

**SOFTWARE LICENSE AGREEMENT
MEGABYTE PROPERTY TAX SYSTEM
(MPTS)**

This SOFTWARE LICENSE AGREEMENT (“Agreement”) is made and entered into as of April, 25, 2017, by and between the COUNTY OF FRESNO (“Customer” or “County”) and MEGABYTE SYSTEMS, INC., a California corporation (“Contractor”).

RECITALS

WHEREAS, Contractor has developed and owns all rights in and to the computer software and documentation referred to herein as the Software (as defined hereinbelow); and

WHEREAS, Customer wishes to acquire from Contractor, and Contractor is willing to grant to Customer, certain rights with respect to the Software, on the terms and conditions set forth herein.

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

1. DEFINITIONS

1.1 Software. As used herein, the term “Software” shall mean the computer application software known to Contractor as “MPTS,” described in **Exhibit A** attached hereto and, by this reference, made a part hereof, including all coding (object code and source code), tapes, discs, modules, and similar materials comprising such software. The Software is described more specifically in the “Documentation” (defined below).

1.2 Documentation. As used herein, the term “Documentation” shall mean the user documentation relating to the Software, which documentation is described in Exhibit A, attached hereto.

1.3 System. As used herein, the term “System” shall mean the Software and the Documentation, collectively. Reference to the System shall include any component thereof. All modifications and enhancements to the System shall be deemed to be part of the System as defined herein and shall be subject to all of the terms and conditions set forth herein.

1.4 License. As used herein, the term “License” shall have the meaning assigned to such term in Section 2.1.

1.5 Installation Date. As used herein, the date upon which the System first goes into production use by each of the County departments.

2. GRANT OF LICENSE

2.1 Grant of License. Contractor hereby grants to Customer a license with respect to the Software, subject to the terms and conditions set forth herein (the "License").

2.2 Duration. The License granted herein shall be effective as of the Installation Date (defined in Section 4.1) and shall remain in effect perpetually unless terminated as provided in Section 2.5.

2.3 Scope of License.

(a) The License granted herein shall consist solely of the non-exclusive, non-transferable right of Customer to (1) operate the Software for the purpose of providing services solely in connection with Customer's existing business or functions; (2) copy the Software solely for backup purposes; and (3) to receive and use the Documentation.

(b) The License granted herein shall not entitle Customer to: (1) operate the Software on any equipment other than Customer owned hardware; (2) operate the Software other than in connection with Customer's existing business or function; (3) permit any person or entity other than Customer, its employees and its patrons to operate the Software; (4) copy the Software in any manner or in any form other than solely for backup purposes; (5) modify or enhance the Software in any respect; or (g) transfer any right in the Software to any other person or entity.

2.3 Ownership. Customer acknowledges and agrees that, as between Contractor and Customer, title and full ownership of all rights in and to the System and all other materials provided to Customer hereunder shall remain with Contractor. Customer further acknowledges and agrees that the System, and all ideas and expressions contained therein, are proprietary information and trade secrets of Contractor. However, Customer shall receive, at no additional cost, a perpetual license to use the Software for its own use.

2.4 Source Code Access. Contractor shall place source code for the licensed software and any changes thereto, into a software escrow account. County shall have access to the source code in the event Contractor fails to fulfill its maintenance and support obligations, or in the event of bankruptcy, dissolution, or appointment of a receiver for Contractor. County shall be able to use the source code according to the terms of this Agreement, and must also be permitted to modify the code for its own use consistent with this Agreement.

2.5 Termination of License. Contractor may at any time terminate this License if Customer has breached a material provision of this Agreement (which shall include without limitation Sections 5, 8, and 9) and has failed to cure such breach within thirty (30) days after receiving written notice thereof. Upon any termination of the License,

Customer shall immediately cease using the System, and Customer shall, within ten (10) days after the date of termination, return to Contractor the System and all other materials provided to Customer hereunder, and all copies thereof in Customer's possession or under its control. Notwithstanding the preceding sentence, if Customer has terminated this Agreement for any reason and Customer has paid to Contractor the full amount of the fee provided in Section 5.1 and all other amounts then owing to Contractor under Section 5, then Customer may retain the System and continue to use the System, subject to the provisions of Sections 2, 8, 9 and 11.

