorded in the E-CIS system;
- “Prime Rate”** means the prime rate as published in the Wall Street Journal or, failing such publication, such other interest rate as may replace or supersede the same or, in the absence of a replacement or superseding interest, such other interest rate as the parties may agree;
- “Relief Event”** means:
- (i) a failure of Client or any of Client Personnel to comply with its or their obligations under this Agreement including Client Responsibilities;
 - (ii) any defect, malfunction or operational failure in, or failure to meet, the applicable or required quality standard by any of the Client Assets or by any other infrastructure or technology for which Vertex does not have operational responsibility which materially impedes Vertex’ ability to perform the Services;
 - (iii) the actual volumes of activity exceeding Forecast Volumes anticipated for the relevant month;
 - (iv) any of the assumptions identified and described in Schedules 2 and 6 proving incorrect;
 - (v) the wrongful or tortious actions of Client or any Client Personnel; or
 - (vi) actions requested and insisted on by Client that Vertex indicated to Client would likely result in a failure on the part of Vertex

to perform any of its obligations under this Agreement;

“Renewal Term”	has the meaning set out in Section 2.2;
“Replacement Services”	means any services which are identical or substantially similar to any of the Services and which Client receives in substitution for any of the Services following the termination or expiration of this Agreement, whether those services are provided by Client internally or by any Replacement Supplier;
“Replacement Supplier”	means any third party supplier of Replacement Services appointed by Client from time to time;
“Representatives”	means the Client Representative and/or Vertex Client Director;
“Rules”	has the meaning set out in Section 27.2.1;
“Service Commencement Date”	means the date that the eCIS+ system goes into production and is deployed in the production environment, and is to be agreed between the parties in accordance with Section 5 (Implementation and Commencement);
“Service Description”	means the description of the Services as set out in Schedule 1A and 1B (Service Description), as amended from time to time in accordance with the Change Management Process;
“Service Level Failure”	means a failure by Vertex to perform in accordance with the Service Levels in Schedule 3 (Service Levels);
“Service Hours”	means the service hours defined as such in Schedule 1A and 1B.
“Service Levels”	means the service levels to which the Services are to be performed, as set out in Schedule 3 (Service Levels);
“Service Managers”	means Client Representative and Vertex Client Manager;
“Services”	means the services to be delivered by or on behalf of Vertex under this Agreement (or any part of any of them);
“Software”	means Vertex Software and the Third Party Software;
“SOX”	means the Sarbanes-Oxley Act of 2002;
“Sub-Contractors”	means Vertex’s sub-contractors who will assist Vertex in providing the Services;
“Term”	means the Initial Term as may be varied by:

any Renewal Terms to this Agreement which are agreed pursuant to Section 2.2 (Term and Duration); or

any period during which Vertex provides Termination Assistance in accordance with Section 26.5 (Consequences of Termination); or

the earlier termination of this Agreement in accordance with Section 26 (Termination);

“Termination for Convenience”

has the meaning set forth in Section 26.1;

“Termination Assistance”

means the termination assistance to be provided in accordance with Section 26.5 (Consequences of Termination);

“Termination Date”

means the date of expiration or termination of this Agreement;

“Third Party Software”

means software which is proprietary to any third party and that is either licensed to Client or Vertex and is used by Vertex in the provision of the Services, excluding any Client Software;

“Use”

means in connection with the Services:

- (a) the right to load, execute, store, transmit and display the relevant Intellectual Property Rights; and
- (b) the right to copy, distribute, and otherwise use the Documentation

within Client’s business for the purpose of, and only to the extent necessary for, Client’s receipt of the Services (or Replacement Services, where applicable) and in no event for the purpose of providing services to third parties;

“Vertex Client Director”

means the person identified as such in Schedule 4 (Governance), or replaced by Vertex providing prior notice to Client in accordance with Section 39 (Notices), and who will be responsible for managing Vertex’s overall relationship with Client;

“Vertex Client Manager”

means the person identified as such in Schedule 4 (Governance), or replaced by Vertex providing prior notice to Client in accordance with Section 39 (Notices), and who will be responsible for managing the Services on behalf of Vertex;

“Vertex Entities”

means Vertex, its Affiliates, and each of their equity holders, officers, directors, employees, staff, agents, consultants (internal or external), and sub-contractors;

“Vertex Equipment”

means the hardware, computer and telecommunications devices and equipment supplied by Vertex or the Sub-Contractors (but not leased or loaned from, or provided by, Client) for the provision of the

Services;

“Vertex Group”

means Vertex and its Affiliates;

“Vertex Holidays”

means U.S. federal holidays, plus the day after Thanksgiving.

“Vertex Intellectual Property Rights”

has the meaning set out in Section 15.1.1;

“Vertex Personnel”

means all employees, staff, agents, and consultants (internal or external) of Vertex and of any Sub-Contractors who are engaged in the provision of the Services from time to time;

“Vertex Software”

means the software which is owned by Vertex, or any member of Vertex Group, and which is to be used by Vertex and/or Client in the context of the provision or receipt of any of the Services; and

“Vertex System”

means the information and communications technology system to be used by Vertex in performing the Services, including the Software, Vertex Equipment and Vertex communications links between Vertex Equipment and Client Operating Environment.

- 1.1 Words in the singular include the plural and in the plural include the singular.
- 1.2 Section and Schedule headings shall not affect the interpretation of this Agreement.
- 1.3 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension or re-enactment and includes any subordinate legislation for the time being in force under it.
- 1.4 Unless a clause in the Schedules specifically states otherwise, If there is any conflict or ambiguity between the Sections of this Agreement and the Schedules, the conflict shall be resolved in accordance with the following order of precedence, unless expressly provided otherwise in the Schedule:
 - 1.4.1 the Sections; and
 - 1.4.2 the Schedules.
- 1.5 A reference to this Agreement includes a reference to the Schedules, and any annexes to Schedules, to this Agreement.
- 1.6 A reference to one gender shall include reference to the other genders.

- 1.7 A “**person**” includes both corporate and unincorporated entities, and individuals.
- 1.8 Any phrase introduced by the words “**including**”, “**includes**”, “**in particular**” or “**for example**” or similar shall be construed as illustrative and shall not limit the generality of the related general words.
- 1.9 Unless otherwise stated, the word “**day**” refers to calendar days, “**calendar month**” to a calendar month commencing on the 1st day of that month and “**month**” refers to a period commencing on a date in a given month and ending on the previous day in the following month. For clarity, where a reference is made to for example “twelve (12) months after the Service Commencement Date”, where the Service Commencement Date is 5 December 2009, this shall mean that the period of time in question will expire on 4 December 2010.
- 1.10 “**Writing**” or “**written**” includes letters and e-mails, provided, however, with respect to e-mails, any e-mail sent to Vertex must be sent to or copied to the Vertex Client Manager (and Vertex Client Director if an out of office or a delivery failure message is received) to fall within the definition of a “writing” or “written”, unless it is a formal notice in which case Section 39 (Notices) applies.
- 1.11 All obligations to use “**commercially reasonable efforts**” shall not imply an obligation to incur cost or to enter into any commitment which may result in the incurring of costs.
- 1.12 All references to a “**party**” or the “**parties**” are to the parties to this Agreement and include their permitted successors and assigns.
- 1.13 Any reference in this Agreement to any discretion granted to any parties shall be deemed to mean a sole and absolute discretion unless otherwise specified in this Agreement.

2 **Term and duration**

- 2.1 This Agreement will be effective from the Effective Date and shall continue for the Initial Term or as extended in accordance with this Agreement.
- 2.2 This Agreement shall renew at the Client’s discretion for up to three successive two (2) year renewal terms (each, a “Renewal Term”). Client will notify Vertex of its intention to renew in writing at least 120 days prior to the expiration of the Initial Term or any Renewal Term, as applicable. In the absence of such notice from Client, this Agreement shall terminate effective on the last day of the Initial Term or Renewal Term, as applicable. Except in the event of a Termination for Cause, in the event Client does not renew for three (3) successive 2-year renewal terms, Client will pay the Termination Fee agreed by the parties in Schedule 2.

3 **Services**

- 3.1 Client appoints Vertex to, and Vertex shall, provide the Services to Client pursuant to the terms and conditions of this Agreement.
- 3.2 Vertex shall provide the Services during Service Hours.
- 3.3 In providing the Services, Vertex must:
 - 3.3.1 provide the Services in accordance with Good Industry Practice; and
 - 3.3.2 obtain, maintain and comply with all Consents that are listed as the responsibility of Vertex in Schedule 1A (Service Description).
- 3.4 Subject to Section 3.7 below, Client agrees that the appointment of Vertex is exclusive and Client shall not during the Term appoint or engage any other party to provide the Services or any services that are the same as or substantially similar to the Services. Once Client or Vertex has issued a valid notice to terminate this Agreement in accordance with its terms, then Client shall be entitled during the Term to appoint alternative service provider(s) to deliver the Services, but such replacement providers(s) shall not be entitled to deliver the Services until after the Termination Date.
- 3.5 Client and Vertex shall be entitled to request Changes to existing Services and/or additional services to be provided under this Agreement through the Change Management Process.
- 3.6 Unless otherwise expressly specified in this Agreement, Vertex's obligation in respect of business continuity and disaster recovery extend only to the information and communication technology resilience built into the solution to deliver the Services and any commercially reasonable workarounds utilizing staff already assigned to and software, hardware, premises and equipment already utilized in delivering the Services.
- 3.7 Client may, at any time without penalty upon six (6) months written notice to Vertex, remove bill print and/or remittance services from the scope of Services provided under this Agreement. Revisions to the Charges, if any, arising from such change in scope of Services shall be handled through the Change Management Process.

4 **Due Diligence**

- 4.1 Client acknowledges that Vertex, utilizing its know-how and expertise, has provided a solution based on the information provided by Client in written or electronic form prior to the Effective Date.
- 4.2 Client and Vertex each warrants to the other that the information provided in connection with this Agreement is accurate and up to date, and to the best of their respective knowledge as of the Effective Date all material information relevant to the Services has been disclosed to the other to allow Vertex to

take account of the information in its solution and Charges. Client and Vertex each further warrants that it shall promptly provide all necessary updates to such information.

4.3 Each party will notify the other party as soon as reasonably practical if the first party becomes aware (whether prior to or after the Effective Date) of: (i) any inaccuracies in any information provided by it to the other party; or (ii) any additional information which should have been provided by the first party in accordance with Section 4.2 (Due Diligence) which adversely affects Vertex's ability to perform the Services or meet any Service Levels, or that has the potential to increase the costs which Vertex incurs in delivering the Services.

4.4 Should any matters or inaccuracies be notified in accordance with Section 4.3 (Due Diligence):

4.4.1 Vertex shall be relieved from any failure to perform parts or all of its obligations under this Agreement to the extent such failure is caused by Client's failure to provide Vertex with accurate and complete information for any period in which Client has failed to promptly provide all necessary updates to such information; and

4.4.2 Client shall agree to any necessary and relevant Changes that Vertex may propose be implemented through the Change Management Process reasonably necessary to mitigate Client's failure to provide accurate information, and Client shall bear all costs incurred in connection with Vertex's subsequent implementation of such Changes.

4.4.3 Vertex shall agree to any necessary and relevant Changes that Client may propose be implemented through the Change Management Process reasonably necessary to mitigate Vertex's failure to provide accurate information, and Vertex shall bear all costs incurred in connection with Vertex's subsequent implementation of such Changes.

5 **Implementation and Commencement**

5.1 To the extent required by the provisions of Schedule 6 (Implementation Services), Vertex shall prepare and maintain an Implementation Plan and effect the Implementation Activities during the Implementation Period.

5.2 During any Implementation Period, Client shall:

5.2.1 fulfill its obligations under this Agreement, including Client Responsibilities; and

5.2.2 ensure that any of the Client Personnel fulfill their relevant obligations;

in each case as a precondition for Vertex having to achieve any Milestones in the Implementation Plan and having to provide the Services as of the Service Commencement Date.

5.3 Vertex's ability to satisfy any Milestones, including the Service Commencement Date, shall be dependent on Client's fulfillment of its corresponding obligations set out in Section 5.2 (Implementation and Commencement).

5.4 Vertex shall use commercially reasonable efforts to satisfy any Milestones, and to be in a position to be able to provide the Services as of the Effective Date, but Vertex shall not be liable for any delay in achieving Milestones or the Service Commencement Date resulting from conditions beyond Vertex's reasonable control. If Vertex is not (or is not likely to be) able to achieve any Milestones or provide the Services as of the Service Commencement Date for reasons beyond Vertex's reasonable control, the parties shall agree on alternative Milestone date(s) and an alternative Service Commencement Date.

6 **Employees**

6.1 Vertex shall throughout the Term:

6.1.1 ensure that the Services are provided by persons who are suitably experienced and qualified for, and competent to perform, the tasks which fall within their respective responsibilities;

6.1.2 ensure that it has sufficient personnel who are experienced in the relevant systems, software, technology and business operations to enable it to provide the Services in accordance with the Service Levels; and

6.1.3 make commercially reasonable efforts to limit and manage turnover of Vertex Personnel using its general corporate turnover management approaches and strategies in connection with the Services.

7 **Governance**

7.1 The parties agree to manage this Agreement through the governance structure more specifically detailed in Schedule 4 (Governance).

8 **Charging and Invoicing**

8.1 In consideration of the provision of the Services, Client shall pay the Charges to Vertex in accordance with Schedule 2 (Charges) and this Agreement.

Vertex shall invoice Client for payment of the Charges in accordance with the time the Charges are expressed to be payable in accordance with Schedule 2 (Charges). All invoices shall be directed to Client Representative unless otherwise specified in Schedule 2 (Charges).

Client shall pay the Charges that have become payable in accordance with Schedule 2 (Charges) within thirty (30) days of the date of Vertex's invoice.

- 8.2 Unless otherwise agreed and specified in Schedule 2 (Charges), payment of Charges shall be made by wire transfer by Client to a bank account in the U.S. specified by Vertex. Unless otherwise specifically agreed in Schedule 2 (Charges), Vertex may increase the Charges on an annual basis with effect from each anniversary of the Service Commencement Date by an amount equal to the lesser of: i) the percentage increase in the Applicable Index in the preceding published twelve (12) month period; or ii) three percent (3%).
- 8.3 Without prejudice to any other right or remedy, Vertex may suspend the supply of the Services immediately if any payment is overdue by more than twenty-one (21) days provided that Vertex has first given Client not less than seven (7) days written notice of its intention to suspend the Services.
- 8.4 If Client fails to pay any amount due by it under this Agreement, Vertex shall be entitled, but not obligated, to charge Client interest on the overdue amount from the due date up to the date of actual payment. Such interest rate shall be the lesser of: (i) the rate of two (2) per cent per annum above the Prime Rate applicable at the time the interest amounts fall due; and (ii) the highest rate permitted by Applicable Law. Such interest shall accrue on a daily basis and shall be payable by Client on demand by Vertex.
- 8.5 Except as otherwise provided, the parties shall each bear their own costs and expenses incurred in respect of compliance with their obligations under this Agreement.
- 8.6 All sums payable by either party under this Agreement shall be invoiced in and paid in U.S. dollars.
- 8.7 The Charges are stated exclusive of applicable taxes, which shall be added at the prevailing rate as applicable and paid by Client.
- 8.8 Client may only retain or set off monies against any amount due to Vertex under this Agreement if Vertex has agreed that:
- 8.8.1 such sum is due to Client under this Agreement; and
 - 8.8.2 that Client may set-off or retain such sum.

9 **Applicable Law**

- 9.1 Subject to Section 9.2, Vertex shall perform the Services in compliance with Applicable Law. If there are any changes in Applicable Law following the Effective Date that:
- 9.1.1 require modifications to be made to the Services;
 - 9.1.2 require modifications to be made to the manner in which the Services are provided;

- 9.1.3 require modifications to be made to the terms of this Agreement;
- 9.1.4 impact the costs to Vertex or Client in providing or receiving the Services; and/or
- 9.1.5 affect a party's ability to comply with its obligations under this Agreement,

such matters shall be dealt with upon request from either party through the Change Management Process.

- 9.2 Client is solely responsible for ensuring that the Services are suitable and sufficient in order for Client to comply with laws or regulations applying to it or the operation of its business. Client remains responsible for its regulatory compliance notwithstanding the appointment of Vertex to provide the Services. This Agreement is not intended to, and shall not be deemed to, delegate any regulatory requirement of Client to Vertex.
- 9.3 Vertex shall direct all inquiries from a Competent Authority relating to this Agreement to Client unless the inquiry is specifically addressed to Vertex.
- 9.4 Vertex shall not communicate with a Competent Authority regarding this Agreement without Client's prior consent, except to the extent that Vertex is required to make such communication: (i) in accordance with Applicable Laws; or (ii) where such communication is specifically addressed to Vertex from the Competent Authority in question.
- 9.5 In cases of disputes relating to the Services with any Competent Authority, Client shall be responsible for all dealings with the Competent Authority, except where: (i) the dispute is between the Competent Authority and Vertex; or (ii) the Competent Authority involves Vertex in the investigations.
- 9.6 Subject to the specific provisions applicable to audit and regulatory investigation in accordance with Section 14 (Audit), Vertex shall provide to Client (at Client's cost and upon Client's request), and Client shall provide to Vertex (at Client's cost), all reasonable assistance in connection with any investigation by or communication with any Competent Authority related to this Agreement where the investigation involves and/or the communication is targeted at Client and/or both Client and Vertex. For the avoidance of doubt, Vertex shall bear its own costs in relation to any investigation by, or communication with, any Competent Authority to the extent such investigation or communication is directed only at Vertex.

10 **Service Levels**

- 10.1 Vertex is liable for the performance of the Services and shall ensure that the Services meet the Service Levels from the Service Commencement Date, except as set out in Schedule 3 (Service Levels).

- 10.2 Should any Relief Event occur, Vertex shall use commercially reasonable efforts to perform the Services to the Service Levels, but shall not be liable for any Service Level Failure to the extent caused or contributed to by the Relief Event.
- 10.3 In the event of a Service Level Failure which does not result in a Termination, the parties shall review the causes and consequences of the performance and consider what, if any, remedial action shall be taken. Remedial action taken in accordance with this Section 10.3 (Service Levels) shall be at Vertex's cost where Vertex is solely at fault, but otherwise shall be as agreed through the Change Management Process.
- 10.4 A Service Level Failure may not, in itself, constitute a material breach entitling Client to terminate this Agreement or claim damages, depending on the nature and severity of the Service Level Failure. Notwithstanding the nature and severity of an individual Service Level Failure, a pattern of three consecutive Service Level Failures of a single Critical Service Level within a six (6) month period shall constitute a material breach and Client shall have the right, but not the obligation, to terminate this Agreement.
- 10.5 Vertex shall use commercially reasonable efforts to achieve the Service Levels during the Grace Period.

11 Client's Responsibilities

- 11.1 Client is liable for the performance of Client Responsibilities and shall fulfill them with all due care and skill within the timescales specified, or if no timescales are specified, within a reasonable period of time (as determined by Vertex).
- 11.2 Without limiting the generality of Section 11.1 (Client's Responsibilities), during the Term, Client shall provide all timely and reasonable assistance to Vertex as reasonably necessary in order for Vertex to be able to provide (and for Client to be able to receive) the Services, including:
 - 11.2.1 allowing access to Client's premises, Client Personnel, and Client Assets;
 - 11.2.2 providing Forecast Volumes to Vertex in accordance with Schedule 1A;
 - 11.2.3 providing information about Client, Client Assets, and any other relevant information;
 - 11.2.4 providing relevant access to Client Software and Client Equipment in accordance with Schedules 1A, 1B and 6; and
 - 11.2.5 cooperating with Vertex, any and all Competent Authorities, and any relevant third parties as necessary for the delivery of the Services.

12 Client Defaults

- 12.1 If Vertex would have provided the Services in accordance with the Service Levels or this Agreement, but has failed to do so in large part as a result of a Client Default, Vertex shall have the rights and relief set out in Section 12.2 (Effect of Client Defaults). This Section 12 (Client Defaults) is not intended to, and shall not, limit any rights or remedies of Vertex to claim damages or other rights and remedies available to Vertex under this Agreement.
- 12.2 In the event of a Client Default, Vertex shall:
 - 12.2.1 not be liable for its failure to provide the affected Services (whether at all or in accordance with the Service Levels) to the extent such failure is caused by the Client Default;
 - 12.2.2 subject to Section 12.2.1, use commercially reasonable efforts to continue to provide the affected Services in accordance with this Agreement, and shall be entitled to receive the Charges for the Services provided; and
 - 12.2.3 be entitled to be paid additional costs incurred by Vertex in exercising those commercially reasonable efforts necessary to mitigate the Client Default in order to continue to provide the Services, and the Charges for the provision of the Services which could not have been provided as a result of the Client Default.

13 **Data Protection**

- 13.1 Each party represents and warrants to the other that it has complied and will continue to comply, with the Data Protection Laws in respect of Personal Data, this Agreement, the Services and the appointment of Vertex hereunder.
- 13.2 Vertex shall, during the Term, comply with any reasonable data retention policies of the Client provided Client has specified and supplied such data retention policies in writing to Vertex before the Effective Date. The implementation of any subsequent changes to such data retention policies may be requested by Client and will be subject to agreement through the Change Management Process. Where Client fails to specify data retention policies, Vertex shall retain all Personal Data for a period of 24 months from receipt of such personal Data unless Vertex is required to delete or destroy Personal Data in order to comply with its own obligations under Applicable Law.
- 13.3 Client authorizes Vertex to appoint Sub-Contractors or other members of Vertex Group involved in providing the Services as further data processors on behalf of Client provided that such further data processors have data protection obligations imposed on them that are similar to those data protection obligations in this Agreement.
- 13.4 Specifically, Client acknowledges that Vertex utilizes the services of third party and sub-contractors to provide managed data center services on the basis of service requirements and contractual terms that

are intended to safeguard all data held in Vertex's data centers. Client consents to Vertex's use of such services by reputable third party providers.

- 13.5 Vertex shall restrict the disclosure of the Personal Data to those Vertex Personnel who may be required by Vertex to assist Vertex in meeting its obligations under this Agreement. Such Vertex Personnel used by Vertex to provide the Services as they relate to Personal Data shall have undergone reasonable levels of training in the Data Protection Laws and in the care and handling of Personal Data.
- 13.6 Vertex shall process, modify, amend, alter, disclose or permit the disclosure of Personal Data only in accordance with Client's reasonable and lawful instructions and this Agreement.
- 13.7 Vertex shall employ appropriate technical and organizational measures to keep the Personal Data safe from unauthorized or unlawful processing and against accidental loss, destruction, alteration or disclosure of, or damage to, the Personal Data.
- 13.8 Where it is able, Vertex agrees to provide reasonable assistance to Client, when reasonably requested by Client, to assist Client to comply with its obligations under the Data Protection Laws, including providing information in order for Client to be able to respond to requests for records and information under FOIA. However, as of the Effective Date, nothing in this Section 13 (Data Protection) or this Agreement shall be understood as an obligation for Vertex to respond directly to any requests for such records and information from third parties, and Client is and shall remain responsible for the handling of any and all such requests. Should Client request Vertex to handle such requests directly, such request shall be subject to agreement through the Change Management Process.
- 13.9 Client shall reimburse Vertex for any costs reasonably incurred by Vertex in complying with the obligations set out in Section 13.8.
- 13.10 Vertex may use De-identified Data for any purpose subject to compliance with applicable Data Protection Laws. Vertex may combine De-identified Data with other data in the process of de-identifying it.
- 13.11 Vertex shall as soon as reasonably practicable notify Client if:
 - 13.11.1 it receives a request under FOIA;
 - 13.11.2 it receives a complaint or request relating to Client's obligations under the Data Protection Laws;
 - 13.11.3 it receives any other communication relating directly or indirectly to the processing of any Personal Data in connection with this Agreement; and
 - 13.11.4 it becomes aware of any breach of the Data Protection Laws related to this Agreement.

- 13.12 Following termination of the Agreement, Vertex may process the Personal Data for so long as is required or as may be necessary for the purpose of defending any legal proceedings that may be brought against Vertex by any person in relation to this Agreement or as is required by Applicable Law.
- 13.13 Client acknowledges that Vertex is reliant on Client alone for direction as to the extent Vertex is entitled to use and process the Personal Data. Consequently, Client will defend, indemnify, and hold harmless the Vertex Entities from all Losses arising as a result of any failure by Client to comply with this Section 13 (Data Protection) and/or the Data Protection Laws.
- 13.14 Vertex will defend, indemnify and hold Client harmless from all Losses arising as a result of any failure by Vertex to comply with this Section 13 (Data Protection) and/or the Data Protection Laws subject to the Limitation of Liability discussed in Section 19.

14 **Audit**

14.1 **Audit**

- 14.1.1 No more than once each Contract Year, Vertex shall grant to Client, any auditors of Client, and representatives of Client (in any event except for competitors to Vertex in Vertex's reasonable opinion) the right of access to Vertex premises, Vertex Personnel, and Vertex's records, and their facilities and premises. Such access shall be granted only to the extent such access is required to conduct an audit in connection with the provision of the Services, and at all times subject to Client's confidentiality obligations under this Agreement. For clarity, this Section 14 (Audit) is not intended to limit any rights of Client to perform service reviews or similar reviews as specifically set out elsewhere in this Agreement, including in Schedule 4 (Governance), and the annual limitation shall not apply to regulatory investigations and requirements of external auditors appointed by Competent Authorities.
- 14.1.2 Client shall ensure that any third parties who Client authorizes to access any information in accordance with this Section 14 (Audit) are subject to confidentiality obligations at least as stringent as the confidentiality obligations of Client under this Agreement.
- 14.1.3 Subject to the limit of one (1) audit per Contract Year, Vertex shall provide such support as Client, any auditors of Client, representatives of Client (in any event except for competitors to Vertex in Vertex's reasonable opinion), and/or Competent Authorities may reasonably require during the Term in order to perform an audit or regulatory investigation.
- 14.1.4 Where access under Section 14.1.1 (Audit) is required to financial records, such access shall be limited to such records as are relevant to the provision of the Services and shall not include access to information about the profits or margins of Vertex under this Agreement, or to information that is protected by confidentiality obligations entered into by Vertex. Except as

otherwise provided in Section 14.3.3, an audit can only be conducted in accordance with this Section 14 (Audit), once each Contract Year, and shall be subject to Client providing at least twenty-one (21) days' prior notice.

14.1.5 Client shall ensure, and shall ensure that any of its auditors and representatives (in any event no competitors to Vertex in Vertex's reasonable opinion) ensure, that an audit is conducted with minimum disruption to Vertex's business.

14.1.6 Vertex shall conduct SSAE 16 audits during the Initial Term and any Renewal Terms that shall examine the controls placed on the operation and security of the Services in accordance with Vertex's general business practice. Vertex shall provide to Client, and Client's external auditors if deemed necessary by Client, a copy of the SSAE 16 audit report issued in connection with such audits within ninety (90) days of the Service Commencement Date, and on an annual basis thereafter, no later than November 15th and Vertex shall, at Vertex's sole expense, use commercially reasonable efforts to address any issues or problems that are identified in any such report. Vertex may use an independent auditor to conduct such audits.

14.2 **Cost of Audit**

Vertex shall bear any reasonable costs and expenses incurred in connection with its support and cooperation with the audits set forth in this Section 14 (Audit), including execution of SSAE 16 audits. If Client requires audit rights more often than once in a Contract Year pursuant to Section 14.1.1, Client shall bear all costs that Vertex may incur related thereto.

14.3 **Consequences of Audit**

14.3.1 Following an audit, Client may discuss its findings with Vertex and, if appropriate, the parties may agree to draft a remedial plan (including a timetable to implement the plan) to address any concerns identified in the audit. If the parties fail to agree on a remedial plan, either party may escalate the matter in accordance with the Dispute Resolution Procedure. Any drafting of a remedial plan and other changes to this Agreement agreed in accordance with this Section 14 (Audit) shall be implemented in accordance with the Change Management Process.

14.3.2 If the result of any audit made in accordance with this Section 14 (Audit) shows that Vertex has over or undercharged Client, the parties shall meet to review the audit report(s) promptly after the issue thereof to address such areas where over or undercharges have been identified. Vertex or Client shall promptly pay to the other party the amount of the over or undercharge plus interest calculated from the date of the results of the audit that find such over or undercharged amount until the date of payment to the relevant party. Interest shall accrue in respect of over or undercharges on a daily basis and be at the rate that is the lesser of: (i) two (2) per cent per annum above the Prime Rate; or (ii) the highest rate permitted under Applicable Law, in each case applicable at the time the interest amounts should have been paid. If a portion of the amount due to Client pursuant to such overcharge is subject to a bona fide

dispute between the Parties, Vertex will pay to Client the nondisputed amount, pending a resolution of the disputed amount. If the audit identifies overpricing or overcharges (of any nature) by Vertex in excess of three percent (3%) of the total contract billings, Vertex shall reimburse Client for the total costs of the audit. If the audit discovers substantive findings related to fraud, misrepresentation, or non-performance, Client may recoup the costs of the audit work from Vertex.

15 **Intellectual Property Rights**

15.1 Subject to Section 16 (Grant of Licenses):

15.1.1 Client shall not acquire any right, title or interest in or to the Intellectual Property Rights of Vertex or its licensors, including:

- (a) Intellectual Property Rights relating to, or subsisting in, Vertex Software;
- (b) Intellectual Property Rights relating to, or subsisting in, the Third Party Software;
- (c) Vertex's Background Intellectual Property Rights;
- (d) Developed Intellectual Property Rights; or
- (e) Custom Intellectual Property Rights;

together referred to as the "Vertex Intellectual Property Rights";

15.1.2 Vertex shall not acquire any right, title or interest in or to the Intellectual Property Rights of Client or its licensors, including:

- (a) Intellectual Property Rights relating to, or subsisting in, Client Software;
- (b) Intellectual Property Rights relating to, or consisting of, Client Data (including specifically any database thereof); and
- (c) Client's Background Intellectual Property Rights,

together referred to as the "**Client Intellectual Property Rights**".

15.2 Where either party acquires, by operation of law, title to Intellectual Property Rights as referred to in Section 15.1 (Intellectual Property Rights), and such acquisition is inconsistent with the allocation of title set out in that Section 15.1 (Intellectual Property Rights), the party that acquired such Intellectual Property Rights hereby does and shall assign such Intellectual Property Rights to the other party.

15.3 Nothing in this Agreement prevents Vertex from using, developing, or transferring any or all rights in and/or licensing the Vertex Intellectual Property Rights, and any knowledge or know-how obtained in the course of, or as result of, performing the Services (except for Client Intellectual Property Rights), to any third party in such manner as Vertex wishes. Nothing in this Agreement, including Section 25, shall restrict Vertex from the use in its business activities of any knowledge or know-how that is retained in the unaided memories of Vertex Personnel that either party individually or jointly, learns, develops, or discloses under this Agreement.

16 **Grant of Licenses**

16.1 **Vertex Intellectual Property Rights**

16.1.1 Subject to Client's ongoing compliance with this Agreement, Vertex hereby grants to Client, or shall arrange for a direct grant to Client of, a royalty-free, non-transferable, non-assignable, non-exclusive and time limited license to Use Vertex's Intellectual Property Rights (excluding Custom Intellectual Property Rights) during the Term.

16.1.2 Any license granted in accordance with Section 16.1.1 to Use any Intellectual Property Rights owned or controlled by third parties may be subject to further restrictions in use as imposed by the owner or licensor of such Intellectual Property Rights.

16.2 **Custom Intellectual Property Rights**

Subject to Client's ongoing compliance with this Agreement, Vertex hereby grants to Client, or shall arrange for a direct grant to Client of, a royalty-free, non-transferable, non-assignable, non-exclusive, perpetual license to Use Custom Intellectual Property Rights.

16.3 **Client Intellectual Property Rights**

Client hereby grants to Vertex a royalty-free, non-exclusive time limited license to use, copy, modify, and distribute during the Term the Client Intellectual Property Rights to the extent necessary for the provision of the Services during the Term and after the Term until the Services have been transferred back to Client or to a Replacement Supplier or Client otherwise advises. Such license shall include the right to grant sublicenses to any Vertex Personnel subject to the same restrictions as the license to Vertex.

16.4 **Names, logos and trade marks**

Except to the extent necessary to deliver or receive the Services, and except as stated in accordance with Sections 16.1 (Vertex Intellectual Property Rights) and 16.3 (Client Intellectual Property Rights), a party shall not have any right to use any of the other party's names, logos, or trade marks on any of its products or services without the other party's consent.

16.5 Termination of rights

In the event of the termination or expiration of this Agreement, the licenses referred to in Sections 16.1 (Vertex Intellectual Property Rights) and 16.3 (Client Intellectual Property Rights) shall terminate automatically after the Services have been transferred to Client or a Replacement Supplier following such termination or expiration, and each party shall deliver to the other party all material licensed to it pursuant to this Section 16 (Grant of Licenses) in its possession or control; provided that, the license granted pursuant to Section 16.2 (Custom Intellectual Property Rights) shall continue in full force and effect after the Term and no return of such material in connection with such license shall be required.

17 Intellectual Property Rights Indemnity

17.1 Subject to Section 17.5, Vertex shall defend, indemnify, and hold harmless Client against any Losses arising from any third party claim alleging that the Services, the Vertex Intellectual Property Rights licensed to Client or any other materials provided by Vertex to Client under this Agreement infringe any third party Intellectual Property Rights in the United States.

17.2 Subject to Section 17.5, Client shall defend, indemnify, and hold harmless the Vertex Entities against any Losses arising from any third party claim alleging use of any of the Client Intellectual Property Rights or any other materials provided by Client to Vertex under this Agreement infringe any third party Intellectual Property Rights.

17.3 In addition to each party's obligations under Section 17.1 and Section 17.2, if a claim thereunder is made, or the party obligated to provide an indemnity under those Sections anticipates that an applicable claim might be made, the indemnifying party may, at its own expense and sole option, either:

17.3.1 procure for the indemnified party the rights necessary to avoid the infringement or misappropriation; or

17.3.2 replace or modify, or cause the replacement or modification of, the items alleged to infringe third party Intellectual Property Rights; provided, that:

(a) the performance and functionality of the replaced or modified item is at least equivalent to the performance and functionality of the original item;

(b) the replaced or modified item does not have an adverse effect on the provision or receipt of the Services, as applicable;

(c) there is no additional cost to the indemnified party; and

(d) the terms of this Agreement apply to the replaced or modified item.

- 17.4 If Vertex elects to procure a license in accordance with Section 17.3.1, or to modify or replace an item pursuant to Section 17.3.2, but such action has not avoided or resolved the alleged infringement or misappropriation, then Vertex may terminate that portion of the Services affected by the claim upon notice to Client with immediate effect and Client shall have the right to Terminate for Convenience.
- 17.5 A party shall have no obligation to provide the indemnification set forth in Sections 17.1 and 17.2 to the extent that the claim or Losses:
 - 17.5.1 is or are caused by any act or omission by the other party, unless such act or omission is in accordance with this Agreement;
 - 17.5.2 arises or arise as result of the use of any materials, data, or information provided by the indemnified party to the indemnifying party in combination with any materials, data, or information not supplied or approved by the indemnifying party; or
 - 17.5.3 arises or arise as a result of a modification or enhancement that was carried out by someone other than the indemnifying party or without the authorization of the indemnifying party.

18 **Warranties and Representations**

- 18.1 Each party warrants, represents, and covenants that:
 - 18.1.1 it has full capacity and authority to enter into and to perform this Agreement;
 - 18.1.2 this Agreement is executed by a duly authorized representative of that party;
 - 18.1.3 there are no actions, suits, or proceedings or regulatory investigations pending or, to that party's knowledge, threatened against or affecting that party before any Competent Authority that might affect the ability of that party to meet and carry out its obligations under this Agreement;
 - 18.1.4 once duly executed, this Agreement will constitute its legal, valid and binding obligations;
 - 18.1.5 its Representatives shall be authorized to carry out the matters for which they are expressed to be responsible in this Agreement; and
 - 18.1.6 it shall execute all documents and do all such acts as the other party may require to effect the assignment of any Intellectual Property Rights to be assigned in accordance with Section 15.2 (Intellectual Property Rights).
- 18.2 Both parties agree that the warranties set out in this Section 18 (Warranties and Representations) are in lieu of and exclude all other terms. EXCEPT AS EXPRESSLY PROVIDED IN THIS CLAUSE 18 (WARRANTIES AND REPRESENTATIONS), THERE ARE NO OTHER EXPRESS WARRANTIES OR REPRESENTATIONS, AND

THERE ARE NO IMPLIED WARRANTIES OR REPRESENTATIONS, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

19 **Limitations on Liability**

19.1 **Physical Property**

19.1.1 Subject always to Section 20 (Exclusions and Limitations), but notwithstanding any other provisions of this Agreement, the liability of each party (or of any representative of each party) for loss or damage to physical property in respect of any one or a series of connected events shall be limited to one million U.S. dollars (\$1,000,000).

19.1.2 The limit under Section 19.1.1 (Physical Property) shall apply to Losses with respect to physical property whether based on contract, breach of warranty, tort (including negligence and strict liability), statute, or misrepresentation, under any indemnity or otherwise.

19.2 **Sole Remedy**

A party's liability in respect of any specific breach or act for which a sole remedy is defined in this Agreement shall be limited to that remedy.

19.3 **Annual Liability**

Subject to Section 20 (Exclusions and Limitations), but notwithstanding any other provisions of this Agreement, the liability of each party (or of any representative of each party) for any breach, Losses or claims other than as set out under Sections 19.1 (Physical Property) and 19.2 (Sole Remedy) arising under or in connection with this Agreement in any one Contract Year shall in each Contract Year be limited to, and shall in no circumstances exceed fifty percent (50%) of the Charges which would be paid or payable in the relevant Contract Year. The amount of this limitation is doubled in the event of a breach by Vertex of Section 13.14.

19.4 **Aggregate Liability**

19.4.1 Subject to Section 20 (Exclusions and Limitations), but notwithstanding any other provisions of this Agreement, the liability of each party (or of any representative of each party) for any breach, Losses or claims other than as set out under Sections 19.1 (Physical Property) and 19.2 (Sole Remedy) arising under or in connection with this Agreement and in the aggregate for the Term, shall be limited in aggregate under this Agreement and shall in no circumstances exceed one hundred per cent (100%) of the Charges which would be paid or payable in the first Contract Year. The amount of this limitation is doubled in the event of a breach by Vertex of Section 13.14.

19.4.2 Service Credits recovered by Client shall count toward the caps on liability set forth in Section 19.4.1.

19.5 General

19.5.1 The limits under Section 19.3 (Annual Liability) and Section 19.4 (Aggregate Liability) shall apply to Losses or any other claims whether based on breach of this Agreement, contract, breach of warranty, tort (including negligence and strict liability), statute, or misrepresentation, under any indemnity or otherwise.

19.5.2 To the extent that Vertex remains subject to any obligations after the Term of this Agreement, any liability in respect of such obligations shall be deemed to have occurred in the final Contract Year of the Term for the purposes of Section 19.3 (Annual Liability) and Section 19.4 (Aggregate Liability).

20 **Exclusions and Limitations**

20.1 SUBJECT TO Sections 20.2 through 20.4 (Exclusions and Limitations), NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT THAT MAY BE TO THE CONTRARY (EXCEPT AS OTHERWISE REQUIRED BY LAW), NEITHER PARTY SHALL BE LIABLE FOR CLAIMS FOR INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, SPECIAL DAMAGES, OR FINES AND PENALTIES (INCLUDING FINES AND PENALTIES IMPOSED BY ANY COMPETENT AUTHORITY) INCLUDING DAMAGES FOR LOSS OF PROFITS, LOSS OF USE OR REVENUE, LOSS OF SAVINGS, INADVERTENT DELETION OF DATA OR LOSSES BY REASON OF COST OF CAPITAL, CONNECTED WITH, OR ARISING OR RESULTING FROM, ANY PERFORMANCE OR LACK OF PERFORMANCE UNDER THIS AGREEMENT, EVEN IF SUCH DAMAGES WERE FORESEEABLE OR A PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF WHETHER A CLAIM IS BASED ON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY), OR ANY OTHER LEGAL OR EQUITABLE PRINCIPLE; PROVIDED, HOWEVER, SUCH LIMITATION SHALL NOT APPLY TO THE EXTENT A CLAIM IS BASED ON INTENTIONAL MISREPRESENTATION, FRAUD OR ANY APPLICABLE DECEPTIVE TRADE PRACTICES ACT.

20.2 Nothing in this Agreement shall exclude or limit the liability of either party to the other for personal injury or death resulting from its negligence or for fraud, or to the extent it would be unlawful for it to exclude or limit or to attempt to exclude or limit such liability.

20.3 Nothing in this Agreement shall operate so as to exclude or limit the liability of Client to pay any Charges under or in connection with this Agreement.

20.4 Neither party shall be liable to the other where (and to the extent) such liability was caused or contributed to by: (i) the breach of this Agreement or (ii) the gross negligence or willful misconduct, in each case of the other party or the other party's Personnel.

20.5 Without limiting the generality of the Sections 19 (Limitations on Liability) and the Sections above in this Section 20 (Exclusions and Limitations), neither party shall be entitled to raise any claim (arising out of or in connection with this Agreement) after expiration of the twenty-four (24) month period commencing at the earlier of: (i) the end of the Term; and (ii) when the party discovers or through the use of reasonable diligence should have discovered that the claim accrued.

21 **General Liability Provisions**

21.1 The parties hereby acknowledge and agree that: (i) the parties jointly and equally participated in the drafting of this Agreement; (ii) the parties have been adequately represented and advised by legal counsel with respect to this Agreement; and (iii) no presumption shall be made that any provision of this Agreement shall be construed against either party by reason of such role in the drafting of this Agreement.

21.2 Each party acknowledges that it considers the provisions of Sections 19 (Limitations on Liability) and 20 (Exclusions and Limitations) to be reasonable taking into account, inter alia, the other terms of this Agreement, that such provisions are reflected in the Charges, and the existence of insurance against Losses that may arise from any breach of this Agreement. Such provisions and the limitations stated therein shall not cause this Agreement to, and neither party shall claim that this Agreement does, fail of its essential purpose for lack of remedy or otherwise.

21.3 The provisions of Sections 19 (Limitations on Liability) and 20 (Exclusions and Limitations) shall continue to apply notwithstanding the termination or expiration of this Agreement for any reason.

21.4 Each party shall have a duty to mitigate any Losses suffered by that party and nothing in this Agreement shall be taken as in any way to reduce or affect such duty.

22 **Conduct of Claims**

In any event where a party is obligated to indemnify the other party, the indemnified party shall:

- (a) notify the indemnifying party in writing of any claim related to the indemnifying party's obligations under the relevant Section(s) or Paragraph(s) promptly after becoming aware of it;
- (b) upon request and provided the indemnifying party does not dispute its indemnity obligations, allow the indemnifying party to conduct all negotiations and proceedings and provide the indemnifying party with such reasonable assistance as is required by the indemnified party, each at the indemnifying party's cost, regarding the relevant claim; and

- (c) not, without prior approval from the indemnifying party, make any admission relating to the relevant claim or attempt to settle it provided the indemnifying party does not dispute its indemnity obligations.

23 Force Majeure

- 23.1 Subject to the remaining provisions of this Section 23 (Force Majeure), neither party to this Agreement shall be liable to the other for any delay or non-performance of its obligations under this Agreement to the extent that such non-performance is due to a Force Majeure Event.
- 23.2 In the event that either party is delayed or prevented from performing its obligations under this Agreement by a Force Majeure Event, such party shall:
 - 23.2.1 give notice of such delay or prevention to the other party as soon as reasonably possible, stating the commencement date and extent of such delay or prevention, the cause thereof, and its estimated duration;
 - 23.2.2 confirm the notice given under Section 23.2.1 by notice to the other party's Service Manager as soon as practicable having regard to the affected party's focus on efforts to mitigate the impact of the Force Majeure Event;
 - 23.2.3 subject to Section 3.6, use commercially reasonable efforts to mitigate the effects of such delay or prevention on the performance of its obligations under this Agreement; and
 - 23.2.4 resume performance of its obligations as soon as reasonably possible after the removal of the cause of the delay or prevention.
- 23.3 As soon as practicable following the affected party's notification, the parties shall consult with each other in good faith and use commercially reasonable efforts to agree appropriate terms to mitigate the effects of the Force Majeure Event and to facilitate the continued performance of this Agreement.
- 23.4 The affected party shall notify the other party as soon as practicable after the Force Majeure Event ceases or no longer causes the affected party to be unable to comply with its obligations under this Agreement. Following such notification, this Agreement shall continue to be performed on the terms existing immediately prior to the occurrence of the Force Majeure Event unless agreed otherwise by the parties.

24 Insurance

- 24.1 Vertex shall obtain at its expense and maintain in force for the Term the following insurance policies with reputable insurance companies to cover its relevant potential liabilities in connection with this Agreement:

- 24.1.1 Commercial General Liability Insurance issued on a standard ISO Commercial General Liability policy form (CG 0001) or its equivalent with limits of at least one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate. This policy must include Client and Client Personnel as additional insureds; and
 - 24.1.2 worker's compensation insurance in such form, and in such amounts, as may be required by law from time to time; and
 - 24.1.3 Professional liability insurance covering any damages caused by an error, omission or any negligent acts with limits of at least one million dollars (\$1,000,000) per occurrence.
- 24.2 Vertex will provide Client with a Certificate of Insurance showing the required coverage is currently in force and will provide Client with at least 30 days prior written notice before cancellation of an insurance policy, provided Vertex is aware of the cancellation.