3. TERM/TERMINATION

3.1 This Agreement shall become effective on the date first written hereinabove and continue for a term of three (3) years (the "Initial Term"), with the option for two (2), one (1) year extensions thereafter, upon written authorization from County's Director of Internal Services/Chief information Officer or his/her designee.

3.2 Fiscal Appropriations. The terms of this Agreement, and the services to be provided thereunder, are contingent on the approval of funds by the appropriating government agency. Should sufficient funds not be allocated, the services provided may be modified, or this Agreement terminated, at any time by giving the CONTRACTOR thirty (30) days advance written notice.

3.3 Termination of Agreement. Customer may at any time terminate this Agreement if Contractor has breached a material provision of this Agreement and has failed to cure such breach within sixty (60) days after receiving written notice thereof. Customer upon ninety (90) days notice may terminate this Agreement in the event of a change in the nature, scope, or requirements of customer's program or operations. In such event, County shall compensate Contractor for all work completed by Contractor through the date of termination. Contractor may at any time terminate this Agreement if Customer has breached a material provision of this Agreement (which shall include without limitation Sections 5 and 8) and has failed to cure such breach within thirty (30) days after receiving written notice thereof.

4. INSTALLATION, TRAINING AND SUPPORT

4.1 Installation. Contractor shall deliver and install the System for Customer in the manner and on the schedule set forth in **Exhibit B** attached hereto and, by this reference, made a part hereof.

4.2 Training. Contractor shall provide to Customer the training services relating to the System described in Exhibit B attached hereto.

4.3 Support Services. Contractor shall provide to Customer support services relating to the System as set forth and described in the "MPTS Property Tax System Maintenance Agreement," which is separate from this Agreement.

5. COMPENSATION

5.1 Fees for License, Installation and Training: MPTS Base System.

Customer agrees to pay Contractor and Contractor agrees to receive \$1,800,000.00 as follows:

Milestone Payment Schedule

1.	35% within forty-five (45) days of contract execution	\$ 630,000.00
2.	15% within forty-five (45) days of completion of data conversion	\$ 270,000.00
3.	15% within forty-five (45) days of completion of acceptance testing	\$ 270,000.00
4.	15% within forty-five (45) days of completion of County training	\$ 270,000.00
5.	20% within forty-five (45) days of Implementation/ Go Live	\$ 360,000.00
	Total Installation and License Fees	\$1,800,000.00

Online Business Property Filing. As compensation for the installation and licensing granted herein for the Megabyte Online Business Property Filing module, Customer agrees to pay Contractor and Contractor agrees to receive \$37,500.00.

Homeowners' Exemption (HOX) Optical Character Recognition (OCR) Scanning. As compensation for the installation and licensing for the HOX OCR Scanning module and 3rd Party licensing for integrated module, Customer agrees to pay Contractor and Contractor agrees to receive \$12,500.00.

Certna-Liens electronically filed & updated in the system. As compensation for the installation and licensing of the Certna module, Customer agrees to pay Contractor and Contractor agrees to receive \$5,500.00.

Data Conversion. As compensation for data conversion services provided by Contractor for up to four (4) years of value history and ownership history (if available for conversion in current system), four (4) years of sales history, and one (1) year of tax roll history of the Customer's data, Customer shall as compensation for such services pay to Contractor at a rate of \$100.00 per hour. Maximum compensation for these Data Conversion fees shall not exceed \$450,000.00.

5.2 Other Compensation

5.2.1 System Enhancements. Any services provided by Contractor at Customer's written request which are in addition to the services specified in Section 5.1, shall be billed at the rate of \$100.00 per hour. Maximum compensation for such System Enhancements shall not exceed \$300,000.00 over the life of this Agreement

5.2.2. Maximum Compensation. In no event shall all services performed under this Agreement be in excess of \$2,605,500.00. It is understood that all expenses incidental to Contractor's performance of services under this Agreement shall be borne by Contractor.

5.3 General

5.3.1 Invoices. Contractor shall submit invoices (referencing the provided contract number), either electronically or via mail to the County of Fresno Internal Services, 333 W. Pontiac Way, Clovis, CA 93612. Customer shall pay each invoice within forty-five (45) days of receipt of an approved invoice, by mail addressed to Contractor's remittance address at 2630 Sunset Blvd, Suite 100, Rocklin, CA 95677.

5.3.2 Taxes. Customer shall be responsible for payment of any and all taxes or other governmental charges or fees attributable to the License granted herein.

6. Audits and Inspections. Contractor acknowledges that if total compensation under this agreement exceeds \$10,000.00, Contractor is subject to the examination and audit by the California State Auditor for a period of three(3) years, or for any longer period required by law, after final payment under this Agreement, pursuant to California Government Code section 8546.7.

7. WARRANTY

7.1 General Warranty. Contractor warrants to Customer that Contractor has full right and authority to grant to Customer the License herein and that Customer's possession and use of the System in accordance with the License herein shall not infringe any United States copyright or patent.

7.2 Performance. Contractor warrants to Customer that application software contracted for by Customer will perform in substantial compliance with the Documentation and the representations and features listed in Exhibit A. There are no express or implied warranties, including the implied warranty of merchantability and fitness for a particular purpose not specifically set forth in this Agreement, with respect to this Agreement, or the software or other products, documentation or other products.

8. CONFIDENTIALITY

8.1 Customer Obligations. Customer acknowledges that, by virtue of the License granted herein, it will have access to certain proprietary information and trade secrets of Contractor, including without limitation proprietary information and trade secrets relating to the System (collectively, the "Confidential Matters"). Customer agrees that the Confidential Matters, and all information comprising or relating to the Confidential Matters, shall be deemed confidential and proprietary to Contractor, shall be held in trust by Customer, and shall be safeguarded by Customer to the same extent that Customer safeguards confidential matters relating to its own operation which in no event shall be less than the safeguards that a reasonably prudent person or business would exercise under similar circumstances.

8.2 Exceptions. Customer's obligations pursuant to Section 8.1 shall not apply to information which is in the public domain, other than as a result of any breach of this Agreement, or to information which Customer is obligated to disclose pursuant to the lawful order of any court or government instrumentality in the United States, but only to the extent required by such order.

8.3 Contractor's Obligations. Contractor acknowledges that, by virtue of the customer/developer relationship established herein, it will have access to certain confidential information relating to the Customer's clients and activities. Contractor agrees that all information relating to the activities and the clients of Customer shall be deemed confidential and proprietary to Customer, shall be held in trust by Contractor, and shall be safeguarded by Contractor to the same extent that Contractor safeguards confidential matters relating to its own clients and activities which in no event shall be less than the safeguards that a reasonably prudent person or business would exercise under similar circumstances.

8.4 Exceptions. Contractor's obligations pursuant to Section 8.3 shall not apply to information which is in the public domain, other than as a result of any breach of this Agreement, or to information which Contractor is obligated to disclose pursuant to the lawful order of any court or government instrumentality in the United States, but only to the extent required by such order.

9. LIABILITY

9.1 Indemnification by Contractor. CONTRACTOR agrees to defend, indemnify, save and hold harmless the COUNTY, its officers, agents, and employees, from and against any and all claims and losses whatsoever accruing or resulting to any and all persons, firms or corporations for damage, injury or death as a result of negligence by CONTRACTOR in CONTRACTOR's performance of this Agreement.