25 **Confidentiality**

- 25.1 Except to the extent set out in this Section 25 (Confidentiality), or where disclosure is expressly permitted elsewhere in this Agreement, each party shall:
- 25.1.1 treat the other party's Confidential Information as confidential; and
 - 25.1.2 not disclose the other party's Confidential Information to any other person without the owner's prior consent.
- 25.2 Section 25.1 (Confidentiality) shall not apply to the extent that such Confidential Information:
- 25.2.1 was in the possession of the party making the disclosure, without obligation of confidentiality, prior to its disclosure;
 - 25.2.2 was obtained from a third party without obligation of confidentiality;
 - 25.2.3 was already in the public domain at the time of disclosure otherwise than through a breach of this Agreement;
 - 25.2.4 was independently developed without access to the other party's Confidential Information;
 - 25.2.5 is disclosed to professional advisers, lawyers, auditors, bankers, or potential investors who are under a duty of confidentiality;

- 25.2.6 disclosure is required by Applicable Law or by a Competent Authority to which the disclosing party is subject; provided, that, where permitted by Applicable Law and feasible, the disclosing party notifies the party whose Confidential Information is being disclosed and provides that party with an opportunity to object (where feasible); or
 - 25.2.7 is disclosed with the consent of the party from whom it originated.
- 25.3 The parties may only disclose the other party's Confidential Information to their employees, staff, agents, consultants (internal and external), and sub-contractors, or other third parties who are directly involved in the provision or receipt of the Services as allowed under this Agreement and who need to receive the information and are not competitors of the disclosing party, and as set forth in Section 25.2.5. The parties shall ensure that such persons are aware of, and comply with, these confidentiality obligations.
- 25.4 The parties shall not, and shall procure that their employees, staff, agents, consultants (internal and external), and sub-contractors, or other third parties do not, use any of the other party's Confidential Information received other than for the purposes of this Agreement.
- 25.5 Subject to Section 25.6 (Confidentiality), neither party shall make any external comment or issue any external announcement, public circular, press statement, publicity, advertising or promotional or other marketing activity information or materials concerning or relating to this Agreement, the existence of this Agreement, the other party or any ancillary matter (but excluding any disclosure required by Applicable Law) without the prior consent of the other, such consent not to be unreasonably withheld or delayed.
- 25.6 Notwithstanding the provisions of this Section 25 (Confidentiality), Vertex (or any member of Vertex Group) shall be entitled to:
- 25.6.1 publicly announce the award of this Agreement by Client to Vertex, its length, total contract value, location, number of employees deployed by Vertex under this Agreement, and a brief description of the Services (no other details may be announced by Vertex);
 - 25.6.2 refer to the existence of this Agreement in any proposal to any third party by specifying the details set out in Section 25.6.1 (Confidentiality) above;
 - 25.6.3 publicize and refer to the existence of this Agreement by specifying the details set out in Section 25.6.1 (Confidentiality) above in any internal Vertex communication and publication; and
 - 25.6.4 use Client's name in any internal communication activity.
- 25.7 The restrictions contained in this Section 25 (Confidentiality) will continue to apply after the expiration or termination of this Agreement for any reason for two (2) years.

26 Vertex Default and Termination

26.1 Termination for Convenience

Client may terminate this Agreement for convenience effective as of any time after the first anniversary of the Service Commencement Date by giving Vertex notice of the termination at least 120 days prior to the termination date specified in the notice and paying the Termination Fee, if any, as set forth in Section 26.3.

26.2 Termination for Cause

26.2.1 Termination for Bankruptcy. Either party may terminate this Agreement without further notice and without payment or penalty in the event the other party is unable to pay its debts as they fall due, becomes insolvent or if any corporate action or legal proceeding or other procedure is taken against the other party in relation to or with a view to winding up, dissolving, administering or reorganizing with respect to the other party of any of its assets.

26.2.2 Termination for Vertex Breach. If Vertex commits a material breach of this Agreement, and (a) does not cure such default within 30 days after receipt of a written notice of material breach from Client; or (b) if the breach is not capable of being cured within 30 days, if Vertex is not in the process of curing such breach pursuant to good faith efforts to effect a remedial plan within sixty (60) days after receipt of written notice thereof, then Client may, by giving notice to Vertex, terminate this Agreement, in whole or in part, as of the termination date specified in the notice.

26.2.3 Breach of Article 18. In the event that either Party defaults in any material respect in the performance of its obligations under Article 18, the other Party may terminate this Agreement immediately with thirty (30) days prior notice.

26.2.4 Termination for Nonpayment. If Client fails to make payments when due to Vertex under this Agreement and does not cure such default within 30 days after receipt of a notice of default from Vertex, then Vertex may, by giving notice to Client, terminate this Agreement in whole as of the termination date specified in the notice.

26.2.5 Termination for Failure to Provide Essential Services. Without limiting any other termination rights, if Vertex fails for a period of at least 48 consecutive hours during the agreed Service Hours for the relevant Services, or fails for periods of at least 24 consecutive hours during the agreed Service Hours for the relevant Services two times in any 180 day period, to: 1) answer any calls within the call center; 2) provide any dispatch services to Client; 3) provide any billing, bill print or bill delivery services to Client; or 4) provide any remittance, EFT or lock box payments services for the Client, and Vertex does not, within ten days after receipt of a notice from Client with respect to such failure, cure such failure then, if, in each case, Vertex is not excused from performance pursuant to this Agreement, Client may, upon notice to Vertex, terminate this Agreement, in whole or in part, as of the termination date specified in the notice.

26.2.6 Other Terminations. In addition to the provisions of this Article, this Agreement may be terminated as provided in Schedule 3.

26.3 Calculation of Termination Fees.

In the event Client terminates this Agreement pursuant to Section 26.1 Client shall pay Vertex a termination fee in the amount of all Charges that would be due and payable pursuant to Schedule 2 over the remaining life of the Initial Term of this Agreement, as if the Agreement were still in effect, including any applicable Non-renewal Fees. Any such termination fees shall be due and payable on the applicable End Date. Except as otherwise specifically set forth in this Section 26.3, no termination fee shall be payable by Client in connection with the termination of this Agreement.

26.4 Partial Termination Charges and Designated Fees Adjustment.

If Client terminates a portion of the Services pursuant to this Article or any other provision of this Agreement, then the Designated Fees and applicable termination fees shall be adjusted in accordance with Schedule 2.

26.5 Consequences of Termination

26.5.1 In the event of expiration or termination of this Agreement for any reason, each party shall return to the other party (as applicable) any Client Assets, Vertex Equipment, Vertex Software, data (including Personal Data processed on behalf of the other), documentation, information and other material of whatever kind (in complete, correct and up-to-date form) and in whatever form belonging to the other party (or to third parties where such material is provided by the other party) which it has no legal right to retain.

26.5.2 Vertex shall, during the Termination Assistance Period, provide the Termination Assistance Services, to the extent practicable using the Vertex Personnel and other Vertex resources provided under this Agreement at no additional cost to Client. To the extent the Termination Assistance Services consist of the continued provision of the Services, Vertex shall continue to provide, and Client shall continue to receive and pay for, such Services in accordance with this Agreement, and the quality and level of performance thereof shall not be degraded during the Termination Assistance Period; provided, however, that once Client or a third party service provider commences providing resources (excluding mere shadowing) to perform such Services, Vertex shall be relieved from its obligations to perform such Services in accordance with the Service Levels. In the event Vertex requires additional resources to provide all or any of the Termination Assistance Services, upon Client's approval, Vertex shall provide such additional resources at the rates set forth in Schedule 2; provided, however, that if and to the extent any such Termination Assistance Services are included in the Designated Fees, Vertex shall not be permitted to invoice Client any additional amounts with respect to such Termination Assistance Services. The quality and level of performance of the Services shall not be degraded during the Termination Assistance Period. After the expiration of the Termination Assistance Period, Vertex may, on a time and materials basis (1) answer questions from Client regarding the Services on an "as needed" basis and (2) promptly deliver to Client any remaining Client-owned reports and documentation still in Vertex's possession, in each case, at the rates set forth in Schedule 2. If Client fails to pay any and all such amounts when due Vertex shall not be required to provide the Termination Assistance Services.

- 26.5.3 Client Data shall be transferred to Client after termination or expiration of this Agreement. Client shall be entitled to specify any reasonable format in which it requires Client Data to be provided under this Section and Client shall pay for any reasonable additional costs associated with this request.
- 26.5.4 In the event of expiration or termination of this Agreement for any reason, Client shall immediately pay to Vertex all unpaid Charges and any other sums due under this Agreement. Such payment shall not prejudice all other rights each party may have against the other.
- 26.5.5 Expiration or termination of this Agreement for any reason shall not affect the rights and liabilities of either party subsisting at the date of such termination or expiration.
- 26.5.6 Any Sections or Schedules to this Agreement which are expressly stated or impliedly intended to apply and/or to continue in force after termination of this Agreement shall continue in full force and effect in accordance with their terms.
- 26.5.7 The parties agree that as of the expiration or termination of this Agreement for any reason:
 - (a) Client Assets and/or any moveable assets (other than software) used and owned by Vertex exclusively for the provisions of the Services and which Client has paid for in full directly other than as part of the Charges, shall be transferred to Client. For the avoidance of doubt, Client Assets under this Section 26.2.8(a) (Consequences of Termination) shall not include any network, cabling, fixture or equipment which are integral to any buildings or infrastructure of Vertex; and
 - (b) each party shall, at the other's option, return to the other party or destroy all Confidential Information of the other party and shall on request certify that it does not retain the other party's Confidential Information.

26.6 This Section 26 (Termination) is not intended to, and shall not, limit any rights or remedies of Client to claim damages or other rights and remedies available to Client under this Agreement.

27 **Dispute Resolution Procedure**

27.1 **Escalation Procedure**

27.1.1 The parties shall attempt, in good faith, to resolve any and all Disputes promptly by negotiation and such Disputes shall be conducted as follows:

- (a) the Dispute shall be referred, by either party, first to the Service Managers of each of the parties for resolution;

- (b) if the Dispute cannot be resolved by the Service Managers of the parties within fourteen (14) days after the Dispute has been referred to them, either party may give notice to the other party in writing (“**Dispute Notice**”) that a Dispute has arisen; and
- (c) within seven (7) days of the date of the Dispute Notice, the Dispute shall be referred to the Client Representative and Vertex Client Director for resolution.

27.1.2 If the Client Representative and Vertex Client Director are unable, or fail, to resolve the Dispute within twenty-one (21) days of the date of the Dispute Notice, or within fourteen (14) days of the reference to Client Representative and Vertex Client Director pursuant to Section 27.1.1(c) (Escalation Procedure), the parties shall attempt to resolve the Dispute by mediation in accordance with Section 27.2 (Mediation).

27.2 **Mediation**

27.2.1 If the parties have failed to agree on a resolution in accordance with Section 27.1 (Escalation Procedure), either party shall refer the Dispute for mediation pursuant to this Section 27.2 (Mediation). The following provisions shall apply to any such reference to mediation:

- (a) the reference shall be under the Commercial Arbitration Rules and Mediation Procedures (including Procedures for Large, Complex Commercial Disputes) (“**Rules**”) of the American Arbitration Association (“**AAA**”) for the time being in force;
- (b) both parties shall, immediately on such referral, cooperate fully, promptly and in good faith with the AAA and the mediator and shall do all such acts and sign all such documents as the AAA or the mediator may reasonably require to give effect to such mediation; and
- (c) to the extent not provided for by such Rules:
 - (i) the mediation shall commence by either party serving on the other notice setting out, in summary form, the issues in dispute and calling on that other party to agree the appointment of a mediator;
 - (ii) the mediation shall be conducted by a sole mediator agreed between the parties or, in default of agreement, appointed by the AAA; and
 - (iii) the mediation shall be held in a mutually agreeable neutral location.

27.2.2 If and to the extent that the parties do not resolve any Dispute or any issue in the course of any mediation, either party may commence or continue court proceedings in respect of such

unresolved Dispute or issue. However, neither party will be entitled to commence or pursue legal proceedings under the jurisdiction of the courts in connection with any such dispute until twenty-one (21) days after the mediation procedures will have been deemed to be exhausted in respect of such Dispute.

27.2.3 Nothing in this Section 27 (Dispute Resolution Procedure) shall prevent either party from instigating legal proceedings:

- (a) in order either to avoid the expiration of any contractual, statutory or equitable limitation period or time limit; or
- (b) to avoid an unauthorized disclosure of Confidential Information, to preserve a superior position with respect to other creditors, or to seek a preliminary injunction or other provisional judicial relief, if in its sole judgment such action is necessary to avoid irreparable damage or to preserve the status quo;
- (c) in which either party requires a judgment or award for a liquidated damages to which there is no arguable defense; or
- (d) in which either party requires the enforcement of any agreement reached or any binding order, award, determination or decision made pursuant to this Section 27 (Dispute Resolution Procedure).

28 **Source Code Escrow**

28.1.1 Escrow. Vertex and Client agree to execute an Escrow Agreement which will be attached hereto as Exhibit 3 to Schedule 1B promptly following execution of this Agreement. Vertex will procure the Escrow Agent and execute the Escrow Agreement. Vertex and Client mutually undertake to abide by the terms of the Escrow Agreement and acknowledge that for the purposes of the said Escrow Agreement: (a) the Source Code Materials (including any customizations and modifications commissioned by Client) shall constitute the “Deposit Material”; and (b) this agreement shall constitute the “License Agreement”. The Release Conditions, as defined in the Escrow Agreement are: (a) failure of Vertex to function as a going concern or operate in the ordinary course; or (b) Vertex is subject to voluntary or involuntary bankruptcy. Vertex shall bear the costs and expenses in depositing the Source Code Materials, including the Escrow Agent’s fees for its basic three party deposit agreement. Vertex shall obtain escrow services for the current eCIS+ source code. The Parties will approve the provider of such services.

29 **Off-shore Personnel**

During the term of the Agreement, Vertex will not outsource business operations, defined as Call Center, Billing, Remittance, Collections and Bill Print operations, as well as the positions of Delivery Manager and Technical

Account Manager, to locations outside the Continental United States and Canada, without the written consent of Client.

30 **Non-Solicitation**

30.1 Neither party shall solicit, make offers of employment, hire, or enter into consulting relationships with any person employed or engaged by the other party involved in the provision or the receipt of the Services at any time during the Term or for a further period of six (6) months after the termination or expiration of this Agreement for any reason.

30.2 Notwithstanding Section 30.1 (Non-solicitation), a party:

30.2.1 is entitled to run a general advertising campaign not specifically targeted at any of the employees or consultants of the other party; and

30.2.2 is entitled to hire or enter into consulting relationships with any persons following unsolicited approaches by such persons, including as a result of any advertising campaigns covered by Section 28.2.1.

30.3 Subject to 30.2 (Non-solicitation), if either Vertex or Client commits any breach of Section 30.1 (Non-solicitation), the breaching party shall, on demand, pay to the claiming party a sum equal to fifty percent (50%) of one year's gross basic salary or gross annual fee, as applicable, of the employee or consultant in respect of whom the breach has occurred at the rate which applies as at the date of termination of their employment or engagement with or by the claiming party.

30.4 The parties agree that the amounts to be paid in accordance with Section 30.3 (Non-solicitation) represent a genuine pre-estimate of the claiming party's potential Losses as a result of a breach of the non-solicitation obligation under this Section 30 (Non-solicitation).

31 **Sub-Contractors and Other Personnel**

31.1 Vertex shall be entitled to sub-contract any part of its rights or obligations under this Agreement without Client's prior consent to any Affiliate or third party (except that Vertex must obtain Client's consent to subcontract the whole or the majority of the Services) provided that Vertex remains liable for the acts and omissions of such Affiliate or third party as if they were its own. Client acknowledges that, and consents to, some of the Services and any additional services being delivered by Vertex through other companies in the Vertex Group.

31.2 Client is and shall remain liable for the acts of omissions of Client Personnel in connection with this Agreement as if they were Client's own.

32 **Assignment and Novation**

Neither party may assign this Agreement or any of its rights and obligations under this Agreement without the prior consent of the other party; provided, however, that Vertex may assign this Agreement, in whole or in part, without Client's consent to an Affiliate or to a purchaser of Vertex (whether by sale of all or substantially all of its assets, sale of stock, merger or reorganization). Any unauthorized assignment shall be void.

33 Change Management and Variations

33.1 This Agreement, including the Services, may not be varied except:

33.1.1 as expressly permitted in this Agreement, or

33.1.2 by an agreement in writing expressed to vary this Agreement, expressly referring to this Agreement and the provision(s) being varied, signed by duly authorized representatives of the parties.

34 Waiver and Accumulation of Remedies

34.1 The rights and remedies provided by this Agreement may be waived only in writing by the duly authorized representative of the party in a manner that expressly states that such waiver is intended for, and such waiver shall only be operative with regard to, the specific circumstances referenced.

34.2 Unless a right or remedy is expressed to be an exclusive right or remedy, the exercise of it by a party is without prejudice to the party's other rights and remedies. Any failure to exercise, or any delay in exercising, a right or remedy by either party shall not constitute a waiver of that right or remedy, or of any other rights or remedies.

34.3 The rights and remedies provided by this Agreement are cumulative and, unless otherwise provided in this Agreement, are not exclusive of any right or remedies provided at law, in equity, or otherwise under this Agreement.

35 Relationship of the Parties

35.1 Nothing in this Agreement is intended to create a partnership or legal relationship of any kind that would impose liability on one party for the act or failure to act of the other party, or to authorize either party to act as agent for the other party.

35.2 Except that Vertex may act in the name of Client and/or bind Client in delivering the Services as set forth by this Agreement, but only to the extent permitted and/or set forth by this Agreement, neither party shall make representations on behalf of, in the name of, or otherwise bind, the other party.

36 Severability

36.1 If any provision of this Agreement is determined to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and shall be binding upon Client and Vertex and shall be enforceable, and such provision shall be reformed to the extent necessary to render such provision valid and enforceable and to reflect the intent of the parties to the maximum extent possible under Applicable Law.

37 **Entire Agreement**

37.1 This Agreement (including all the Schedules attached hereto) constitutes the entire agreement and understanding between the parties in respect of the matters expressly dealt within it. The previous agreement between the parties executed on December 31, 2001 (the "Previous Agreement"), will remain in effect in relation to the matters not expressly addressed herein until the Service Commencement Date, at which time the Previous Agreement will be superseded completely by this Agreement.

37.2 Each of the parties acknowledges and agrees that, in entering into this Agreement, except as set forth in Section 4.2, it does not rely on, and shall have no remedy in respect of, any statement, representation, warranty, or covenant made by the other party (whether negligently or innocently made) other than as expressly set out in this Agreement. The only remedy available to either party in respect of any such statement, representation, warranty or undertaking made by the other party shall be for breach of contract under the terms of this Agreement.

38 **Third Party Rights**

This Agreement is made for the benefit of the parties to it and their permitted successors and assigns and is not intended to benefit, or be enforceable by, any other person other than members of Vertex Entities who may enforce this Agreement as if each member of Vertex Entities is Vertex and the Sub-Contractors who are entitled to enforce the provisions of Schedule 7 (Employees) as they relate to them.

39 **Notices**

39.1 Any approval, notice, demand or communication required or permitted in connection with this Agreement shall be in writing, signed by or on behalf of the party giving it and shall be delivered by certified mail, by hand, or reputable overnight courier requiring signature on delivery addressed to the address set out in the SOW (or such other address as a party may have notified the other of in writing and specifically referring to this Section 39 (Notices)). An approval notice, demand, or communication shall be deemed to have been received: (i) if delivered personally, at the time of delivery; or (ii) in the case of certified mail or reputable overnight courier, on the fifth (5th) Business Day following, but excluding the date of posting (or on the eight (8th) Business Day where it is international mail).

39.2 Notices shall not be deemed to be served if sent by fax or e-mail.

Vertex:

Vertex Business Services
250 E. Arapaho Road, Suite 100
Richardson, Texas 75081
Attn: Chief Financial Officer

Client:

Truckee Meadows Water Authority
P.O. Box 30013
Reno, NV 89520
Attn: Kim Mazeris

39.3 In proving service, it shall be sufficient to prove that the envelope containing the notice was addressed to the relevant party at its address previously notified for the receipt of notices (or as otherwise notified by that party) and delivered to that address pre-paid, certified mail or reputable overnight courier.

40 **Governing law and Jurisdiction**

This Agreement shall be governed by and construed in all respects in accordance with the laws of the State of Texas and the laws of the US, without regard to conflict of law principles. Should a judgment or award be rendered against a party in such courts, such party further irrevocably consents to the non-exclusive jurisdiction of any other court located within a jurisdiction that encompasses assets of such party for the enforcement of such judgment or award against the assets of such party.

41 **Counterparts**

This Agreement may be executed in any number of counterparts and by the parties on separate counterparts, but shall not be effective until each party has executed and delivered at least one counterpart to the other party. Each counterpart, when executed and delivered, shall constitute an original and all the counterparts together shall constitute one single agreement. Any signed counterpart transmitted by facsimile transmission or email will constitute an original and will be deemed to be binding when delivered.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Orcom Solutions LLC D/B/A Vertex Business Services		Truckee Meadows Water Authority	
Signature:		Signature:	
Name:		Name:	
Title:		Title:	
Date:		Date:	

Schedule 1A

Contact Center Operations

Service Description

To The

Master Services Agreement

By and Between

Orcom Solutions LLC D/B/A Vertex Business Services

And

Truckee Meadows Water Authority

Contact Center Overview

Overview

Contact Center Operations services shall consist of managing and executing the mutually agreed customer care processes and procedures as defined and provided by the Client, such as receiving and handling Client's end-use customer comments, requests, questions and complaints from customers regarding billing, payments, requests for duplicate bills, requests for statements of accounts, late payment charges, mailings, pricing, and updating account information such as mailing address corrections and name changes. These requests may be received by Vertex's customer care operations via inbound calls, internet inquiries, U.S. mail, fax and written comments on bills. Vertex shall log all customer communications including, but not limited to, e-mail, inbound and outbound calls, U.S. mail and fax. Vertex will record contacts at the account level, tracking both those issues outstanding as well as resolved. These communications shall be visible to other customer service representatives through contacts recorded on the customer's account.

The Parties will agree on volumes and forecast in accordance with the following provisions. The forecasting process will be on the basis of a sliding quarterly "window", commencing 90 days ("the Planning Period") prior to the beginning of the applicable month the Services are to be delivered (the "Delivery Month"). The parties will meet monthly to review future work volume drivers, the impact on Vertex's delivery requirements and how best to configure the Services to meet the Client's needs. The parties will meet monthly to review the information required as input for the forecasting process 90 days, 60 days and 30 days prior to the forecast Delivery Month.

A new 90 day Planning Period will start at the beginning of each month to forecast the resources required for the Services 90 days in advance allowing Vertex sufficient time to react to resource increases or decreases as appropriate. Implicit within the Forecasting Process is Vertex's ability to handle a 5% increase or decrease in resources on a monthly basis, through the management of flexible workforce scheduling arrangements. If volumes are outside the 5% variance due to circumstances beyond Vertex's control, Vertex will be relieved from achieving the associated service levels set forth in Schedule 3 but will use reasonable efforts to achieve those service levels.

Vertex will use commercially reasonable efforts through attrition to attempt to migrate up to 50% of the call center agents to a home working service model based out of Northern Nevada.

Inbound Call Center

- A. Managing the inbound phone lines for customer service.
- B. Provide call center services on a five (5) days per week, ten (10) hours per day using both IVR and live customer service representatives.
- C. Retaining all inbound phone calls, and faxes, forms and documentation – in accordance with Applicable Law and in accordance with any record retention guidelines provided by the Client during the Term and as per the Nevada Revised Standards on the date of the signature of this contract any changes would be subject to the Change Management Process).