9.1.1 Patent or Copyright Infringement. Notwithstanding any other provision of this Agreement, Contractor represents that:

A. Contractor represents that the materials and products produced hereunder do not violate others intellectual property rights (which include patent, copyright, trademark, trade secret or other proprietary right.) In the event a claim, cause of action, proceeding or other legal action should arise in which there are claims

that the materials and/or products infringe or violate another's intellectual property rights, Contractor shall undertake to protect, defend, settle or resolve the proceeding at no cost, whatsoever, to County, including, but not by way of limitation, legal fees, disbursements, judgments, or the like. Contractor shall protect, defend and indemnify and hold County harmless, subject only to County giving Contractor prompt written notice of any such third party claim, cause of action or proceedings and rendering to Contractor any reasonable information, assistance or access to documents and materials required in the defense of any such cause of action.

B. Should the materials and/or products in Contractor's opinion, be likely or become the subject of a claim of infringement of a patent, copyright or trademark, Contractor may do any of the following: (1) obtain a legally binding right for County to use, at no cost to County, the material and/or product; (2) replace or modify the material and/or product so that it is non-infringing yet still complies with the RFP and the Contract specifications; (3) repurchase the material and/or product by refunding all moneys paid by County to Contractor for the material and/or product less depreciation and reasonable costs for use and such other amounts as are mutually agreeable to County and Contractor.

9.2 Indemnification by Customer. Customer shall indemnify and hold harmless Contractor, and its directors, officers, and employees from and against any and all liability, losses, damages, and expenses (including without limitation reasonable attorney's fees and costs) incurred by Contractor, or its directors, officers, or employees which arise out of or relate to Customer's breach of any provision hereof.

9.3 Limitations on Liability. Notwithstanding the provisions of Sections 9.1 and 9.2, the liability of the parties and the remedies of the parties shall be limited as follows:

9.3.1 Uncontrollable Events. Neither party shall bear any liability arising out of events beyond the control of such party, including without limitation acts of God, acts of a public enemy, fires, floods, storms, earthquakes, riots, strikes, lock outs, wars, restraints of government, court orders, power shortages or outages, equipment or communications malfunctions, nonperformance by any third parties, or other events which cannot be controlled or prevented with reasonable diligence by such party.

9.3.2 Consequential Damages. Neither party shall bear any liability for special, consequential, incidental, or indirect damages (including without limitation loss of anticipated income or profits, loss of goodwill, or other loss or damages), even if such party has been informed of the possibility of such damages.

9.3.3 Value of Contract. In no event shall the aggregate liability of Contractor to Customer or Customer to Contractor (regardless of the form, whether in contract or tort) exceed the amount of the fees paid by Customer to Contractor pursuant to this Agreement.

9.3.4 Passage of Time. In no event shall a cause of action be asserted by Customer against Contractor or Contractor against Customer which arises out of or relates to any event, condition, breach, or claim occurring more than one (1) year prior to the filing of such cause of action.

10. INSURANCE.

Without limiting the COUNTY's right to obtain indemnification from CONTRACTOR or any third parties, CONTRACTOR, at its sole expense, shall maintain in full force and effect the following insurance policies throughout the term of this Agreement:

A. Commercial General Liability

Commercial General Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and an annual aggregate of Two Million Dollars (\$2,000,000). This policy shall be issued on a per occurrence basis. COUNTY may require specific coverages including completed operations, products liability, contractual liability, Explosion-Collapse-Underground, fire legal liability or any other liability insurance deemed necessary because of the nature of this Agreement.

B. Automobile Liability

Comprehensive Automobile Liability Insurance with limits for bodily injury of not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) per person, Five Hundred Thousand Dollars (\$500,000.00) per accident and for property damages of not less than Fifty Thousand Dollars (\$50,000.00), or such coverage with a combined single limit of Five Hundred Thousand Dollars (\$500,000.00). Coverage should include owned and non-owned vehicles used in connection with this Agreement.

C. Worker's Compensation

A policy of Worker's Compensation insurance as may be required by the California Labor Code.

CONTRACTOR shall obtain endorsements to the Commercial General Liability insurance naming the County of Fresno, its officers, agents, and employees, individually and collectively, as additional insured, but only insofar as the operations under this Agreement are concerned. Such coverage for additional insured shall apply as primary insurance and any other insurance, or self-insurance, maintained by COUNTY, its officers, agents and employees shall be excess only and not contributing with insurance provided under CONTRACTOR's policies herein. This insurance shall not be cancelled or changed without a minimum of thirty (30) days advance written notice given to COUNTY.

Within Thirty (30) days from the date CONTRACTOR executes this Agreement, CONTRACTOR shall provide certificates of insurance and endorsement as stated

above for all of the foregoing policies, as required herein, to the County of Fresno, Internal Services Department, Attention: Business Office, 333 W. Pontiac Way, Clovis, CA 93612, stating that such insurance coverages have been obtained and are in full force; that the County of Fresno, its officers, agents and employees will not be responsible for any premiums on the policies; that such Commercial General Liability insurance names the County of Fresno, its officers, agents and employees, individually and collectively, as additional insured, but only insofar as the operations under this Agreement are concerned; that such coverage for additional insured shall apply as primary insurance and any other insurance, or self-insurance, maintained by COUNTY, its officers, agents and employees, shall be excess only and not contributing with insurance provided under CONTRACTOR's policies herein; and that this insurance shall not be cancelled or changed without a minimum of thirty (30) days advance, written notice given to COUNTY. In the event CONTRACTOR fails to keep in effect at all times insurance coverage as herein provided, the COUNTY may, in addition to other remedies it may have, suspend or terminate this Agreement upon the occurrence of such event.

All policies shall be with admitted insurers licensed to do business in the State of California. Insurance purchased shall be purchased from companies possessing a current A.M. Best, Inc. rating of A FSC VII or better.

11. GENERAL PROVISIONS

11.1 Covenant Not to Hire. During the term of the License granted herein and for a period of one (1) year thereafter, neither party shall hire as an employee or contractor any employee of the other party.

11.2 Compliance with Laws. Each party shall, in performing its obligations hereunder, comply with all laws, rules, regulations and governmental orders applicable to such party.

11.3 Amendments. This agreement may be amended or supplemented from time to time, but only by a written instrument executed by both Customer and Contractor. As used herein, the term "Agreement" shall include any future amendments or supplements made hereto.

11.4 Construction. Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

11.5 Recitals and Exhibits. The Recitals to this Agreement and the exhibits attached to this Agreement shall be considered part of the Agreement and are incorporated herein by this reference.

11.6 Survival. The provisions of Sections 2, 5, 8, 9, 10 and this Section 11 shall survive any termination or expiration of this Agreement and the License granted herein.

11.7 Relation Between the Parties. This Agreement shall not be construed to constitute either party as the agent or legal representative of the other for any purpose whatsoever. Neither party is granted any express or implied right or authority by the other party to assume or create any obligation or responsibility on behalf of or in the name of the other party, or to bind the other party in any manner or thing whatsoever.

11.8 Assignment. Neither this Agreement, the License granted herein nor any other right or obligation hereunder shall be assigned, delegated or otherwise transferred by either party, without the prior written consent of the other party. Notwithstanding the preceding sentence, Contractor may assign, delegate, or otherwise transfer this Agreement, the License granted herein, and Contractor's rights and obligations hereunder to any affiliate or any successor of Contractor's business or any part thereof, without the prior written consent of Customer.

11.9 Successors. Subject to the restrictions in Section 11.8, this Agreement shall bind and inure to benefit of the respective assigns, successors, representatives and affiliates of the parties.

11.10 Waiver. Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided in Section 11.3 above.

11.11 Certain Remedies. The parties acknowledge and agree that any breach by Customer of Section 8 of this Agreement would cause irreparable damage to Contractor, the exact amount of which would be impossible to ascertain, and for that reason, Contractor shall be entitled to injunctive relief in the event of any actual or threatened breach of Section 8. Such relief shall be in addition to any remedies to which Contractor may be entitled under law or otherwise.

11.13 Severability. If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

11.14 Nondiscrimination. During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental handicap, medical condition (including genetic characteristics), marital status, age, political affiliation or sex. Contractor and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.