- D. Resolving customer issues and/or escalating to the proper supervisor for resolution.
- E. Transfer to Client based on defined criteria.
- F. Process customer maintenance transactions related to existing, new and final billed accounts including opening new accounts, scheduling appointments, move-ins, move-outs, transfer of services, termination of account etc.
- G. Provide back-office support function within the contact center environment including:
 - Document management of faxes, mailed or e-mailed forms and agreements
 - Fulfillment of customer requested forms, data, information or documentation
- H. Answering collection inquiries.
- I. Initiating outbound calls as needed in follow-up to previous inquiry.
- J. Ensure customer care personnel supporting the Client are trained to support scope of services. Any training related to process or system changes will go through change control.
- K. Write and update customer care documentation. Updates will be shared and signed off on by the client. Any Client driven changes are not included and will be managed using the Change Management Process and may be subject to applicable additional charges.
- L. Maintaining agreed quality assurance measures for inbound calls. Such calls will be measured against documented and mutually agreed processes and procedures.
- M. In case of emergency calls create appropriate service order and communicate to dispatch to ensure order is appropriately handled. Interface with the Client employees to enable local customer support function including walk in payment processing and inquiry handling.

Responsibility Matrix

#	Function	Client	Vertex	Notes
1	Hire and train call center staff.		X	
2	Branding of all Services as Client including forms, scripting, IVR / Web, and all other points of contact with customers.	A	X	Input from Client required.
3	Receive and resolve service inquiries and complaints via telephone calls.		X	
4	Receive and resolve service inquiries and complaints via emails and fax.	A	X	
5	Receive and resolve service inquiries and complaints via internet inquiries.	A	X	
6	Receive and resolve service inquiries and complaints via customer correspondence.	A	X	
7	Receive and resolve service inquiries and complaints via written comments on bills.		X	

#	Function	Client	Vertex	Notes
8	Capture and track all customer contacts including e-mail, fax, written correspondence, inbound and outbound calls so that CSRs, supervisors or Client employees may view task history and progress through the resolution process.		X	
9	Record calls and create records of inquiries, retained for a 1 year period.		X	
10	Measure customer satisfaction monthly and analyze quarterly. Provide results and comments to Vertex.	X		
11	Review 3 rd party survey data provided by client. Coach and address items impacting scores. Partner with client to address any potential process issues.	X	A	This is currently done by a 3 rd party which TMWA has an agreement with. They share the results with us.
14	Transfer calls with complaints to Client for identified issues.		X	
15	Define escalation criteria wherein Vertex refers the issue to Client.	X	A	
16	Measure and manage the service performance against defined Service Levels.		X	
17	Measure and manage the quality performance against defined Service Levels.		X	
18	Manage staff performance.		X	
19	Quality monitoring – 4 calls and 2 coaching sessions per CSR per month.		X	While Client will have the capability to monitor calls remotely, Vertex is to be accountable for quality monitoring.
20	Define quality monitoring scoring criteria.	A	X	Client will have input to the scoring criteria.
21	Client calibration sessions – 1 session per week.	A	X	Client will participate in call calibration sessions.
22	Comprehensive evaluation of phone etiquette, interaction and relationship with the customer, information handling, efficiency and knowledge, use of applications and tools.		X	

#	Function	Client	Vertex	Notes
23	Create the customer contact arrival forecast for all inbound channels, and revise each 30 days. Forecast is to be examined in a 90 day rolling window, updated each 30 days.	A	X	
24	Reviews forecast and agree upon for the upcoming 90 day period.	A	X	
25	Provide supervisory and management support.		X	
26	Documentation development / training / change management to keep agents informed of changes and events that may impact customer service.	A	X	Input from Client required to ensure messaging of communications is in line with Client's messaging.

X=Primary Responsibility A=Assist

Dispatch Services

Dispatch service provides for the receipt of field service orders from Vertex Business Service's eCIS+ System and the dispatching of those orders to TMWA's 16 Mobile Data Terminals in field service vehicles and/or by directly contacting the Field Service Technicians.

Vertex Business Services will provide 24x7 365 dispatching services to TMWA. Normal hours of operation will be a 9-hour shift, Monday – Friday, and after hours defined as any work performed outside of those 9 hours.

In addition TMWA will be provided Access to View for 9 office personnel. Service orders include all orders entered in eCIS+ that are intended for TMWA field service personnel to receive and work. Any field orders generated outside of eCIS+ system are not included in service work.

If for any reason eCIS+ generated orders cannot be electronically dispatched and completed, Vertex Business Services and TMWA will dispatch/complete orders according to agreed upon business rules as defined in the Business Continuity, Rules and Processes.

Responsibility Matrix

#	Function	Client	Vertex	Notes
1	Recruit, hire and train TMWA dispatch agents.		X	
2	Dispatch orders electronically using the dispatch application or manually send service order to technician's MDT's.		X	

#	Function	Client	Vertex	Notes
3	Dispatch emergency orders and verify that field service technician receives and accepts order.	A	X	
4	Dispatcher monitors emergency order through resolution		X	
5	Dispatcher dispatches additional assistance and/or resources requested by field service technician.	A	x	
6	Dispatcher or back office completes order in eCIS+ if not done electronically in the field.	A	X	
7	Dispatch non-emergency orders if determined it needs to be dispatched.		X	
8	Monitors non-emergency schedules and technician workload.		X	
9	Manage resource planning to minimize the need to reschedule commitments made with customers. TMWA will handle any reschedules due to work not completed by TMWA field resources.	X		
10	Proactive follow through on open orders by dispatcher.		X	
11	Provide Service Order Dispatch related reports as defined during implementation and distribute to TMWA designated person(s).		X	
12	Escalate schedule completion, productivity and potential performance issues as required.	A	X	
13	Monitor and provide performance feedback to TMWA on a regular basis.	A	X	

X=Primary Responsibility A=Assist

Back Office Functions

Usage Rating/ Bill Calculation

Vertex will provide support for the rating of usage and calculation of bill charges for the Client.

The meter data/usage rating/bill calculation support consists of:

- A. The ability to perform cycle or event billing, as agreed to by the Client

- B. Cancel/re-bill capability
- C. Functionality for short-period or manual initiated invoicing.
- D. Rate calculation capability consists of:
 - 1. Flat fee customer charges (including the Client adjustments, convenience fees, etc).
 - 2. Cents per unit of measure
 - 3. Seasonally adjusted rates
 - 4. Late fee charges
- E. The ability to calculate billing amounts for non-consumption based recurring charges.
- F. Maintaining adequate controls to provide accurate and timely billing data inputs. Notifying the Client if controls are not working properly.
- G. Ability to calculate line item adjustment from a prior period.

Responsibility Matrix

#	Function	Client	Vertex	Notes
1.	Provide details about all rates billed by the Client	X		
2.	Modeling and configuration of rates provided by the Client	A	X	
3.	Administration and on-going rate configuration	A	X	
4.	Execute accurate calculation of customer bills		X	
5.	Initiation and management of bill batches		X	
6.	Resolution of bill calculation exceptions		X	
7.	Apply one-time and special charges (e.g., reconnect charge fee, turn-off fee, deposit, termination fee, discretionary charges)	X	X	Joint responsibility. Vertex performs the action and works closely with the client
8.	Support of English invoice and letter correspondence		X	
9.	Compose billing data into printable format		X	

X=Primary Responsibility A=Assists

Bill Print & Correspondence Processing and Distribution

Vertex will support bill print and delivery into the US mail. Vertex will provide messaging and communication services that integrate with the physical bill print.

The statement and correspondence services consist of:

- A. Account statements
- B. Customer Invoices
- C. Stuffers and messaging
- D. Collection notices
- E. Customer letters

Responsibility Matrix

#	Function	Client	Vertex	Notes
1.	Provide composition rules and specifications for statements and invoices	X	A	
2.	Allow for internal printing capability to support statement and invoices		X	Reprint capability will be within Kubra, not internally at Vertex.
3.	Provide administration of bill messaging requirements		X	
4.	Provide administration of inserting requirements		X	
5.	Process bill statements and invoices print		X	
6.	Sort and mail bill statements, stuffers and invoices		X	
7.	Ensure adherence to identified remittance specifications and postal specification standards		X	
8.	Report metrics by correspondence type		X	
9.	Process and print of collection notices		X	
10.	Process and print of customer letters		X	

X=Primary Responsibility A=Assists

Payment Processing

Vertex will provide support for remittance, EFT and lock box payments for the Client.

The payment processing consists of:

- A. Accept, process and apply:
 1. Lockbox payments
 2. ACH payments
 3. EFT payments
 4. Manual Files
 5. Third Party Payments vendors contracted by the Client (i.e. Ace, Western Union). Activation of Client third party payment vendor will require standard Change Management and be subject to applicable additional charges.
- B. Apply daily all payment files received to customer accounts.
- C. Apply partial payments based on default rules in eCIS+.
- D. Perform daily reconciliation of posted payments to eCIS+.
- E. Process and report all Not Sufficient Funds (NSF) payments, unidentified payments and payment exceptions.
- F. Provide notification to customers for all types of returned payments.
- G. Maintain adequate controls to ensure accurate and timely cash application.

The Client will be responsible for:

- A. Maintaining merchant identification for accepting credit card payments.
- B. Maintaining a settlement bank account for the acceptance of credit card payments.
- C. Maintaining a depository bank account for the deposit of all lockbox payments.

Responsibility Matrix

#	Function	Client	Vertex	Notes
1.	Uploading payment output file to eCIS+ and posting payments on customer accounts		X	
2.	Processing payments that are received with invalid account number or no account number		X	
3.	Handling payment exceptions for which a valid customer account number is provided		X	
4.	Create exceptions for payments in file that cannot be posted to eCIS+		X	
5.	Processing of recurring EFT (bank draft) payments		X	
6.	Processing of ACH payments		X	
7.	Provide contacts and requirements for preferred bank account arrangements	X		
8.	Establish all merchant id, settlement and depository bank accounts	X		
9.	File all paperwork & acquire certifications for acceptance of credit card payments	X		

X=Primary Responsibility A=Assists

Exhibit 1 to Schedule 1A

Hours of Operation

To The

Master Services Agreement

By and Between

Orcom Solutions LLC D/B/A Vertex Business Services

And

Truckee Meadows Water Authority

1. Hours of Operations for the Services provided under Schedule 1A shall be Monday through Friday, 7:30 a.m. to 5:30 p.m. PST that the Client is open to the public and excluding all major holidays observed by the Client (“Business Day”).
2. The Client is closed 11 days per year in recognition of “fixed” Holidays: January 1st (New Year’s Day), Martin Luther King Jr. Day (3rd Monday in January), Washington’s Birthday aka President’s Day (3rd Monday in February), Memorial Day (last Monday in May), July 4th (Independence Day), Labor Day (1st Monday in September), Nevada Day (last Friday of October), Veterans Day (November 11), Thanksgiving Day (last Thursday in November), Friday after Thanksgiving (aka Family Day), , December 25th (Christmas Day).

*“Fixed” Holidays that fall on a Saturday or Sunday would be observed on the preceding Friday or following Monday.

The Client will confirm annually on or before November 1st the “fixed” Holidays schedule for the coming year.

Schedule 1B

eCIS+ Hosting and Application Support

Service Description

To The

Master Services Agreement

By And Between

Orcom Solutions LLC D/B/A Vertex Business Services

And

Truckee Meadows Water Authority

Application and Infrastructure Hosting

Overview

Vertex will provide a hosted IT environment in support of the Vertex System and the Services. Please see Exhibit 1 to this Schedule for details of eCIS+ base functionality.

Functions

The application and infrastructure hosting function consists of all routine tasks reasonably needed to make the IT infrastructure and application components run as designed and intended, consistent with their respective specifications and performance standards. These routine tasks consist of the following:

- A. Provide overall server and operating system support and management. This consists of setup of monitoring processes, patch management, system interface management, software maintenance release and licensing management, inventory management, and technical architecture documentation maintenance.
- B. Patches will be managed using our Vertex eCIS+ quarterly patch evaluation and install process
- C. Vertex will provide up to 12 environments – (4 Test, 2 Train, 1 Modeling, 1 Parallel, 2 Custom, 1 Sandbox and 1 Gold)
- D. Provide the management, configuration, setup, data allocation, management of read/write performance, and monitoring of disk data storage subsystems.
- E. “Backup/Recovery Management and Media Management” consists of the activities necessary to backup data on a regular and routine basis, retain backup copies for the requisite time and arrange for and store the physical media containing the backup data offsite.
- F. Perform all tasks associated with the eCIS+ v3 implementation and ongoing administration, and management of appropriate monitoring tools to provide ongoing availability and performance of the IT infrastructure.
- G. Provide security services consisting of vulnerability management, device level security, and security software administration.
- H. Provide ongoing maintenance and enhancements of patch releases, corrective and preventative maintenance, and minor enhancements to improve the performance of the system. For purposes of clarity, Client’s specific application enhancement and functionally requests will be subject to the Change Management Process.
- I. Perform all tasks associated with the implementation and ongoing administration of the network and telephony infrastructure needed to support the operational services.
- J. Support and maintenance of the e-CIS/eCIS+ system including control table maintenance and updates, user ID administration and security.
- K. Ensure appropriate allocation of network and server resources to enable timely processing of Client functions and batches.

Responsibility Matrix

#	Function	Client	Vertex	Notes
	Hosted IT Infrastructure Management			
1	Maintain configuration, troubleshoot and support Server OS (e.g. patches and upgrades)		X	
2	Evaluate security patches, approve and prioritize as appropriate for implementation		X	
3	Apply Server system and security patches and other changes and updates per vendor specifications		X	
4	Receive, test, and deploy patches received from manufacturers within documented severity time frames		X	
5	Provide and implement monitoring processes and/or tools		X	
6	Monitor, manage, and report on the status of the computing environment		X	
7	Identify and maintain capacity and performance resources and components monitoring requirements for events and faults based on business needs following operations procedures		X	
	Backup Recovery and Management			
8	Schedule, perform and monitor backups at defined intervals		X	
9	Perform data restore / data recovery, as required		X	
10	Manage and support the backup hardware library platforms		X	
11	Maintain and support backup subsystem software components on servers (e.g. patches and software upgrades)		X	
12	Coordinate off-site storage functions (authorization lists, audits, etc.)		X	
13	Collect metrics, produce reports on backup timeliness, success rate, missed files, restore requests restore timing, etc.		X	
	Performance and Capacity Management			
14	Maintain capacity plan based on requirements (e.g. users, new apps. etc.)		X	
15	Monitor online performance of all in-scope environments and take appropriate action to address performance issues		X	
16	Perform system performance tuning		X	
17	Provide proactive / predictive availability management		X	

#	Function	Client	Vertex	Notes
18	React to availability incidents following the defined incident management process		X	
19	Notify enterprise stakeholders of planned and unplanned outages per procedure		X	
Security Services				
20	Approve security administration requests, consists of new users, delete users, changes in privileges, etc		X	
21	Create, terminate and update all server and user accounts and associated privileges per process and procedure		X	
23	Administer security databases (i.e., end user authorization files, profile adds/changes/deletes, database security ids, forms)		X	
24	Report security incidents		X	
25	Log changes to customer records		X	
Application Maintenance				
26	Respond to and resolve abnormal terminations, correct errors or invalid data, consists of restoring production systems and performing such functions as are necessary to reinstate service to the business (e.g., re- running jobs)		X	
27	Performing permanent "fixes" so that problems do not recur		X	
28	Correcting application defects that require application code or operational modifications and tracking and retaining responsibility for each issue until it is resolved		X	
29	Performing a root cause analysis on all emergency issues for the purpose of identifying appropriate improvement		X	
30	Monitoring patches and fixes for applications, as issued by Vertex third-party vendors		X	
31	Determining the applicability of a patch or fix to an application, consists of assessing impact on customizations, interfaces, other applications, and production operations		X	
32	Managing, maintaining, supporting and coordinating Vertex Designed interfaces to/from applications		X	
Application Enhancements				
33	Providing the requirements for designated enhancements	X		
34	Documenting the requirements		X	

#	Function	Client	Vertex	Notes
35	Following a mutually agreed upon change control process when the enhancement requirements change	X	X	
36	Developing and documenting a design for the solution or solution component		X	
37	Providing a high level estimate for the enhancement		X	
38	Providing written approval for the application enhancement	X		
39	Identifying, designing and documenting interfaces associated with other solution components		X	
40	Documenting the design		X	
41	Selecting, tailoring and using those standards, methods, tools, and computer programming languages that are documented, appropriate, and established by the organization for performing development activities		X	
42	Developing, documenting, and executing plans for the conducting the development activities		X	
43	Developing the code		X	
44	Developing and documenting test procedures for testing each unit and database		X	
45	Performing unit testing of the solution component as appropriate		X	
	User Acceptance Testing for non-Vertex call center functions	X		
47	Performing Vertex Call Center user acceptance testing		X	
48	Providing final functional sign-off	X		
49	Developing a plan to install the solution in the target environment as designed		X	

X=Primary Responsibility A=Assists

Customer Self-service

Overview

Vertex will provide customer self-service capability for existing Client customers through the following channels:

- A. IVR (Integrated voice response)
- B. Web

Client shall provide all client specific requirements within the agreed upon timeframe. Any changes to these requirements that impact project scope as defined in the SOW will be handled

through the Change Management Process and may be subject to additional charges

Functions

Customer Self-service functionality available through the IVR consists of:

- A. English recordings
- B. Service request menu options
- C. Call routing to appropriate work queue based on menu option
- D. Account look-up and access validation
- E. Billing account balance playback
- F. Payment history playback
- G. Payment by phone
- H. High call volume and outage recordings
- I. Client branding (all IVR messaging will be branded by Client)
- J. Payment arrangement functionality.

Customer Self-service functionality available through the web site consists of:

- A. Account registration, sign-in, forgot password
- B. Branding of client specific logos and colors
- C. Account access validation
- D. Customer balance summary
- E. Ability to view .pdf image of invoice
- F. Ability to pay invoice via one-time credit card or ACH
- G. Ability to enroll in recurring payment (credit card or ACH)
- H. Ability to send email to customer care center
- I. Ability to display Client provided FAQ information
- J. Ability for customer to turn on or transfer servicer
- K. PPayment arrangement functionality.

Responsibility Matrix

#	Function	Client	Vertex	Notes
1.	Definition of IVR menu options	X		
2.	Definition of IVR menu scripts	X		
3.	Selection of voice talent for recording	X		
4.	Configuration of menu scripts and uploading of voice recording including: <ul style="list-style-type: none"> • Pay bill or report payment • Questions about bill • Start or stop service • Water emergency • Water quality issues • Report meter reading • Request forms 		X	

#	Function	Client	Vertex	Notes
5.	Web Self-services including: <ul style="list-style-type: none"> • Create, manage, update account • Move in/out, transfer service • Turn on/off • Schedule appointments (for on/off) • Electronic bill presentment • Online payment (credit card, eCheck, electric funds transfer) • Sign Up for automatic payment • Ledger screen (2 Years of history) • Turn on after non-payment 		X	
6.	Approval of call flows and recordings	X		
7.	Provision of customer branding for web Self-service	X		
8.	Configuration of web site with client branding		X	

X=Primary Responsibility A=Assists

Rate & Tax Management

Overview

Vertex will manage the on-going maintenance and updating of the rate and tax tables in the Vertex System in order to accurately calculate charges and apply applicable taxes. Client will be responsible for notifying Vertex of any changes to rates or taxes along with the jurisdictional tax filings and the prompt provision of the correct rate and tax tables.

Client shall provide all client specific requirements and information within the agreed upon timeframe. Any delays to this could result in adverse impacts to the Project timeline Management Process and will be subject to additional charges.

Functions

Rate management function consists of:

- A. Vertex Software’s ability, subject to using the correct rate and tax tables, to: (i) calculate rates accurately; and (ii) calculate bills accurately based on applicable tariffs.
- B. The support of rate table maintenance.

Tax management function consists of:

- A. Vertex Software’s ability, subject to using the correct rate and tax tables, to: (i) calculate sales taxes accurately; (ii) calculate and track sales taxes at the jurisdiction level and charge type; (iii) exclude specified charges from being taxed; and (iv) exempt customer accounts from taxes.
- B. The support of tax rate maintenance.

Responsibility Matrix

#	Function	Client	Vertex	Notes
---	----------	--------	--------	-------

#	Function	Client	Vertex	Notes
1	Configuration and maintenance of the rate and tax tables		X	
2	Interpretation of all applicable rate tariffs	X		
3	Interpretation of all applicable tax law	X		
4	Acceptance and approval of all rates Configuration	X		
5	Acceptance and approval of all tax rates and tax calculation configuration	X		
6	Providing reports showing the amount of taxes that are owed to each taxing authority		X	
7	Submitting tax filings and payments to each taxing authority	X		
8	Capability to provide support for multi-jurisdictional taxes and full or partial tax exemptions		X	
9	Obtain signed tax exemption form from tax exempt customers, store information in the CIS, file per Client's data retention policy		X	

X=Primary Responsibility A=Assists

Payment Arrangements

Overview

Basic payment arrangement functionality will consist of extensions and deferred installment plans.

Client shall provide all business rules within the agreed upon timeframe. Any subsequent changes to these will be handled through the Change Management Process and will be subject to additional charges.

Functionality

The payment arrangement functionality consists of:

- A. Ability to grant a due date extension
- B. Ability to accept outstanding debt based on Client's business rules
- C. Breaking of an arrangement if the customer does not make payments per the agreed to payment plan

Responsibility Matrix

#	Function	Client	Vertex	Notes
1	Providing business rules regarding customer	X		
2	Provide business rules for initial payment amount and number of installments available	X		

#	Function	Client	Vertex	Notes
3	Configuration of payment arrangement parameters based on Client provided rules		X	
4	Breaking of the payment arrangement if the customer does not make installment payment on time and enact collection process		X	

X=Primary Responsibility A=Assists

Collections Management

Overview

Vertex will support management of past due Client accounts receivable amounts. This consists of the management of collection notice schedules, the initiation of collection events and coordinating with Client's selected collection agencies. Changes needed to support Client interfaces will be managed through the Change Management Process and subject to additional charges.

Functions

Collections management function consists of:

- A. Generation of past due notices
- B. Creation of write-off transactions
- C. Assignment to third party collection agency
- D. Management of energy assistance programs
- E. Management of bankruptcy and probate processes
- F. Creating and printing door tags to support collection activity
- G. Adherence to regulatory framework for collections processing and timelines
- H. Prepare and send refund check file to TMWA

Responsibility Matrix

#	Function	Client	Vertex	Notes
1	Design and communicate credit policies for application by Vertex.	X		
2	Design and define the rules for referrals of accounts to the third party collection agency.	X		
3	Generate and send collection notices to request the A/R totals outstanding.		X	
5	Triggering of termination of service for a customer who is part of a collections process.		X	
6	Establish dispute tracking and exempt disputed charges from collections activity		X	
7	Generate and apply applicable collection fees to customer accounts.		X	

#	Function	Client	Vertex	Notes
8	Assignment of delinquent accounts to 3 rd party collection agencies in accordance to the defined schedule(s).	X	X	Client must approve accounts to be sent to the collection agency. In addition, Client is responsible for fees related to collections based accounts.
9	Management of account data placed at 3 rd party agency including the communication of account data or balance changes and the acceptance of payment files from the 3 rd party		X	
10	Support for bad debt write-off and unclaimed property	A	X	
11	Monitor Client's receivables with the objective of managing overdue receivables and write-off balances	X	X	
12	Manage bankruptcy and probate processes		X	

X=Primary Responsibility A=Assists

Reporting

Overview

Vertex will provide the reports and reporting tools to support the management of the Services.

Functions

Reporting services consists of:

- A. Collection of metrics and production of a monthly dashboard providing performance against key performance indicators to support the SLA process
- B. Availability of a self-service reporting tool to allow Client staff to generate their own ad hoc reports
- C. Standardized and ad hoc reports that are available through a menu option that can be run on a regularly scheduled or ad hoc basis
- D. A monthly dashboard basic financial reports which include the Journal and Aging reports
- E. Standard statistical reports that can be used by management to monitor key statistics related to the operations of the business
- F. Vertex will provide the Client with the reports listed in Exhibit 2 to this Schedule.
- G. Vertex will provide monthly operational metrics report

Responsibility Matrix

#	Function	Client	Vertex	Notes
1	Collection of metrics and production of a monthly dashboard providing performance against key performance indicators to support the SLA process		X	
2	Monthly dashboard will align with items in the Service Level Matrix		X	

#	Function	Client	Vertex	Notes
3	Provide availability of a self-service reporting tool for Client staff		X	
4	Standardized reports that are available through a menu option that can be run on a regularly scheduled basis. Ad hoc reports can be created via request and will be created on a time and materials basis.		X	
5	A monthly dashboard basic financial reports which include the Journal and Aging reports		X	
6	Standard statistical reports that can be used by management to monitor key statistics related to the operations of the business		X	

X=Primary Responsibility A=Assists

Accounting and General Ledger

Overview

Vertex will provide an interface to the Client’s accounting and general ledger system. As part of the interface, Vertex will accumulate Client’s customers’ financial data from daily billing, cash and collections batch processes and communicate that information to Client for inclusion in their accounting systems.

Client shall provide all client specific information within the agreed upon timeframe. Any changes to these requirements will be handled through the Change Management Process and will be

Functions

The accounting and general ledger function consists of:

- A. Mapping various Vertex Software transactions to their respective Client general ledger account numbers.
- B. Provide Client a general ledger output file customized for upload to the Client accounting system. Client will responsible for mapping and posting to Client accounting systems.
- C. Provide Vertex Software standard financial reports.

Responsibility Matrix

#	Function	Client	Vertex	Notes
1	Execute GL assignment processes and delivery output file to Client GL system		X	
2	Provide specific Client ledger account numbers that various types of charges are assigned to	X		
3	Assign GL codes to individual A/R line items in accordance to Client provided GL rules		X	

#	Function	Client	Vertex	Notes
4	Provide mapping into Client accounting systems	X		

X=Primary Responsibility A=Assists

Ongoing Product Release Strategy and Responsibilities

Yearly product roadmap will be published with the estimated release dates and functionality included. Discussions with the Client regarding implementation and timeline will occur for each of the releases. The Client will be responsible for the cost of new major release implementation, migration, training and testing for each of the releases. Vertex and the Client will jointly agree to the timeline for each of the upgrades; however the Client must remain within one level of minor release e.g. 3.1 to 3.2 is a minor release.

System Recovery

Vertex provides a mirrored solution where production data is replicated to a secondary server. Through the use of journaling data is copied as transactions are saved to the production data base. Recovery Point is identified using commitment control which allows the system to be rolled back to the last complete transaction reducing the risk of data loss or corruption.

In the event of an outage Vertex can complete a role swap where the backup system becomes the production system. This process takes less than 4 hours once a decision to role swap is made. The risk of data loss is dependent upon the latency between the primary and secondary servers. In most cases the latency is less than 8 hours.

Vertex will maintain the Services and the Client Data in accordance with Vertex’s security policies and procedures.

	Network Management	Client	Vertex	Notes
1.	Provide 24x7x365 monitoring of all circuits.		X	
2.	Provide notification of service interruption to designated Client representative.		X	

X=Primary Responsibility A=Assists

Service Management

Overview

“Service Management” is the function of sourcing, managing and integrating service delivery across the combined the Client and Vertex teams. Vertex will provide the Client Executive to work with the Client counterpart to manage the work effort of the combined Vertex and the Client Support Team.

Functions

The functions of Service Management consist of:

- A. Initiating/conducting quarterly meetings to review the budget and plan for the remainder of the fiscal year

- B. Initiating/conducting Operations Support Team meetings
- C. Conducting periodic service performance review meetings

Responsibility Matrix

#	Function	Client	Vertex	Notes
1.	Serving as the central point of contact for all service delivery related issues	A	X	
2.	Coordinating individual delivery activities		X	
3.	Incorporating Change Management and Communications Management processes to effectively manage the service delivery	A	X	
4.	Performing project management for on-going development or service delivery initiatives	A	X	
5.	Periodically monitor delivery and project progress based on major milestones		X	
6.	Periodically meet with business unit management, delivery managers and project managers to review findings and recommendations	A	X	
7.	Approving business cases required for new projects	X		
	Providing communications management which consists of:			
8.	Timely service delivery information (SLA's, Status Reports, Detailed Metrics report, etc.)		X	
9.	Determining the information and communications needs of the stakeholders (e.g., who needs what information, when will they need it, and how will it be given to them)	A	X	
	Providing risk management which consists of:			
10.	Identifying, analyzing, and responding to risks	A	X	
11.	Tracking identified risks, identifying new risks, execute risk mitigation plans		X	
	Providing Service Level Reporting which consists of:			
12.	Producing reports required to confirm performance with respect to the Service Levels		X	
13.	Providing management information and recommendations for service improvement		X	
14.	Timely document approval within signoff period required	X		

X=Primary Responsibility A=Assists

Exhibit 1 to Schedule 1B
eCIS+ Functionality Description

To The

Master Services Agreement

By and Between

Orcom Solutions LLC D/B/A Vertex Business Services

And

Truckee Meadows Water Authority

The user interface for eCIS+ is delivered over the Web, providing access to enterprise-wide information and the tools to streamline call handling. With guided business processes and defined business rules, eCIS+ provides that standard business processes are enforced and completed efficiently.

eCIS+ User Interface

Vertex Business Services delivers a browser-based user interface with eCIS+. eCIS+ uses the features and functions of a traditional desktop application delivered over the Web using visual cues, links, hovers, type-ahead, drop-down boxes and more.

Rich Desktop Application eCIS+ maximizes the user’s desktop with key information at a glance. With the help of visual cues and hover help, the user can assimilate the information that is presented and access additional details. For example, bill inquiry provides a single view with the account balance, recent interactions, existing services, and comparison of billed usage and charge history – all with the opportunity to take online notes. The historical comparison displays the usage and change amounts in relation to the number of days, and average temperature for the last three months and over the last three-year period. Additional information is a click away, such as the bill image, or is available via hover help, where the user can see the percentage charge increase between this year and last year.

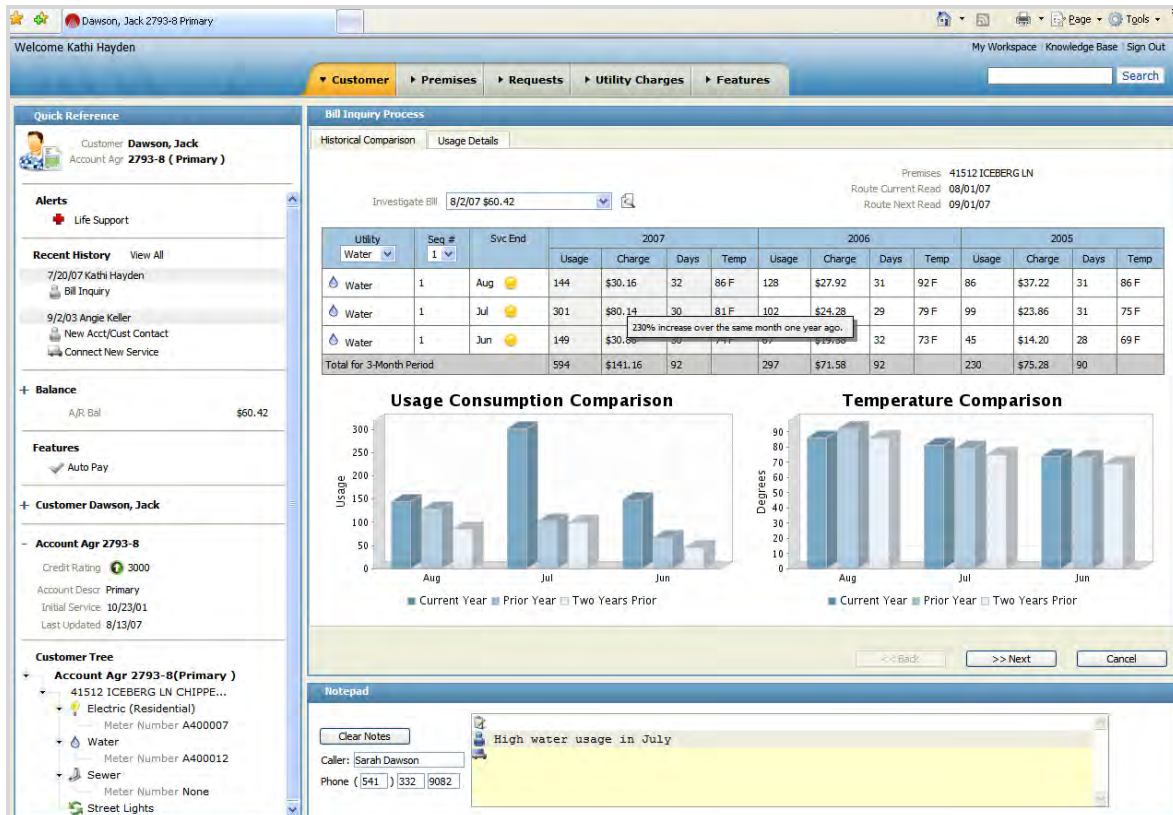


Figure 1: Bill Inquiry Business Process Sample

Standard Business Processes With system-guided processes; eCIS+ enforces standardized business processes by leading a user through a series of steps. Decision points, such as eligibility rules, lead the

CSR to the next step and control options available to the user. If the account fails the eligibility rules for payment arrangements, the user is redirected to the review page with the appropriate message.

Each customer-related business process ends with a finish step to facilitate recording the interaction with the customer. The user is presented with a filtered list of service orders, fees, tasks and letters to select based on the specific business process being completed, such as a move-in, move-out or bill inquiry.

Enforced Business Rules A key to data integrity within eCIS+ is the ability to enforce business rules during data entry. For example, the ability to define that a payment arrangement can be set up if the customer has not broken more than x number of payment arrangements within the last year, where you define x - the number of broken payment arrangements.

Intuitive Navigation with drop-down menus, hyperlinks, and multi-tabbed browsing. The multi-tabbed browsing feature delivered with Mozilla® Firefox or Microsoft® Internet Explorer, enables the user to move between views. By searching for a new account, or accepting a Computer Telephone Integration (CTI) screen pop, the system automatically opens an additional browser tab enabling the user to answer a question for a new account without losing place with the initial account.

One-click Access to Document Archive Repository eCIS+ supports interfacing to your document archive repository; with a simple click, a user can view an archived copy of a bill, invoice or collection notice. A high percentage of calls are related to questions regarding the customer's recent bill or notice received in the mail or delivered electronically. What better way to improve call handling than to provide the CSR quick access to a duplicate copy of what the customer is viewing?

eCIS+

eCIS+ provides a full meter-to-cash management solution. The solution delivers an interactive desktop application that is designed to achieve optimum business performance while managing your customer and billing information.

Customer/Account Management

The eCIS+ Customer Account View provides a 360° customer view and is designed to streamline all types of customer requests and inquiries. You can manage customers with a single account or multiple accounts.

Customer Service Representatives are finding that they can answer 80 percent of customer inquiries without having to leave the first page. With the electronic notepad and the Finish process, capturing all customer interactions is a snap. For more comprehensive requests, guided business processes lead the user through the steps, such as creating new customer/accounts; move-in and move-out requests; and setting up payment arrangements or Auto Pay (formerly EFT).

Customer/Account Maintenance eCIS+ performs extensive validations up front during data entry. For example, when adding a new customer and/or account, checking for existing matches to reduce duplication of customer information or identifying existing customers who may owe the utility money. The system performs automatic searches by last name, Social Security number, mailing address and/or phone number(s), and alerts the user if any two of these items match the existing eCIS+ customer base.

With real-time mailing address validation of USA addresses against the United States Postal Service (USPS) database, addresses are validated and standardized while the customer is still on the phone, plus keystrokes are reduced by entering the zip code and letting the system extract the city and state. For foreign and military addresses, simply enter full address details.

Service Requests Whether a new customer moving to your service territory or an existing customer moving to a new location, eCIS+ leads the user through the process and ensures that all the necessary steps are completed, eliminating errors such as the creation of partial service orders or missed deposit refunds. During the move-in process, the investigative path provides a clear insight to existing service orders and the state of the premises, making it easy to link to an existing service order to reduce an extra truck roll. The move-in and move-out system-guided processes are configured to filter the list of service orders, one-time charges, and recurring charges that the user can select.

eCIS+ manages the account that is currently and was historically responsible for services at a premise through service agreements. Service agreements are created and updated as specific connect and disconnect service orders are closed so that there is an audit trail, and controls are in place to ensure that one and only one account is responsible at a time.

Bill & Payment Inquiries Bill and payment inquiries, the most typical customer calls, have been streamlined by providing a comprehensive ledger screen and graphical usage history display. With the electronic notepad, notes can be entered throughout a customer call and recorded as a task as part of a finish step. The last customer interactions, whether a task and/or service order, are prominently visible in the Quick Reference section of the Customer Account View. In addition, a sticky note can be attached to an account to alert the next person working with the customer of any special treatment or activity in progress.

eCIS+ provides the right tools to respond to customers' questions regarding their balances. The browser user interface uses visual cues to aid the user in interpreting information at a glance and links to view supporting details. The green and yellow check marks immediately identify if charges have been paid. From here, the user can drill into the details behind each ledger entry — for a charge, the user can view the bill image itself or view the payments that applied to the charge. For accounts on budget billing, the ledger enables the user to compare the billed accounts receivable (the budget balance the customer is to pay) against the actual accounts receivable (the balance owed if the customer goes off budget).

Payment Plans eCIS+ supports a number of payment plans which can be implemented based on utility business practices, such as setting up an account on Auto Pay, a budget plan or payment arrangements.

For example, setting up payment arrangements is as easy as 1, 2, 3 with eCIS+. Empower CSRs to set up payment arrangements based on company business rules, which may be based on best practices or driven by regulations. The user is led through the steps of setting up payment arrangements; while behind the scenes the system follows the configuration a technical business analyst has defined to enforce business rules.

Landlord Relationships When working with a customer with multiple accounts, you can view a list of all the related accounts based on a common customer number. Or launch the Landlord Customer View to manage these customer relationships.

Set up landlord agreements and let eCIS+ manage the rest whether cutting gas and billing the landlord between tenants, or sending the landlord notification of the tenant's change in service, or a combination. Management of all agreements for a landlord customer is done using one comprehensive view with the ability to set up a new agreement or discontinue an existing one, display the current responsible party at the premises, or drill down to view historical landlord cut-ins at the premises. Business rules drive when the landlord starts billing after the tenant has moved out with the automatic creation and closure of cut-in service orders.

Premises/Services Management

Just as important as having a comprehensive view of account information is to have a comprehensive view of premises information and its related services. Here you can research premises-related details, create service orders, initiate a new customer move-in or analyze usage patterns. The account premises history information that is captured with eCIS+ reflects accurate service dates and account information, as well as the landlord agreement history that is available.

Premises/Service Maintenance eCIS+ supports metered services related to water, based on services such as sewer, as well as non-metered services such as fire hydrants or street lights.

Field Service Management

eCIS+ provides the tools to manage the services delivered and billed within your service territory. This includes everything related to setting, reading, testing and retiring meters; and the creation, cancellation, and closing of service orders for all types of field work.

Data accuracy within field services is key to calculating accurate bills. With the ability to drive business rules and the effective management of exceptions, and fine-tune to specific utility needs, eCIS+ drives efficiencies within back-office functions.

Service Orders Use service orders to manage all types of requests related to the services within your service territory, ranging from setting a new meter, to an emergency call regarding a leak, to an investigation. Service orders can be manually created by CSRs based on customer requests, such as move-in/move-out, high bill or outage call; created by an operations team to follow up on tampering, re-read meter, testing, etc; or can be generated by the system, such as a disconnect for non-pay, force close, or landlord cut-in agreement. Service orders can be linked, such as linking the move-out and move-in order at a premise so that only one service order is worked by the service crew.

Connect and disconnect type service orders drive the creation and closing of service agreements, which track who is responsible for services at the premises. Completing service orders in a timely manner is important for calculating usage and producing bills.

Meter Reading eCIS+ supports standard download and upload processes that are used to interface to meter reading devices and capture meter read results. All meter reads are stored and can be viewed historically, whether used as part of usage calculation or captured as an interim read.

In the case that no reading is obtained, eCIS+ can generate an estimated reading based on a prioritized estimation usage algorithm, such as usage based on last year same period, last month, or average usage.

Revenue Management

Revenue management includes maintaining rates and taxes; calculating usage; triggering and validating bill calculations, printing statements, and posting bills; correcting and adjusting usage and charges, including cancel/rebill; and the calculation, review, and settlement of budget plans.

Meter reading and billing processes flag accounts for manual review based on specific thresholds, such as usage percentage variance or dollar limits assigned to the rate schedule.

Rates & Taxes Rates within eCIS+ provide for water- and sewer-specific rate components, plus an unlimited number of rate adjustments to be set up, supporting unbundled billing. Rate components can be prorated based on the number of days billed.

Fixed charges are set up to bill for recurring charges.

Taxes are configured by setting up tax districts and defining taxes based on type of utility and billing class. Tax exemptions can be based on utility, billing class, or the individual account.

Both rates and taxes support various proration methods during a rate change.

Billing eCIS+ billing is triggered by selecting the billing cycle or by entering an override bill for an adjustment or correction. Just like meter reading, the billing process flags accounts for manual review based on specific thresholds to ensure accurate billing.

Corrections & Adjustments eCIS+ supports multiple methods for correcting and adjusting bills, including entering dollar adjustments, correcting recent meter readings and applying prior period usage adjustments. Business rules and security can be implemented to ensure that only authorized users can make specific dollar and/or usage adjustments.

Cancel/Rebill is another way to correct a customer's bill. From the eCIS+ ledger screen, simply initiate a system-guided process to lead you through the decision points to cancel, or cancel and re-bill, the account's most recent charges with the next bill post. The one-step Cancel/Rebill option, allows you to enter the corrected readings as part of the cancel and re-bill request — cutting the correction time in half.

Budget Plans For accounts enrolled on a budget plan, eCIS+ maintains ledger details for both the budget balance and the actual receivable, the amount owed if the account was removed from the budget plan — referred to as the off-budget accounts receivable.

As part of managing budget plans, perform periodic reviews to determine if an adjustment is warranted to the monthly budget amount. As the account is billed on the budget plan, compare the original budget calculation against actual charges billed on the budget plan to date and projection for the remainder of the budget plan. As applicable, settle up budget plans annually and calculate new budget amounts.

Receivables Management

The center of receivables management is managing the accounts receivable ledger and supporting journal entries. This includes managing accounting details and interfaces to financial systems; capturing customer credit history and initiating collection activity; allocating and posting payments; tracking customer deposits and interest calculations; managing short and long-term contracts; interfacing to accounts payable for credit refunds; tracking and reconciling energy assistance plans; managing uncollectible balances by writing balances off to bad debt ledger and interfacing with third party collection agencies; and tracking credits as unclaimed property.

Open item receivables provides numerous advantages in eCIS+, including the ability to identify unpaid charges on the ledger display; trace a payment and the charges that it was applied against, and conversely, to view a charge and see which payment was applied; age charges after a payment is reversed; view the aging as of a historical date; and rerun the aging report.

Accounting eCIS+ provides a complete audit trail between the originating transactions in eCIS+ and the general ledger entries posted to the General Ledger System, supports drill down between the ledger and journal transactions, tracks accounts receivable at various levels, and validates accuracy of accounting data.

With eCIS+, view each account's financial status with the comprehensive ledger display. In addition to the billed accounts receivable ledger, eCIS+ tracks the following supporting sub-ledgers: Off Budget (the actual accounts receivable for accounts billing on a budget plan), and Bad Debt.

Invalid G/L distribution posts to the G/L System are eliminated with eCIS+. Each post process automatically performs a distribution validation as part of a pre-post step and flags invalid distributions. For example, billing and payment post processes generate an exception for every account with an invalid G/L distribution.

Credit & Collections As part of the collection process, define the collection steps to follow for each collection processing group(s). A collection step can consist of a notification, such as a collection letter, special bill message or door tag; assessment of a late charge; and the creation of a "disconnect for non-payment" service order. Collection processing groups can be set up if different collection rules apply to groups of customers, such as residential as opposed to commercial.

eCIS+ calculates an internal credit score that provides a quick glance of the customer's collection risk and drives collection processes. As part of the configuration, a point value can be associated to each credit action, such as five points for a disconnect notice, or 50 points for an NSF check. Additionally, a credit rating can be assigned based on the number of credit actions, such as "CASH" based on more than two NSF checks. The credit score is recalculated based on the total points or actions over the last 13 months of activity.

Deposit/Interest Track customer deposits billed and paid; accrue deposit interest; and refund deposit/interest based on good credit, approved customer request, or as part of a customer moving out. Deposits can be billed as a one-time charge or as an installment over several bills.

Write-offs Based on your business practices, release inactive account balances to collection agencies and/or write off accounts receivable balances to the bad debt sub-ledger. This includes handling bankruptcies.