11.15 Notice. Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which Contractor or Customer shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first class mail to the respective parties as follows:

To Customer: County of Fresno
Director of Internal Services/Chief Information Officer
333 W Pontiac Way
Clovis, CA 93612

To Contractor: Sharon A Zachte, President
Megabyte Systems, Inc.
2630 Sunset Blvd Suite 100
Rocklin, CA 95765

11.16 Conflicts. Contractor agrees that it has no interest and shall not acquire any interest direct or indirect which would conflict in any manner or degree with the performance of the work and services under this Agreement.

11.17 Advice of Attorney. Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

11.18 Enforcement. If either party shall bring an action of any nature against the other party by reason of the breach of any provision of this Agreement, or otherwise arising out of this Agreement, whether for declaratory or other relief, the prevailing party in such action shall be entitled to such party's reasonable expenses relating to such action, including its costs of suit and attorneys' fees.

11.19 Dispute Resolution. In the event of any dispute, claim, question, or disagreement arising from or relating to this agreement or the breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If they do not reach such solution within a period of 90 days, then, upon notice by either party to the other, all disputes, claims, questions, or differences shall be finally settled by arbitration. The arbitration shall be conducted by a neutral arbitrator and in accordance with California law, with the parties sharing equally the costs of arbitration. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

11.20 Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

11.21 Governing Law and Venue. This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in the County of Fresno, State of California.

11.22 Independent Contractor. In performance of the work, duties and obligations assumed by CONTRACTOR under this Agreement, it is mutually understood and agreed that CONTRACTOR, including any and all of the CONTRACTOR'S officers, agents, and employees will at all times be acting and performing as an independent contractor, and shall act in an independent capacity and not as an officer, agent, servant, employee, joint venture, partner, or associate of the COUNTY. Furthermore, COUNTY shall have no right to control or supervise or direct the manner or method by which CONTRACTOR shall perform its work and function. However, COUNTY shall retain the right to administer this Agreement so as to verify that CONTRACTOR is performing its obligations in accordance with the terms and conditions thereof.

CONTRACTOR and COUNTY shall comply with all applicable provisions of law and the rules and regulations, if any, of governmental authorities having jurisdiction over matters the subject thereof.

Because of its status as an independent contractor, CONTRACTOR shall have absolutely no right to employment rights and benefits available to COUNTY employees. CONTRACTOR shall be solely liable and responsible for providing to, or on behalf of, its employees all legally-required employee benefits. In addition, CONTRACTOR shall be solely responsible and save COUNTY harmless from all matters relating to payment of CONTRACTOR'S employees, including compliance with Social Security withholding and all other regulations governing such matters. It is acknowledged that during the

term of this Agreement, CONTRACTOR may be providing services to others unrelated to the COUNTY or to this Agreement.

11.23 Disclosure of Self-Dealing Transactions. This provision is only applicable if the CONTRACTOR is operating as a corporation (a for-profit or non-profit corporation) or if during the term of this agreement, the CONTRACTOR changes its status to operate as a corporation.

Members of the CONTRACTOR's Board of Directors shall disclose any self-dealing transactions that they are a party to while CONTRACTOR is providing goods or performing services under this agreement. A self-dealing transaction shall mean a transaction to which the CONTRACTOR is a party and in which one or more of its directors has a material financial interest. Members of the Board of Directors shall disclose any self-dealing transactions that they are a party to by completing and signing a *Self-Dealing Transaction Disclosure Form* (Exhibit C) and submitting it to the COUNTY prior to commencing with the self-dealing transaction or immediately thereafter.