1-15-14 BOARD Agenda Item 6 Attachment 1

E-CIS Report Name	Classification	(Spoolfile) Name	E-CIS Program Name
Account Contract Master	Billing	CIS2499P	CIS2499
Accounts with Contract Balances by Account #	Billing	CISCBAL1	CISCBAL1
Accounts with Contract Balances by Code	Billing	CISCBAL2	CISCBAL2
Accounts with Credit Balances Report	Billing	CIS2845P	CIS2845R
Aging Summary Total Page	Billing	CISAG01T	CISAG01T
Bill Image (Plain Paper)	Billing	CISBLRPN	CISBLRPN
Billing Report (Auto Write Offs)	Billing	CISBLPR6	CISBLPR6
Billing Report (Bad Debt Adjustments)	Billing	CISBLPR7	CISBLPR7
Billing Reports - Not Billed	Billing	CISBLNB	CISBLNB
Billing Reports - Special Billing Categories	Billing	CISBLSBC	CISBLSBC
Billing Statement 01	Billing	CISBL01P	CISBL01
Budget List	Billing	CISBGLST	CISBGLST
Budget Reprojection Decrease List	Billing	CISBGRPJDP	CISBGRPJDP
Budget Reprojection Increase List	Billing	CISBGRPJIP	CISBGRPJIP
CISBLNS Billing Reports - Not Selected	Billing	CISBLNS	CISBLNS
Contract Batch List	Billing	CISCTLST	CISCTLST
Deposit List	Billing	CISDPLST	CISDPLST
Deposit Refund List	Billing	CISDRLST	CISDRLST
Deposits by Account - Report	Billing	CISDPARR	CISDPARPT
Deposits by Deposit Code - Report	Billing	CISDPCRR	CISDPCRPT
EFT Selection Errors	Billing	CISETSEL	CISETSEL
EFT Transfer Listing	Billing	CISETX01	CISETX01P
Fee Entry List	Billing	CISFELST	CISFELST
Fixed Charges Billed (By Account)	Billing	CISFXBL1	CISFXBL1
Fixed Charges Billed (By Charge Code)	Billing	CISFXBL3	CISFXBL3
Fixed Charges Billed (By Revenue Code)	Billing	CISFXBL2	CISFXBL2
Fixed Charges Billed (By Revenue Code) - Stats	Billing	CISFXBL5	CISFXBL5
Fixed Charges Unbilled (By Account)	Billing	CISFXUL1	CISFXUL1
Fixed Charges Unbilled (By Charge Code)	Billing	CISFXUL2	CISFXUL2
Misc. Charges Billed (By Account)	Billing	CISMABL1	CISMABL1
Misc. Charges Billed (By Document ID)	Billing	CISMABL3P	CISMABL3
Misc. Charges Billed (By Revenue Code) - Stats	Billing	CISMABL5	CISMABL5
Misc. Charges Billed Listing by Revenue Type	Billing	CISMABL2	CISMABL2
Misc. Charges Unbilled (By Account)	Billing	CISMABL1	CISMABL1
Misc. Charges Unbilled (By Document ID)	Billing	CISMABL3	CISMABL3
Misc. Charges Unbilled (By Revenue Code)	Billing	CISMABL2	CISMABL2
Print Aging	Billing	CISAG01	CISAG01
Print Billed Fixed Charges	Billing	CISBLFX1	CISBLFX1
Print Billed Misc. Charges	Billing	CISBLMC1	CISBLMC1
Print Billing Post Report 1	Billing	CISBLPR1	CISBLPR1
Print Billing Post Report 1 (Select)	Billing	CISBLPR1S	CISBLPR1S
Print Billing Totals Report	Billing	CISBLPR2	CISBLPR2
Print Billing Totals Report (cancel/rebills)	Billing	CISBLPR3	CISBLPR3
Print Billing Totals Report (contracts billed)	Billing	CISBLPR5	CISBLPR5
Print Billing Totals Report (eft billings)	Billing	CISBLPR4	CISBLPR4
Print Billing Totals Report (Select)	Billing	CISBLPR2S	CISBLPR2S
Print Bills From History	Billing	CISBLRBB2P	CISBLRBB2
Print Statistics Report * Area/Revenue Totals	Billing	CISSTP11	CISSTP11
Print Statistics Report * Area/Utility Totals	Billing	CISSTP9	CISSTP9
Print Statistics Report * Area/Utility/Class	Billing	CISSTP14	CISSTP14
Print Statistics Report * Area/Utility/Class/Sch	Billing	CISSTP15	CISSTP15
Print Statistics Report * by Cls/Utl/Sch (detail)	Billing	CISSTP1	CISSTP1
Print Statistics Report * by Cls/Utl/Sch (summary)	Billing	CISSTP1A	CISSTP1
Print Statistics Report * by Dates (detail)	Billing	CISSTP2	CISSTP2
Print Statistics Report * by Dates (summary)	Billing	CISSTP2A	CISSTP2
Print Statistics Report * counts (detail)	Billing	CISSTP1C	CISSTP1
Print Statistics Report * counts (summary)	Billing	CISSTP1B	CISSTP1
Print Statistics Report * Dist/Utility/Class/Sch	Billing	CISSTP13	CISSTP13
Print Statistics Report * District/Revenue Totals	Billing	CISSTP10	CISSTP10
Print Statistics Report * District/Utility/Class	Billing	CISSTP12	CISSTP12
Print Statistics Report * Division/Utility Totals	Billing	CISSTP8	CISSTP8
Print Statistics Report * Rate Class/Utility	Billing	CISSTP18	CISSTP18
Print Statistics Report * Rate Class/Utility/Sch	Billing	CISSTP19	CISSTP19
Print Statistics Report * rvc/utl totals (detail)	Billing	CISSTP6	CISSTP6
Print Statistics Report * rvc/utl totals (summary)	Billing	CISSTP6A	CISSTP6
Print Statistics Report * Tax Summary Class/Type	Billing	CISSTP20	CISSTP20
Print Statistics Report * tax totals (detail)	Billing	CISSTP4	CISSTP4
Print Statistics Report * tax totals (summary)	Billing	CISSTP4A	CISSTP4
Print Statistics Report * Utility Totals	Billing	CISSTP7A	CISSTP7
Print Statistics Report * utility totals (detail)	Billing	CISSTP3	CISSTP3

1-15-14 BOARD Agenda Item 6 Attachment 1

E-CIS Report Name	Classification	(Spoolfile) Name	E-CIS Program Name
Print Statistics Report * utility totals (summary)	Billing	CISSTP3A	CISSTPR3
Print Statistics Report * Utility/Rate Class	Billing	CISSTP16	CISSTPR16
Print Statistics Report * Utility/Rate Class/Sch	Billing	CISSTP17	CISSTPR17
Print Statistics Report * Utl/Revc Totals (Sumry)	Billing	CISSTP7	CISSTPR7
Print Statistics Report * utlty period tl(detail)	Billing	CISSTP5	CISSTPR5
Print Statistics Report * utlty period tl(summary)	Billing	CISSTP5A	CISSTPR5
Provider Change Report for Billing Review	Billing	CISPRVCHR	CISPRVCHR
Rate Schedule - Print	Billing	CIS2199P	CIS2199
Standard Billing Statement	Billing	CISBL02P	CISBL02
Cash Edit Deletion Report	Cash and Payments	CISCDELET	CISCDELET
Cash Edit Detail Report	Cash and Payments	CISCEDIT2	CISCEDIT2
Cash Edit Detail Report	Cash and Payments	CISCEDITA	CEDITA
Cash Edit Detail Report	Cash and Payments	CISCEDITB	CEDITB
Cash Edit Detail Report	Cash and Payments	CISCEDITC	CEDITC
Cash Edit Detail Report	Cash and Payments	CISCEDITD	CEDITD
Cash Remittance Processing Print	Cash and Payments	CISCRM20	CISCRM20
Check Endorsement	Cash and Payments	CISCHKVERP	CISCHKVER
Check Endorsement	Cash and Payments	CISCRPVP	CISCRPVP
Deposit Refund Edit Check	Cash and Payments	CISDRCHK	CISDRCHK
Deposit Refund Journal List	Cash and Payments	CISDRJRN	CISDRJRN
Print Cash Invalid G/L Distribution Repor	Cash and Payments	CISECIGLP	CISECIGLR
Print Cash Receipts Journal	Cash and Payments	CISCRJRN	CISCRJRN
Bad Debt Activity Report	Collections	CISBDACTP	CISBDACT
Bad Debt List	Collections	CISBDLST	CISBDLST
Bad Debt Post Journal Report	Collections	CISBDJRN	CISBDJRN
Bad Debt Posting Report	Collections	CISBDPST	CISBDPST
Bad Debt Selection - Error List	Collections	CISBDEXC	CISBDEXC
Bad Debt Summary Report	Collections	CISBDSUMP	CISBDSUM
CIS - Current Terms Account Report	Collections	CIS1561P	CIS1561R
Collection Agency List	Collections	CISCALST	CISCALST
Collection Batch Late Charge Report	Collections	CISNTLCR	CISNTLCR
Collection Special Handing Report	Collections	CISNTSHR	CISNTSHR
Collections Drop From Budget Report	Collections	CISNTDPBG	CISNTDPBG
Collections Notice Report	Collections	CISNTRPT	CISNTRPT
Credit Balance Refund Error Log	Collections	CISCRSELP	CISCRSEL
Credit Balance Refund Print	Collections	CISCRPST	CISCRPST
Credit Refund Print	Collections	CISCRST	CISCRST
Print Broken Payment Terms Report	Collections	CISBKTRM	CISBKTRM
Print Notice Processing	Collections	CISUNPGNP	CISUNPGN
Fulfillment Code Master Listing	Contacts	CISFFCFP	CISFFCF
Utility Contact Listing	Contacts	CISCCPRP	CISCCPR1
Utility Contacts Comment Codes	Contacts	CISCCCTP	CISCCCT
Energy Assistance Promise Batch	Energy Assistance	CISUCEABP	CISUCEAB
Energy Assistance Promise Batch List	Energy Assistance	CISEAPLS	CISEAPLS
G/L Validation Report	G/L and Balancing	CISGLV01	CISGLV01
Print Account A/R Balances Report	G/L and Balancing	CISBALP	CISBALP
Print Account A/R Balances Report (Budget)	G/L and Balancing	CISBALP	CISBALP
Print Account Balances Report	G/L and Balancing	BALRPT	CISBAL
Print Adjusted A/R Listing	G/L and Balancing	CISAARLS	CISAARLS
Print Deposit Balances Report	G/L and Balancing	BALDRPT	CISBAL
Print G/L Balance Report	G/L and Balancing	CISHRBALP	CISHRBALR
Print G/L Balance Report	G/L and Balancing	CISPBALP	CISPBALR
Print G/L Balance Report (BUDGET)	G/L and Balancing	CISHRBALP	CISHRBALRB
Print G/L Balance Report (Budget)	G/L and Balancing	CISPBALP	CISPBALRB
Print G/L Distribution Report	G/L and Balancing	CISGLDP	CISGLDR
Print G/L Distribution Report	G/L and Balancing	CISHRGLDP	CISHRGLDR
Print G/L Distribution Report	G/L and Balancing	CISPLDP	CISPLDR
Print G/L Distribution Report (Budget)	G/L and Balancing	CISGLDP	CISGLDRB
Print G/L Distribution Report (BUDGET)	G/L and Balancing	CISHRGLDP	CISHRGLDRB
Print G/L Distribution Report (Budget)	G/L and Balancing	CISPLDP	CISPLDRB
Print G/L Distribution Report: All Transactions	G/L and Balancing	CISGLDR2P	CISGLDR2
Print G/L Distribution Report: All Transactions	G/L and Balancing	CISHRGLD2P	CISHRGLD2
Print G/L Distribution Report: All Transactions	G/L and Balancing	CISPLDR2P	CISPLDR2
Print Invalid G/L Report	G/L and Balancing	CISIGLP	CISEAIGLR
Print Invalid G/L Report	G/L and Balancing	CISINVDSTP	CISINVDST
Print Invalid G/L Report	G/L and Balancing	CISUJRNDP	CISUJRND
Remaining Cash Receipts Totals	G/L and Balancing	RMTL	CISCRMTL
MDMA Usage Generation Batch Report	Meter Reading	CISDMUGPES	CISDMUGPES
MDMA Usage Generation Non Metered Batch Report	Meter Reading	CISDMUGPNM	CISDMUGPNM
Meter Inventory Print	Meter Reading	CISMTprt	CISMTprt

1-15-14 BOARD Agenda Item 6 Attachment 1

E-CIS Report Name	Classification	(Spoolfile) Name	E-CIS Program Name
Print Pending S/O Listing	Service Orders	CIS3110P	CIS3110
Purged service orders summary listing	Service Orders	CIS3082P	CIS3082
CIS - Command Category File	System	CISUCDCP	CISUCDC
CIS - Command Security File	System	CISUCDSP	CISUCDS
Common Interface File Exception Report	System	CISXCIF	CISXCIF
File Dictionary Technical/Conversion Document	System	OCDLSTP	OCDLSTP
Print Program/Path/Language Maintenance	System	CIS9002P	CIS9002
User Department Master Listing	System	CISUDPTP	CISUDPTP

Exhibit 3 to Schedule 1B
Escrow Agreement
To The
Master Services Agreement
By and Between
Orcom Solutions LLC D/B/A Vertex Business Services
And
Truckee Meadows Water Authority

Schedule 2

Charges Schedule

To The

Master Services Agreement

By and Between

Orcom Solutions LLC D/B/A Vertex Business Services

And

Truckee Meadow Water Authority

1. **Purpose of the Schedule**

1.1 This Schedule sets out the Charges payable by Client in respect of the Services provided by Vertex in accordance with this Agreement.

2. **Implementation Services Charge**

2.1 The charge to implement the Services in accordance with Schedule 6 [Implementation Plan] for the implementation of the Vertex Software in Vertex's hosted environment, including licenses fees and system configuration, application branding, testing and go-live, shall be \$1,030,000.00. Changes made to Schedules 1A or 1B pursuant to the Change Management Process may result in Changes to the Implementation Services charge and will be agreed in accordance with the Change Management Procedure set forth in Schedule 5.

2.2 Client shall pay Vertex the Implementation Services charge as set forth below:

- a. Payment of 25% or \$257,500 at execution of the Agreement
- b. Payment of 25% or \$257,500 at Core Team Training Complete
- c. Payment of 25% or \$257,500 at User Acceptance Testing Start
- d. Payment of 25% or \$257,500 at System Go Live.

3. **Monthly Service Charge**

The Monthly Service Charge is a variable charge to Client for the provision of the Services set forth in Schedule 1B.

3.1 Beginning in the month following Go-Live, Client shall pay Vertex a Monthly Service Charge for Services provided in the prior month. .

3.2 The amount of the Monthly Service Charge shall be the greater of: i) the amount calculated by multiplying \$1.25 per Billable Account by the peak number of Billable Accounts maintained or processed during the prior month; or ii) \$112,500.

3.3 For the purpose of this Schedule, the term "Billable Account" means an active account within Vertex's eCIS+ database which will receive a Bill in any given month; and "Bill" means an invoice for the products and/or services provided by Client to its customers.

3.4 The amount of the Monthly Service Charge per Billable Account shall increase on each anniversary of the Agreement by an amount equal to the percentage increase in the Applicable Index in the preceding 12 month period. The increase shall take effect upon the first full month after each annual anniversary of the Agreement effective date.

4. **Dispatch Services**

4.1 Beginning in the month following Go-Live, Client shall pay Vertex a Monthly Dispatch Service Charge in the amount of \$0.14 per Billable Account per month for the Dispatch Services set forth in Schedule 1A.

- 4.2 The Monthly Dispatch Service Charge shall be the greater of: i) the amount calculated by multiplying \$0.14 per Billable Account by the peak number of Billable Accounts maintained or processed during the prior month; or ii) \$12,600.
- 4.3 The amount of the Monthly Dispatch Service Charge per Billable Account shall increase on each anniversary of the Agreement by an amount equal to the percentage increase in the Applicable Index in the preceding 12 month period. The increase shall take effect upon the first full month after each annual anniversary of the Agreement effective date.
- 5. **Call Center Charges**
 - 5.1 The Monthly Call Center Charge is a variable charge to Client for the provision of the Services set forth in Schedule 1A.
 - 5.2 Beginning in the month following Go-Live, Client shall pay Vertex a Monthly Call Center Charge for Services set forth in Schedule 1A provided in the prior month. The amount of the Monthly Call Center Charge will be calculated by multiplying the applicable Charge Per Call Minute per Month set forth in Table 5A below by the number of actual Call Minutes in the prior month calculated in accordance with Section 5.3.

Table 5A – Per Call Minute Charge

Total Number of Call Minutes For Month	Charge Per Call Minute Per Month
0 - 10,000	Flat Monthly Fee of \$50,000
10,001 – 15,000	\$4.50
15,001 - 20,000	\$3.97
20,001- 25,000	\$3.25
25,001- 30,000	\$2.72
30,001 – 31,000	\$2.38
31,001- 32,000	\$2.34
32,001 – 33,000	\$2.30
33,001 – 34,000	\$2.26
34,001 – 35,000	\$2.23
35,001 – 36,000	\$2.20
36,001 – 37,000	\$2.16

37,001-38,000	\$2.10
38,001 – 39,000	\$2.05
39,001 – 40,000	\$2.00
40,001 – 50,000	\$1.85
50,001 – 60,000	\$1.77
60,001 – 70,000	\$1.71
70,001 – 80,000	\$1.65
80,000+	\$1.59

5.3 For the purposes of this Schedule, “Call Minutes” is defined as the total time a call center agent handles an inbound or outbound call. The monthly amount of Call Minutes is calculated as follows:

$$[(\text{Number of inbound calls handled for the month} \times \text{average handle time in seconds}) + (\text{Number of extension out calls for the month} \times \text{outbound talk time in seconds})] / 60 = \text{Total Call Minutes.}$$

5.4 The Charge Per Call Minute Per Month in Table 5A shall increase on each anniversary of the Agreement by an amount equal to the percentage increase in the Applicable Index in the preceding 12 month period. The increase shall take effect upon the first full month after each annual anniversary of the Agreement effective date.

6 Payment Processing Services

6.1 On a monthly basis, Client shall pay to Vertex \$0.21 per Payment Received by mail

6.2 One time ACH payment of \$0.26 per transaction

7 Bill Print and Correspondence Processing and Distribution

7.1 On a monthly basis Client shall pay \$0.18 per bill mailed, additional pages are \$0.08 per page

7.2 On a monthly basis Client shall pay \$0.18 per collection notice mailed

7.3 On a monthly basis Client shall pay \$0.18 per customer letter mailed

7.4 On a monthly basis Client shall receive one insert per account, and up to one additional marketing insert per account up to a total of 30,000. Any additional inserts are \$0.01 per insert that is mailed.

8 Additional Services

8.1 Client may request Vertex to provide Additional Services in accordance with the procedures set forth in this Agreement. The hourly rate for Additional Services shall be \$175.

8.2 Up to five years after the Effective Date, and in a proportional manner, Vertex will provide Client the opportunity to annually purchase a block of 100 hours (up to two blocks annually) at a reduced rate of \$125 per hour. This block of hours may be used for hours of analysis, development, testing and implementation of Clients’ requested custom development and reports under this Schedule. Use of purchased block time will be implemented through the change control process and may not be used in aggregate for major initiatives.

8.3 The hourly rate for Additional Services shall increase on each anniversary of the Agreement by an amount equal to the percentage increase in the Applicable Index in the preceding 12 month period. The increase shall take effect upon the first full month after each annual anniversary of the Agreement effective date.

9 Pass- Through Charges

9.1 Pass-through charges will include all consumables, such as but not limited to, postage, paper, envelopes, bill print stock, inventory storage and will be billed to Client on a pass-through basis. Client shall reimburse Vertex for any expenses that have been properly and reasonably incurred by Vertex in connection with the Services.

9.2 Addition or deletions to pass-through charges shall be agreed through the Change Management procedure.

10 Expenses

10.1 Reasonable transportation, meals and lodging expenses incurred by Vertex in performing Services and Implementation Services will be fully reimbursed by Client. Any other travel-related expense incurred by Vertex that is pre-approved by Client shall be reimbursed by Client.

11 Pricing Assumptions

11.1 The pricing assumptions contained in Table 9A below have been made by Vertex on the basis of information supplied by Client and have been used to determine the charges contained in this Schedule. If there is any discrepancy between these assumptions and the actual values such discrepancy would result in an increase of greater than one percent (1.0%) to Vertex’s monthly cost of performing the Services related to either Schedule 1A or Schedule 1B, then the appropriate charges for such Services shall be amended equitably to offset such discrepancy.

Table 9A – Pricing Assumptions

Client will amend or change its business processes as required to utilize the functionality of eCIS+
Documented process for payment milestone approval to be agreed upon at Project kickoff.
Client will provide signoff within 5 working days from each milestone.
Milestones will be assumed met if Vertex does not receive response from the client within this timeframe.
Vertex will not be responsible for client caused delays that prevent us from meeting payment milestones
Scope will be as defined in the SOW. Any changes to the SOW and associated assumptions may impact this pricing, and will be addressed through the Change Process.

12 **Non-Renewal Fee**

12.1 Except in the event of a Termination for Cause, should Client elect to not renew the Agreement for the three successive 2 –year terms pursuant to Section 2.2 of the Agreement, Client shall pay the following Non-Renewal Fees:

- a) Non-renewal on or before the fifth anniversary of the Effective date: \$799,880
- b) Non-renewal on or before the seventh anniversary of the Effective date: \$479,928
- c) Non-renewal on or before the ninth anniversary of the Effective date: \$159,976

Schedule 3

Service Levels

To The

Master Services Agreement

By And Between

Orcom Solutions LLC D/B/A Vertex Business Services

And

Truckee Meadows Water Authority

The definitions set out in the provisions of the Agreement shall apply in this Schedule 3 (Service Levels) unless the context requires otherwise. Further, the following definitions shall apply throughout this Schedule 3 (Service Levels):

- “Grace Period”** means a period expiring at the end of the third complete calendar month following the implementation of the applicable Service.
- “Relief Event”** means:-
- failure of Client to comply with its obligations under this Agreement including Client’s Responsibilities; and/or
 - any defect, malfunction or operational failure in or failure to meet the required quality standard of any Client’s Assets; and/or
 - actual volumes of activity exceed Forecast Volumes anticipated for the relevant month; and/or
 - any of the assumptions set out in this Schedule 3 (Service Levels) proves incorrect.
- "Service Level Failure"** means a failure by Vertex to perform against the Service Levels in Schedule 3 (Service Levels);
- "Service Levels"** means the service levels to which the Services are to be performed, as set out in Exhibit 1 to Schedule 3 (Service Level Standards);

1. PURPOSE

1.1 This Schedule describes the Service Levels and Service Credits which apply between the parties in relation to this Agreement. The Service Levels are used to measure Vertex's performance of its obligations under this Agreement. Service Credits may apply as the sums attributable to Client in the event Vertex does not perform against the Service Levels.

2. SERVICE LEVELS

2.1 During the Term, Vertex shall meet the Service Levels set out in Exhibit 1 to this Schedule.

2.2 The parties agree that:

2.2.1 Vertex shall use reasonable efforts to achieve the Service Levels during the Grace Period but the provisions set out in Section 4 (Service Credit Calculation) will not apply during the Grace Period and any Service Level Failures during the Grace Period shall not count towards any thresholds in Exhibit 1 to Schedule 3:

2.2.2 The Service Credits represent a price adjustment in respect of failure by Vertex to meet the relevant Service Levels, subject to Client's rights pursuant to Paragraph 4 (Service Credit Calculations) below; and

2.2.3 Any changes to this Schedule 3 (Service Levels) will be subject to the Change Management Process.

2.3 Where any failure to meet a Service Level is caused by any Relief Event, Vertex shall use reasonable efforts to perform the Services to the Service Levels but shall not be liable for any Service Level Failure to the extent caused or contributed to by the Relief Event.

3. REPORTING OBLIGATIONS

3.1 Vertex shall deliver a monthly performance management report to Client by 5pm on the tenth (10th) Business Day of each month in respect of the previous month detailing performance in respect of each Service Level.

3.2 Each such report shall identify any failures to meet Service Levels during the relevant month and any circumstances where Paragraph 2.3 above applies. The format of the monthly performance management report shall be agreed between the parties.

4. SERVICE CREDIT CALCULATION

4.1 The cumulative amount due to Client for any Service Credits in a given month will not exceed 20% of the charges for monthly billing services.

4.2 If more than one Service Level Failure has occurred, each of the Service Credits shall be accrued and potentially credited to Client, unless such Service Level Failures are due to the same root cause (i.e. caused by the same event) in which case the Service Level with the highest credit percentage will be used to calculate the Service Credit due.

4.3 Service Credits will be applied only after the same Service Level is missed in two consecutive months.

1-15-14 BOARD Agenda Item 6 Attachment 1

Area	Description	Metric / Measurement Description	Calculation Definition	Performance Metric	Baseline Period	Credit %	Critical Service Level
Customer Care Services	Telephone Service Level - Utility Main	Percentage of calls which are answered by Customer Service Representatives (CSRs) within 35 seconds	The total calls answered in 35 seconds/Total Calls Offered to agents (including abandoned)	80% of inbound calls answered within thirty-five (35) seconds	No	2% of Monthly Customer Care Fee	No
	Percentage of Abandoned Calls	Percentage of calls offered into the telephone system, that are terminated by the customer before any connection happens with a CSR	The total calls abandoned/the total calls offered	< 3%	No	2% of Monthly Customer Care Fee	No
	Call Quality	Overall quality of CSR call performance as measured by call monitoring	The percentage of agents meeting or exceeding the expected quality standard as measured by the combined Supplier and Client call monitoring scores.	90%	Yes	2% of Monthly Customer Care Fee	Yes
Service Center Operations	Service Order Creation Accuracy	Percentage of service orders created without errors	The number of service orders created without errors/the total number of service orders created	99%	No	2% of Monthly Billing Services	No
Emergency Order Handling	Notify technician within 30 minutes of receiving emergency order (24X7)	Percentage of emergency orders communicated to a service technician within 30 minutes	The number of emergency orders communicated to a service technician/the total number of emergency service orders created	99.25%	No	2% of Monthly Dispatch Service Fee	No
Help Desk Response	Issue Response Time	Response time to issues reported to the Vertex Help Desk	Priority E (7x24) within 30 minutes. 1 business hour to begin problem determination and corrective action. Priority 1 (M-F, 7:30am - 5:30pm PT) within 1 hour Priority 2 (M-F, 7:30am - 5:30pm PT) within 4 hours Priority 3 (M-F, 7:30am - 5:30pm PT) – within 24 hours	99%	No	1% of Monthly Billing Services	No
Data Network	Network Response Time	Percentage of responses received in <=0.5 seconds (measured via a ping sent at 5 minutes intervals)	The percentage of responses in less than or equal to 0.5 seconds	99.8%	Yes	3% of Monthly Billing Services	Yes
Data Network Availability	Network Connectivity from Data Center to Client Site Router 24X7	Percentage of network uptime across a 7 x 24 period (excluding scheduled downtime)	The number of hours the network is available/the total number of hours in the month	99.25%	Yes	3% of Monthly Billing Services	Yes
CIS Application Availability	24 Hours/Day, 7 Days/Week	Percentage of application uptime across a 7 x 24 period (excluding scheduled downtime)	The number of hours the CIS application is available/the total number of hours in the month	99.25%	No	3% of Monthly Billing Services	Yes
Dispatch Application Availability	24 Hours/Day, 7 Days/Week	Percentage of application uptime across a 7 x 24 period (excluding scheduled downtime)	The number of hours the dispatch application is available/the total number of hours in the month	99.25%	No	2% of Monthly Dispatch Service Fee	No
EBPP	EBPP Processing	Availability of payment information and bill images.	Remittance File Available - 7 am CT Every Business Day Bill Images Uploaded within 30 hours of receipt of bill print file.	99%	No	2% of Monthly Billing Services	No
VSSP Web Customer	Application availability	Percentage of application uptime across a 7 x 24 period (excluding scheduled downtime)	The number of hours the VSSP application is available/the total number of hours in the month	99.5%	No	2% of Monthly Billing Services	No
Remittance	Payment Processing	Percentage of 'clean' funds deposited on the same business day received	The percentage of 'clean' funds deposited on the business day received	99.5 % of clean day 1, 100% day 3	No	2% of Monthly Billing Services	Yes
Bill Print, Collections Notices and Letters	Statement, Collection Notice and Letter Dispatch	Percentage of statements, notices and letters delivered to the Post Office the next business day by 5 pm CST.	The percentage of statements, notices and letters delivered to the Post Office the next business day, excluding statements required to be re-printed	99%	No	1% of Monthly Billing Services	Yes
	Images Transferred to EBPP	Percentage of Images transferred to EBPP by the next business day by 5 pm EST-	The percentage of bill images transferred to EBPP by the next business day, excluding statements required to be re-printed	99%	No	1% of Monthly Billing Services	No
Collections Processing	Process collections batches within 6 hours of agreed to scheduled time	Percentage batches posted within agreed to schedule	The number of collection batches posted within 6 hours/the total number of collection batches posted	99.5%	Yes	2% of Monthly Billing Services	No

Schedule 4

Governance

To The

Master Services Agreement

By And Between

Orcom Solutions LLC D/B/A Vertex Business Services

And

Truckee Meadows Water Authority

All capitalized terms used in this Schedule and not defined herein shall have the meanings ascribed to them in the Agreement.

1 Governance Purpose

The purpose of this Schedule is to establish and maintain the formal processes for managing the relationship of the parties under the Agreement, and provide that the relationship is maintained at the applicable level within each organization.

To further such purpose, this Schedule establishes an agreed upon governance operating model with two major components. The operating model includes:

- Committee structures and protocols
- Governance roles and responsibilities

2 Governance Operating Model

2.1 Committee Structures and Protocols

The Governance Committee structure and protocols are summarized in the table below

Meetings	Attendees	Frequency	Purpose
Executive Steering Committee	Executive sponsors from both organizations	Annually	Provides leadership in the relationship for strategic direction, commercial and financial performance, as well as escalated issue resolution. <ul style="list-style-type: none"> • Executive review of operations and service delivery • Development of any necessary improvement plans
Quarterly Performance Review	Senior leadership from both organization	Quarterly	Vertex will present quarterly operational performance metrics and operational highlights. <ul style="list-style-type: none"> • Review quarterly performance and preview of plans for the upcoming quarter • Review Service Level performance • Address any escalated issues
Service Delivery Review	Operational managers from both organizations	Weekly (or monthly if hosting only)	<ul style="list-style-type: none"> • The Client and Vertex will: Review operational performance • Review Support Incidents (SIs) • Review change requests • Review continuous improvements/opportunities • Review work volume forecast

2.1.1 The Executive Steering Committee

The Executive Steering Committee will meet annually or as otherwise required, at a time and location to be agreed between the Executive Steering Committee representatives.

The Vertex Senior Executive Sponsor shall have responsibility for scheduling the Executive Steering Committee meetings.

The responsibilities of the Executive Steering Committee will be as follows:

- Discussing long-term business strategy;
- Addressing any dispute escalated to it from the other boards or teams;
- Evaluating the effectiveness of key initiatives to drive performance improvement

2.1.2 Service Delivery Committee

The Service Delivery Committee will meet not less than quarterly, at a time and location to be agreed between the Service Delivery Committee representatives. Either Party may call an extraordinary meeting of the Service Delivery Committee on giving five (5) business days prior written notice where there are circumstances which the notifying party reasonably considers exceptional. Any such notice will specify the reasons and background to the calling of an extraordinary meeting.

The Vertex Account Manager shall have responsibility for scheduling the Service Delivery Committee meetings. He/She will also have primary responsibility for setting the agenda of the meetings. Material for the meeting shall be shared, where reasonably practicable, in advance of the meeting.

The responsibilities of the Service Delivery Committee will be as follows:

- Reviewing each parties overall service performance;
- Overseeing key initiatives to drive performance improvement;
- Managing each parties compliance with the terms and responsibilities set forth in the Agreement;
- Managing the financial aspects of the Agreement (i.e. forecasts, invoices);
- Performing resource and planning (e.g. forecast management);
- Addressing any dispute or escalated issues
- Discussing any other issue related to the Agreement which either party wishes to discuss

2.1.3 Operations Management Committee

The Operations Management Committee will meet weekly by telephone or as otherwise required, at a time and location to be agreed between the Operations Management Committee representatives.

The Vertex Delivery Manager shall have responsibility for scheduling the ongoing Operations Management Committee meeting. He or she will also have primary responsibility for setting the standing agenda as well as accepting additional agenda items from the Committee

members. Material for the meeting shall be shared, where reasonably practicable, 24 hours in advance of the meeting by the Vertex Delivery Manager.

The responsibilities of the Operations Management Committee will be as follows:

- Reviewing and discussing day-to-day operational matters;
- Discussing and reviewing operational matters related to the Agreement and any problems experienced in receiving and/or delivering the services and escalating as needed;
- Reviewing, discussing and where appropriate, approving any and all upcoming new service requests, projects and reports submitted by either party since the last meeting;
- Establishing plans for the periodic capture of performance feedback (actual and perceived performance);
- Reviewing and confirming Service Delivery Committee recommended changes to the services;
- Identifying continuous improvement opportunities and structuring key initiatives to drive more significant performance improvement; and
- Managing any escalated issues.

3 Governance Roles

Each Party will nominate representatives to the various Governance committees, and will empower those representatives to act on its behalf in respect of fulfilling the objectives of Governance and the Agreement, subject only to limitations on such authority imposed by their respective charters and such legal or regulatory constraints that may apply.

These Governance roles include:

The Client:

- Client Representative:

This individual will manage the day-to-day relationship with Vertex; have overall responsibility for managing and coordinating the performance of the obligations under the Agreement, serve as the primary contact point for commercial issues that may arise with the Agreement including contract change control and invoicing and who will act as the primary contact between the executive management of the respective parties.

- Client Senior Executive Sponsor:

This individual will provide overall executive leadership and guidance to relationship, and serve as the escalation point for key issues.

- Client IT Lead:

This individual will serve as the primary contact point for IT plans and issues that may arise with the Agreement.

Vertex:

- Vertex Client Manager:

This individual will manage the day-to-day operations of the Vertex delivery team; have overall responsibility for managing and coordinating Vertex's performance of the obligations under the Agreement including contract change control, invoicing and who will act as the primary contact between the executive management of the respective parties. He /she is responsible for the effective leadership and administration of the Service Delivery Committee and the Operations Management Committee.

- Vertex Client Director:

This individual will provide overall executive leadership and guidance to relationship, and serve as the escalation point for key issues. He /she is responsible for the effective leadership and administration of the Executive Management Committee.

- Vertex Delivery Manager:

This individual will have responsibility for overseeing the delivery of the Vertex IT solution, and of interfacing with the Client on such topics as support incident management and review, release planning, interfaces, and IT quality control.

SCHEDULE 5

CHANGE MANAGEMENT

To The

MASTER SERVICES AGREEMENT

By and Between

ORCOM SOLUTIONS LLC D/B/A VERTEX BUSINESS SERVICES

And

TRUCKEE MEADOWS WATER AUTHORITY

PURPOSE

- 1.1 Where either party sees the need for a Change to this Agreement Client may at any time request, and Vertex may at any time recommend, such Change by an amendment to this Agreement in accordance with the Change Management Process as set out in Paragraph 2 of this Schedule 5 (Change Management Process).
- 1.2 Client shall not withhold its approval of any Change recommended by Vertex, where:
- 1.2.1 an obligation for Client to agree to the Change recommended by Vertex via the Change Management Process is specifically stated in this Agreement; and/or
 - 1.2.2 an obligation for Client to agree to costs recommended by Vertex via the Change Management Process is specifically stated in this Agreement; and/or
 - 1.2.3 such Change does not increase any cost of Charges payable by Client, does not materially diminish, frustrate or impede the fundamental purpose and intent of the services to be provided under this Agreement, and the Change is necessary to avoid material disruption or damage to the Services or Client's Assets, ; and/or
 - 1.2.4 such Change does not increase any cost of Charges payable by Client, does not materially diminish, frustrate or impede the fundamental purpose and intent of the services to be provided under this Agreement, unless the Change is necessary to comply with Applicable Law affecting the parties ability to fulfil their obligations under this Agreement.

Client can request further information or relevant and reasonable changes to the recommendation in accordance with Paragraph 2.3 (General).

- 1.3 With respect to Changes other than those listed in Paragraph 1.2 of this Schedule 5, a party shall not unreasonably withhold its agreement or approval of any other Changes. It will constitute a reasonable cause for the purpose of this Paragraph 1.3 (Purpose) to reject a request or recommendation for a Change if implementation of such Change will cause material technical problems, disruption, damage or inconvenience to the business of either party where such problems, disruption, damage or inconvenience cannot be easily remedied, or if the parties cannot agree to the cost impact and cost responsibilities of the Change in question.

2. CHANGE CONTROL PROCEDURE

2.1 Client Change Requests

- 2.1.1 Client shall submit a request for Change in writing.
- 2.1.2 Where a request for a Change is received from Client, Vertex shall, unless otherwise agreed, submit a proposal to Client as soon as reasonably possible taking the nature and scope of the request into consideration. Vertex will use reasonable efforts to submit such proposal to Client no later than 10 (ten) Working Days after receipt of Client's request. Vertex will inform Client as soon as possible should this not be possible and provide an alternative time estimate for when a proposal will be submitted.

2.2 Vertex Recommendations to Change

- 2.2.1 A recommendation for a Change by Vertex shall be submitted in writing.

- 2.2.2 Each proposal (as reply to Client's request) or recommendation for a Change from Vertex to Client shall at a minimum contain:
- (a) the title of the Change;
 - (b) the originator and date of the request or recommendation for the Change;
 - (c) the reason for the Change;
 - (d) full details of the nature of the Change including any specifications;
 - (e) a preliminary timetable for implementation of the Change;
 - (f) the impact, if any, of the Change on other aspects of the Agreement, including Schedules;
 - (g) the date of expiry of validity of the proposal or recommendation for the Change in question;
 - (h) provision for signature by Vertex and Client;
 - (i) a schedule of the charges (including any changes to the existing Charges) applicable as a result of such Change together with relevant supporting information and justification for the charges and a breakdown of how the charges are made up;

2.3 General

- 2.3.1 For each proposal or recommendation submitted by Vertex which is agreeable to Client, Client shall approve this in writing by signing the proposal or recommendation.
- 2.3.2 Vertex shall allocate a sequential number to the proposal or recommendation.
- 2.3.3 Without limiting the generality of Paragraph 1.2 (Purpose), Client shall evaluate a proposal or recommendation from Vertex and within 5 (five) Working Days after receipt of the proposal or recommendation, as appropriate, either:
- (a) request further information or relevant and reasonable changes to the proposal or recommendation;
 - (b) approve the proposal or recommendation; or
 - (c) notify Vertex of the rejection of the proposal or recommendation.
- 2.3.4 Vertex and Client may negotiate credits associated with development project milestones as part of a proposal

3. COSTS

- 3.1 Any of Vertex's costs incurred in performing the Change Management Process, including costs incurred by Vertex, or third parties on behalf of Vertex related to the drafting of proposals and recommendations and discussions with Client about the Changes shall be borne by Client to the extent the Change originates from a request by Client.

- 3.2 Before initiating any work related to the development of proposals for Changes arising from a request originated by Client, Vertex may, where deemed reasonable by Vertex, require Client to pay up to 75 % (seventy-five per cent) of Vertex's estimated costs for the preparation of a proposal to a Change by providing written notice of such to Client in advance.
- 3.3 Any of Vertex's costs incurred in performing the Change Management Process, including costs incurred by Vertex, or third parties on behalf of Vertex related to the drafting of proposals and recommendations and discussions with Client about the Changes shall be borne by Vertex to the extent the Change is recommended by Vertex.

Schedule 6
eCIS+ Implementation Services
To The
Master Services Agreement
By and Between
Orcom Solutions LLC D/B/A Vertex Business Services
And
Truckee Meadows Water Authority

Table of Contents

Introduction.....	4
Systems Implementation.....	5
Overview.....	5
eCIS+ Estimated Implementation Timeline	5
Implementation Responsibility Matrix.....	7
Implementation Project Documents.....	10
Deliverables Assumptions	12
Acceptance of Deliverables	13
Interfaces and Custom	13
Overview.....	13
Custom.....	13
Reports	14
Interfaces.....	14
The Client User Acceptance Testing Approval Criteria.....	15
Implementation Training.....	15
Training Responsibilities and Locations.....	15
Change Request Management	16
Key Risks	16
Roles and Responsibilities	17
Vertex Roles.....	17
Vertex Project Sponsor.....	17
Vertex Project Manager	17
Senior Analyst and Business Analysts.....	17
Technical Analyst (Infrastructure Lead).....	17

Vertex Training Lead..... 17

Vertex Trainer..... 18

Test Support Lead..... 18

Vertex Test Team..... 18

Client Roles 18

 Project Sponsor 18

 Project Manager(s) 18

 Training Lead and Trainer(s)..... 18

 Test Lead..... 18

 Testers 19

 IT Tech Support..... 19

 Subject Matter Experts..... 19

 Business Area Team Members 19

Implementation Assumptions 19

 Project Management, Functional and Operational Assumptions 19

 Project Management Assumptions: 19

 Functional Assumptions: 20

 Operational Assumptions: 20

Introduction

The Implementation Services under this Schedule 6 will consist of:

- (i) Program Management of the eCIS+ implementation;
- (ii) eCIS+ V3.1 software application (“eCIS+”) installation and setup for the Client’s customers and the telecommunications network infrastructure to be used by Vertex to perform the ongoing operational Services, set forth in [Schedule 1] and this schedule; and
- (iii) Conversion of the Client’s data from the eCIS+ v2 software application to eCIS+ v3.1.

The provision of interfaces, reports, custom programs and custom code as expressly identified in this Schedule 6 will be developed and approved by both Vertex and the Client during the implementations services set forth in this Schedule. Client will adapt standard Client Software where they cannot demonstrate a regulatory or other legal requirement that prevents them from doing so.

At a minimum, the following resources from both parties will be required for completing the Implementation Services outlined in this Schedule:

- Vertex Program Manager
- Vertex Project Manager
- The Client Project Manager
- Vertex Project Coordinator
- Vertex Core Team (i.e. Business Analysts, Solution Lead, Test Lead, Testers, etc)
- The Client Core Team (e.g. Business Subject Matter Experts, Testers, Trainer, etc)

Not all of the foregoing positions are staffed with full time Vertex Personnel, however, Vertex shall allocate sufficient resources and/or Vertex Personnel to such positions as necessary to timely perform the Implementation Services.

Implementation and transition is a joint responsibility. Vertex is responsible for management and facilitating completion of the overall Implementation Services including, implementation, data migration and operational readiness. The Client is responsible for managing and directing the work of its assigned Client Personnel and for ensuring the appropriate level of participation and involvement of the Client Personnel in data gathering, requirements definition, gap analysis, and knowledge sharing, testing and readiness assessment. In addition, the Client has a responsibility to lead change management within the Client organization, stakeholder communication (internal and external) and to provide the appropriate level of involvement from the Client senior management to address program issues that arise.

Vertex and the Client will staff program teams with the appropriate level and quantity of project resources to support the delivery of the implementation plans and timelines required under this Schedule 6. Vertex reserves the right to request new or additional resources if they reasonably determine that Client resources are not adequately experienced to complete Client’s implementation responsibilities. Failure of the Client to provide the appropriate level and quantity of staffing to support the Implementation Services could adversely impact the

implementation timelines and will be managed through the Change Management Process and may be subject to applicable charges to the extent responsible for delaying any applicable Milestone(s)..

Vertex and the Client acknowledge and agree that Vertex will not be able to perform the implementation Services in accordance with this Schedule 6 unless Vertex receives the full co-operation and reasonable assistance of the Client, its agents and subcontractors and Vertex shall not be liable for any costs incurred by the Client in providing such cooperation and assistance. If the Client or its agents or subcontractors fails to provide the necessary cooperation, support or resources in a timely manner then the parties shall agree to an appropriate adjustment to timelines, scope and/or charges through the Change Management Process. Vertex expectation is that the Client will adhere to the following response times;

- 48 hours turnaround on questions.
- 3 business days for decisions.
- 5 business days for deliverable and other documents signoff.

Vertex will provide, subject to the terms of this Schedule 6, the Implementation Services set forth in this Schedule 6 for the applicable charges and rates specified Schedule 2 (Charges).

Systems Implementation

Overview

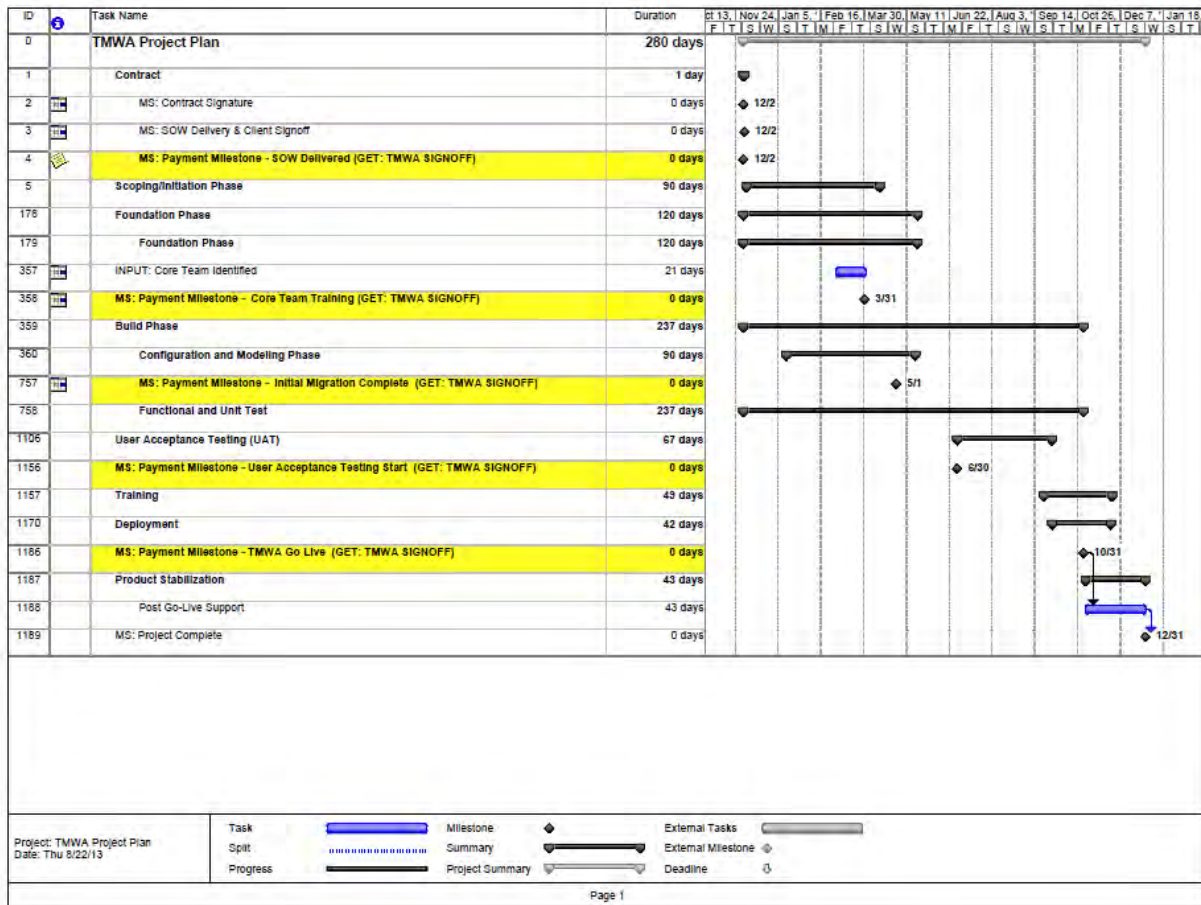
Vertex will collaborate with the Client to implement and configure the eCIS+ software and establish the hosted environment as described herein.

eCIS+ Estimated Implementation Timeline

The implementation of eCIS+ is an iterative process.

Vertex will work collaboratively with Client to provide updated estimates for the timeline as more information becomes available. Implementation timeline/plans will be finalized at the end of requirements gathering within the scope/initiation phase. Any Client requested changes will be managed through the Change Management Process and may be subject to applicable charges and could potentially impact the timelines.

- End to End timeline is estimated at 13 months
- The eCIS+ v3.1 upgrade implementation timeline is estimated at 9 months
- There is an additional 2 month ramp up and 2 month stabilization period



The Implementation Services consist of the following major elements described in this schedule 6:

- I. Systems Implementation and Transition to Service
- II. Meter Data/ Usage Rating / Bill Calculation
- III. Tax Calculations
- IV. Bill Print enablement and Correspondence Processing and Distribution
- V. Payment Processing
- VI. Collection and Dunning Management
- VII. Reporting
- VIII. Accounting and General Ledger
- IX. Customer Self Service
- X. Interfaces and Custom
- XI. Ongoing Product Release Strategy and Responsibilities
- XII. Hosted Environment
- XIII. Service Management

Vertex will utilize the Solution Delivery Method (SDM) to facilitate the implementation of eCIS+ V3.2. This method follows the overall guidelines of the Project Management Institute (PMI) while focusing on specific processes, deliverables and documentation used by Vertex , which has proven itself in its strong successful implementation history. The SDM project phases will include Scope, Foundation, Model, Build and Deploy and is described as follows:

Phase	Description
Scope and Initiation	Determine the strategies for implementation services and identify scope, merge/conversion and migration strategy including modifications and associated costs.
Foundation	Educate client core group and establish a hardware and software environment.
Model	Design the client business solution that includes business process, system configuration and modifications.
Build	Construction of all solution components; plan for training and acceptance testing.
Deploy	Final validation of the solution. Release the application, process, people, data and technology into production. This stage completes when the system is assessed to be stable by the Readiness and Operations Assessment process.

Implementation Responsibility Matrix

In the table below X=Primary Responsibility A=Assists

#	Function	Client	Vertex
	Scoping/Initiation Phase:		
1.	Schedule Initiation and requirements workshops		X
2.	Project Initiation and Requirements Phase	A	X
	Develop and document:		
3.	Implementation and go-live Strategy	A	X
4.	Testing Strategy and Plan		X
5.	Vertex Project Plan	A	X

#	Function	Client	Vertex
Foundation Phase:			
6.	Begin Migration Strategy Document		X
7.	Core Team Training	A	X
8.	Build Initial Environments		X
9.	Business Requirements (BRD) signoff	X	A
10.	Systems Operations Requirements (Infrastructure Strategy)	A	X
11.	Review and approve documents as requested in timely manner within 5 client working days)	X	
Configuration and Modeling Phase:			
12.	Provide Vertex best practice Business Process Documentation	A	X
13.	Demo eCIS+ v3 Best Practices		X
14.	Process Modification (Vertex will provide best practices recommendations)	A	X
15.	Populate Configuration Workbooks with eCIS+ Settings	A	X
16.	Update Configuration Workbooks with the Client settings for eCIS+	X	A
17.	As part of change process Vertex will document Business Requirements for all identified scope changes	A	X
18.	Demonstrate configured base functionality and processes		X
19.	Sign off on base configuration and processes	X	
20.	Sign off on Business Requirements for software modifications	X	
21.	Sign off on Business Requirements for interface development as documented in section 3.2.1.3	X	
Build Phase:			
22.	Develop High Level Functional Design (HLD)		X

#	Function	Client	Vertex
23.	Complete software modifications development		X
	Build Phase:		
24.	Complete interface development	A	X
25.	Perform code and unit tests		X
26.	Conversion Data Mapping and Development		X
27.	Data Transformation needed for migration from eCIS+ V2 to eCIS+ V3.1	A	X
28.	Training Material Development for Core Team Training and Train the Trainer Training	A	X
29.	Training Material Development (End User Training) for the Client personnel	X	
30.	Training Material Development (End User Training) for Vertex call center personnel	A	X
31.	Test Script / Scenario Development (Functional and System Integration Test Scripts)	A	X
32.	Test Script / Scenario Development (User Acceptance Testing) for the Client testing	X	
33.	Test Script / Scenario Development (User Acceptance Testing) for Vertex call center testing by Operations	A	X
34.	Complete Migration Strategy Document		X
35.	Review and approve documents as requested in timely manner and in any event within 5 business days	X	
36.	Perform Custom and Interface Testing	A	X
37.	Perform Functional and System Integration Testing		X
	Deploy Phase:		
38.	User Acceptance Testing for non-Vertex call center functions	X	A
39.	User Acceptance Testing for Vertex call center functions	A	X

#	Function	Client	Vertex
40.	End User Training for the Client personnel	X	A
	Deploy Phase:		
41.	End User Training for Vertex call center personnel		X
42.	Readiness and Operation Assessment	A	X
43.	Migrated data reconciliation	A	X
44.	Go Live	A	X
45.	Post Go-Live (2 Month Stabilization Period)	A	X

Configuration and Modeling sessions will take place for the following functional requirements areas:

- Customer Care/Call Center
- Service Orders
- Letters and Notifications
- Meter Reading
- Billing
- Payment Processing
- Collections
- Accounting
- Web Self-services
- IVR

Work will be performed at Vertex locations unless otherwise agreed. Trips to the Client location will be only with the express authorization of the Client who will be responsible for applicable reasonable travel expenses. The Client will provide a functional workspace for any sessions taking place at the Client facility.

Implementation Project Documents

The following documents will be completed and delivered as part of the Implementation Services:

Phase	Deliverables	Descriptions
Scope and Initiation	Implementation and Conversion Strategy Document	Defines the agreed upon approach the implementation and conversion order of actual systems.
Scope and	Test Strategy Approach Document	Overall testing approach that will be employed for the project and will include definitions for,

Phase	Deliverables	Descriptions
Initiation		conversion validation, regression, new functionality, system integration, and UAT
Scope and Initiation	Governance Handbook	Describes the incident, communication and change management processes that will be used to govern the relationship between the Client and Vertex throughout the life of the agreement.
Scope and Initiation	Training Plan	Defines the high level training process that will be employed during the course of the project
Scope and Initiation	Ongoing Project Issues Log	Provides a location to record all significant project issues that are identified.
Scope and Initiation	Change Control Log	Provides a place to document and maintain proposed changes in project scope or delivery.
Scope and Initiation	Integrated Implementation Program Plan	Defines the major tasks and milestones that will be performed during the course of the project. This plan will be reviewed and updated regularly.
Foundation	Business Requirements Documents (BRD)	Describes the detailed business requirements related to the scope of services defined in this schedule which will be used for configuration.
Build	Migration Strategy document	Defines the strategy for planning and executing the events that need to occur during the cutover period. The plan will identify tasks that need to occur, responsible party for the tasks, timeline for task execution and completion. The plan will also include back out strategy as well as escalation process to address issues or events that take place during the cutover period.
Deploy	Operational Process flows	Depict high level business processes involved with Vertex services including any touch points with the Client.
Deploy	User Acceptance Test (UAT) Documentation for Vertex Operations executed testing	Scenarios and test data reviewed during UAT and a summary of the results of the testing activities

Phase	Deliverables	Descriptions
Deploy	Go Live Approval Signoff	Provide an indication that the Client accepts for go-Live, the systems and services provided by Vertex.

Deliverables Assumptions

Deliverable	Assumptions
Implementation and Conversion Strategy Document	<ul style="list-style-type: none"> This is a word/pdf document. Document will be delivered to the client by the end of the scope/initiation phase – This will be a document describing our standard Vertex approach
Migration Strategy document	<ul style="list-style-type: none"> This is a word/pdf document. This document will be delivered to the client during the build phase This will be a document describing our standard Vertex approach
Integrated Implementation Program Plan	<ul style="list-style-type: none"> A Microsoft Project Plan specifically tailored to the client project will be delivered as part of the scope/initiation phase. Vertex will accept input from the client to this plan but any changes that impact scope or timeline will be managed via the change process
Business Requirements Documents (BRD)	<ul style="list-style-type: none"> Word and/or Excel documents Vertex will produce BRDs in collaboration with the client We will depend on the client to sign off on BRDs within 5 working days of submission Delays in client BRD signoff will be logged as a project change and handled via the change process
Test Strategy Approach Document	<ul style="list-style-type: none"> Word document Describes details of our project specific test strategy - phases, scope, migration iterations, environments/data details and assumptions The project assumes a single iteration of functional, system and user acceptance testing but this will be validated and confirmed in the Test Strategy Approach Document Delivered in the scope/initiation phase Test case counts/details will not be included as these will can only be fully defined after the BRDs are completed
Operational Process flows	<ul style="list-style-type: none"> Vertex will provide current operational process flow documentation. Client will provide all client specific process documentation
Governance Handbook	<ul style="list-style-type: none"> This is a word/pdf document. This document will be delivered to the client during the scope/initiation phase This will depict our standard Vertex governance approach

Deliverable	Assumptions
Training Plan	<ul style="list-style-type: none"> • This is a word/pdf document. • Document will be delivered to the client by the end of the scope/initiation phase • This will be a document describing our standard Vertex approach
Ongoing Project Issues Log	<ul style="list-style-type: none"> • This excel file is created during the scope/initiation phase and located on the Project client SharePoint site. • It is maintained all through the project lifecycle
Change Control Log	<ul style="list-style-type: none"> • This excel file is created during the scope/initiation phase and located on the Project client SharePoint site. • It is maintained all through the project lifecycle
User Acceptance Test (UAT) summary results for Vertex Operations executed testing	<ul style="list-style-type: none"> • Vertex will support UAT timeline as defined in the project schedule and any client driven changes to this will be handled via the change process • Vertex will provide conformation of UAT completion in our areas of responsibility
Go Live Approval Signoff	<ul style="list-style-type: none"> • This word/pdf document is provided to the client after the completion of the deployment phase. • Vertex will depend on the client to provide signoff within 5 business days

Acceptance of Deliverables

Acceptance of implementation deliverables stated in the Project Document deliverables list above will be accomplished by formal sign off by the Client project managers and other appropriate Client Personnel. Client shall review and within five (5) Client working days (as defined in Exhibit 1 to Schedule A1) of receipt of all implementation documents or the scheduled completion of user testing either (i) approve or (ii) provide detailed written explanation why such approval cannot be provided in respect of such documents or user testing. Delays in approval will potentially impact implementation timelines and will be handled through the Change Management Process.

Interfaces and Custom

Overview

The following custom programs and interfaces have been identified bringing the existing custom functionality to the 3.1 version and included within the base pricing. Any custom programs and interfaces other than listed here will be agreed through the Change Management Process and will be subject to applicable charges.

Custom

Flat Rate Water

- Bill message with projected amount if bill was calculated using meter usage

Multiple Dwelling Base Charge

- Factor number of dwellings in base charge calculation

Construction Water

- Water Fill Station upload with fees

Water Watchers Conservation Tracking

- Automated task creation with comments

Disconnect Report

- Refactor existing report into Nexus Portal

Checkfree Payment File

- Automated process to create payment group

Reports

The Client will identify necessary custom reports during the modeling phase of the implementation. Requirements will be gathered and the Client will be responsible for approving design. Vertex will provide up to **500** hours for documentation, design and development of custom reports. Any additional reports will require a project change request and will be subject to additional charges.

Interfaces

The following interfaces are included in the Implementation:

- Kubra Bill Print:
 - Creating bill stream
 - Providing link to bill image
- Kubra Payment Remittance
- Dispatch
- Meter Reading including:
 - Download
 - Upload
- Financial including:
 - Accounts Payable
 - General Ledger

The Client User Acceptance Testing Approval Criteria

The following is the criteria that will be used by the Parties to determine approval on acceptance testing.

For Type 1 issues, which are: when no workaround exists, or an issue is found in a major system function, impacts a large set of accounts or daily processing, or will have a large negative effect in a live environment, these release criteria require resolution prior to approval.

For Type 2 issues, which occur when: no workaround or a tedious workaround exists, or a significant issue is found in a major system function, impacts a large set of accounts, or impacts weekly processing, or will have a large negative effect in a live environment, these issues will be treated as a second level priority, but require sign off prior to UAT approval.

If the Client action or inaction results in delays for Vertex in resolving Type 1 or Type 2 issues, such delays will be handled through the change control process and subject to additional charges.

Implementation Training

Training Responsibilities and Locations

Vertex will conduct one 5 day basic eCIS+ training for the Client's Core Team, at the agreed upon facility. This class is a prerequisite for all courses. If requested, additional training is available through the change request process and will be subject to additional charges.

Core Team Training – The areas covered during this transition are:

- **eCIS+ Navigation Customer Care** – Common processes performed by CSRS: handle customer inquiries and requests for service
- **Customer/Account** – Add/maintain customer and account information
- **Premises/Services** – Add/maintain premises and services information
- **Ledger** – View/research ledger information in the UI
- **Accounting** – New ledger and journal files, distribution code mapping to G/L numbers
- **Service Order Processing** – Searching for and processing service orders
- **Back Office View** – Overview of Back Office View and navigation
- **Pre-Billing** – Load and calculations necessary prior to billing
- **Billing** – Automation of bill batch processing
- **Exception Processing** – Assignment and resolution of exceptions
- **Payments** – Process payments in the UI
- **Credit & Collections** - Process credit & collections in the UI
- **Summary Billing** – Add summary billing agreements

Vertex will conduct one five-day instructor led training ("Train the Trainer") course for the Client's Core Team at an agreed upon facility for up to 8 trainers. The course will cover information and material to reinforce eCIS+ concepts and discuss training presentations. In addition it will also help the Client in creating their end-user training material and exercises. One copy of eCIS+ Train the Trainer training materials will be provided for use and duplication for the Client's end-user training after completion of the course. If students are not meeting the Client's expected standards, the Client can acquire additional training through the change request process.

Change Request Management

Any changes to implementation deliverables submitted after the sign-off will be treated as change of scope and will result in a change request managed through the Change Management Process set forth in Schedule 5.

The following Changes will require agreement through the Change Management Process (and Vertex will issue a Change Request):

1. If decisions or actions regarding change or acceptance for the deliverables encounter delays that affect the project schedule, causing the critical path to be extended.
2. If the requirements for the deliverables exceed those specified in this Schedule 6.
3. A contradiction of any of the assumptions listed in this Schedule 6.
4. If the Client's functional requirements change after sign-off on the relevant business requirements documents.
5. If any of the risks listed in the key risk summary below occur.

Key Risks

The following key risks are noted for the Implementation Services:

1. If TMWA does not follow the recommendations for network connectivity, PC requirements and other infrastructure considerations, TMWA may experience higher than desired latency times and serious issues with UI performance especially for their remote offices.
2. If User Acceptance Testing cannot be completed in the time allowed for in the project schedule, it will impact the project timeline and potentially cause the go-live delays and associated in cost increases.
3. Lack of timely approvals of all documents by the Client as defined by this schedule may adversely impact project timeline
4. Scope changes to the Implementation Services even when managed via the change management process could potentially impact deliverable and completion timelines
5. New scope of custom identified during implementation can impact go live
6. Failure of the Client to provide knowledgeable and accessible staff to collaborate with Vertex as stipulated in the project plan may lead to delays to the project.

Roles and Responsibilities

The purpose of this section is to outline the focus of responsibilities for the Vertex and Client implementation team members. While there may be other individuals from Vertex or Client that have significant support roles in the implementation project, those listed here are the key roles and responsibilities that will be needed during the implementation project.

Vertex Roles

Vertex Project Sponsor

The project sponsor supports the project goals and acts as a consultant and advisor as well as a mediator for escalated issues.

Vertex Project Manager

The project manager is responsible for project management to ensure final delivery of project deliverables. The project manager is also responsible for planning, managing project tasks, interfacing with the client, preparing status updates, maintaining an open issues list, maintaining the project plan, managing the project and acceptance of deliverables.

A regularly scheduled status meeting will be held once it has been mutually agreed to. The outcome of these meetings will be captured using the Meeting Minutes (MM) form.

Senior Analyst and Business Analysts

The business analysts are responsible for attending and conducting meetings, work sessions, creating and reviewing deliverables, such as development of business requirements, product strategy and solution design documents, test environment maintenance and performance of implementation support as directed by the project manager. The senior business analyst (Solution Lead) will also serve as coordinator to the other business analysts and provide the Vertex project manager with updates on individual business analyst's progress. The solution lead is also responsible for coordinating efforts regarding the creation and maintenance of project testing environments, migration and merge evaluation and reporting.

Technical Analyst (Infrastructure Lead)

The technical analyst is responsible for development of business and technical requirements as they pertain to the technical infrastructure and hardware and software system configuration requirements. The technical analyst will also conduct and/or take part in meetings, create and review deliverables and take part in working sessions pertaining to infrastructure and network configuration. The Infrastructure Lead is responsible for delivering the Infrastructure Strategy Document and the Network Design Document.

Vertex Training Lead

The Training Lead will be responsible for providing a training plan with the assistance of Client, curricula and delivery of Client training for which Vertex is responsible. This includes core team training; the train-the-trainer session and participation in one Client end user training session. Administrator training and query tool training may be provided by another Vertex resource, at Vertex' discretion, depending on the subject matter skill set required.

Vertex Trainer

The Vertex trainer works with the Vertex Training Lead to provide the curricula and training agenda for Core Team Training and Train-the-Trainer sessions. They will assist in compiling generic eCIS+V3.2 training materials to be used during Core Team Training and Train-the-Trainer sessions. In addition, they will help deliver Core Team Training, Train-the-Trainer sessions and provide general support and expertise to Client training personnel.

Test Support Lead

Vertex will provide an acceptance test support lead to assist the Client acceptance testing effort. This resource will serve as a point of contact for Client regarding the acceptance testing process, provide reports on testing issues and assist in issue resolution. The test lead will also provide information in weekly meetings to update project principals on acceptance testing progress and identify any road blocks.

Vertex Test Team

The Vertex Test Team will be responsible for all functional, integration and system testing of Vertex developed custom code for Client custom functionality as well as general testing for eCIS+V3.2 development. The Vertex test team will not provide services for client acceptance testing.

Client Roles**Project Sponsor**

The project sponsor is responsible for prioritizing and resolving issues between Vertex and departments at the client site.

Project Manager(s)

The project managers are responsible for coordinating client resources and developing business requirements. The project managers are responsible for establishing the project schedule and for maintaining effective client relations.

Training Lead and Trainer(s)

Client Training Lead and trainer(s) will be responsible for delivering end-user training for eCIS+ V3.2 to all Client personnel. They are responsible for developing the means and method of the training sessions. They will be supported by Vertex insofar as they have been participants in a train-the-trainer session conducted by Vertex and Vertex will participate, in a supportive role, during one session of end user training.

Test Lead

The test lead will be responsible for overseeing the acceptance testing efforts for Client and act as a point of contact (POC) for the acceptance testing effort. This resource will be responsible for providing input on the Test Plan, overseeing the creation of test scenarios, providing guidance to Client testers, monitoring acceptance testing progress and adherence to the testing schedule, providing status reports on acceptance testing, and will work with the Vertex test support lead to

resolve issues and concerns. In the case of Client, the test lead will be supported by the team lead members of the Client core team.

Testers

Testers will create test scenarios, perform acceptance testing and retesting on defects that have been corrected.

IT Tech Support

Client IT Tech Support will provide the Client network to enable end-users to access the eCIS+ V3.2 system and will work with Vertex to accept the recommendations made by Vertex for network connectivity as stated in the Infrastructure Strategy Document which is a Vertex deliverable to Client.

Subject Matter Experts

The subject matter experts are responsible for providing subject expertise, including regulatory environment and other business expertise.

Business Area Team Members

Business area team members are responsible for developing system requirements, use case scenarios, test cases, and business rules (based on regulatory and business process expertise). The team is also responsible for securing approval of these requirements and plans.

Implementation Assumptions

The implementation timelines and charges provided by Vertex in this Schedule 6 are dependent on the following assumptions and requirements:

Project Management, Functional and Operational Assumptions

The implementation timelines and charges provided by Vertex in this Schedule 6 are dependent on the following assumptions and requirements:

Project Management Assumptions:

1. eCIS+ Implementation assumes standard eCIS+ V3.1 functionality except as expressly set forth in this Schedule 6.
2. Vertex will provide up to 500 hours of analysis, development, training and implementation of custom reports. As reports are identified during the implementation, they will be addressed through the project change control process. Any custom report requests beyond the 500 hours will require a project change request and will be subject to additional charges.
3. Vertex will provide up to 200 hours of subject matter experts time for configurable items and business rules. As additional configurable items or business rules are identified during the implementation, they will be addressed through the project change control process and subject to additional charges. Any configurable requests and business rules effort beyond the 200 hours will

require a project change request and will be eligible for additional charges.

4. Management of the Client tasks is not included in this estimate. If required this would be managed via change control and subject to additional charges.
5. The total implementation timeline for the eCIS+ upgrade is 13 months. The eCIS+ upgrade implementation timeline is 9 months. There is an additional 2 month ramp up and 2 month stabilization period.
6. Timely Client BRD approval is critical to project timelines. BRDs would be deemed approved after 5 days review period. Documented process for BRD review and approval needs to be agreed upon at project kickoff
7. Client will provide a qualified, full time Project Manager(s) to manage the Client responsibilities.
8. Charges will be as defined in Schedule 2 – Charges. Any changes to the schedules will require corresponding changes to Schedule 2. The Client will provide a dedicated team and will integrate their activities with Vertex implementation project plan.
9. Client will provide resources knowledgeable with their internal processes. Any changes to this team may result in changes to the timeline, project and cost.
10. Client will staff the implementation project with knowledgeable staff to help meet milestones and activities set forth in this Schedule 6. Failure to do this may adversely impact implementation project timelines and quality and will be managed via the CMP process.
11. Client will provide a functional workspace for any sessions taking place at the Client facility.

Functional Assumptions:

1. VSSP implementation assumes standard functionality including all online payments and online bill view will be provided through Kubra
2. Integration to Business Intelligence reporting is not included.
3. Pre-existing Client custom Data Replication service currently provided to Client will be out of scope.
4. Impervious billing is not included.

Operational Assumptions:

1. Client specific end user training material development and delivery is not included.
2. The Client will adapt internal processes to employ Vertex recommended eCIS+ v3 Best Practices.
3. Migration will bring forward 36 months of historical data. Client requests for additional historical data will be managed by the Change Management Process, subject to applicable charges and data availability. The Client is responsible for developing user acceptance test cases for non-Vertex users.

4. Client is responsible for the cost of any data repair where the source of the corruption was the responsibility of the client.
5. Data clean up in preparation for Client migration to eCIS+ V3.1.
6. Any custom reporting or query work except for those included custom reports hours as defined in the interfaces and custom section above.
7. End user training of Client resources beyond the included single 5-day end user session conducted jointly with Client trainers.
8. Vertex is not responsible for support of Client UAT that goes over the project allocated timeline. Any additional support will be subject to change control and associated applicable charges.
9. Client will minimize the custom changes to eCIS v2 so it does not impact eCIS v3.1 timelines. Any changes to this will be managed via the change control process and subject to applicable charges.

If any assumptions or requirements set forth above prove incorrect or are required to be modified then the parties shall agree an appropriate adjustment to timelines, scope and/or charges through the Change Management Process.