1 IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day
2 and year first hereinabove written.

3 **CONTRACTOR**

4 Sharon A. Zachte
Sharon A. Zachte, President

5
6 Date: 03.16.17

7 N. Betts
8 Nicholas Betts, Secretary

9 Date: 03.16.17

10 Megabyte, Inc.
11 2630 Sunset Blvd, Suite 100
12 Rocklin, CA 95677

COUNTY OF FRESNO

Brian Pacheco
Brian Pacheco
Chairman, Board of Supervisors

Date: 4-25-17

Bernice E. Seidel
Clerk, Board of Supervisors

By: Susan Bishop
DEPUTY

REVIEWED & RECOMMENDED FOR APPROVAL

Robert W. Bash
Robert W. Bash, Director of Internal Services/
Chief Information Officer

Paul Dictos CPA
Paul Dictos, CPA, Assessor-Recorder

Oscar J. Garcia
Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

APPROVED AS TO LEGAL FORM
Daniel C. Cederborg
County Counsel

By: James J. Smith
DEPUTY

APPROVED AS TO ACCOUNTING FORM
Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

By: Alu E. Lopez

FOR ACCOUNTING USE ONLY

FUND: 1020
SUBCLASS: ~~10000~~ 19000
ORG NO.: 8905 8908
ACCOUNT NO.: 7311 8500
PROGRAM NO.: 91344

EXHIBIT A SPECIFICATIONS

MPTS Provides

- ❖ A fully integrated California property tax system to meet the Client's ongoing needs.
- ❖ A robust system developed and maintained in compliance with California Revenue and Taxation Code.
- ❖ User-Friendly interfaces
- ❖ Reports linked to dynamic data sources
- ❖ Administrative interfaces to ensure maximum adaptability within the system.
- ❖ Integration adapter to facilitate a seamless interaction between all components of the system.
- ❖ Training and user documentation provided by Megabyte.
- ❖ Use of the knowledge and experience of Megabyte and their staff.

BASE MPTS SYSTEM

Assessor Functions

MPTS provides a fully integrated Assessor's system that meets requirements set forth by California Revenue and Taxation Code, including but not limited to:

- ❖ Online updating until the day before roll turnovers – eliminates many tax roll corrections
- ❖ Parameter driven – resource files define common parameters
- ❖ Online roll corrections and escapes (including refunds) for current and delinquent rolls
- ❖ History available with online access for documents, ownership, assessments, values and tax bills
- ❖ Annual secured and unsecured inflation process
- ❖ Automatic value notices daily for supplemental assessments
- ❖ Automatic proration of supplemental assessments
- ❖ Appraisal worksheets
- ❖ Tracking of "Prop 8" and construction in progress
- ❖ Automatic supplemental billing after 30 days of value notice
- ❖ Physical characteristics frozen at time of sale with sale comp data
- ❖ Comparable sales program has ability to capture comments and comparables electronically
- ❖ Management audit reports
- ❖ Secured, unsecured and supplemental tax roll inquiry functions including current and redemption rolls

- ❖ County-specified years of tax bill history online for inquiry
- ❖ Williamson Act and Timber Preserve sub-systems
- ❖ Personal property sub-system
- ❖ Automatic secured notification of assessment valuation
- ❖ Prop 111 reporting
- ❖ User documentation
- ❖ Value updating available year round (new lien date)
- ❖ Image inquiry and viewing (e.g. maps, deeds, office documents, etc.)
- ❖ Import / export capabilities
- ❖ Base year tracking
- ❖ Electronic queues which improve workflow and time
- ❖ Electronic transfer of change of ownership to appraisal queues
- ❖ Valued parcels electronically transfer to review queue (Chief Appraiser)
- ❖ Review queue transfer to automated value update
- ❖ Permits enter appraisal queue automatically (permit data captured, supplemental created and electronic review of the permit)
- ❖ Deeds, assessor maps, business property statements, miscellaneous documents, Excel spreadsheets, .PDF & tiff images can be assigned to each parcel/document for storage & review
- ❖ Aircraft valuation which allows transfer of calculated values from Blue Book into the system for enrollment
- ❖ Manufactured home valuation allows automated enrollment of values based on AH531 cost data and annual comparison of home values for decline in value review
- ❖ Roll Corrections electronically submitted to Auditor
- ❖ Roll Correction and escape notice automation
- ❖ Exemption tracking and reporting
- ❖ Multi-level security
- ❖ Ad-hoc query and reporting function directly from user interface
- ❖ Electronic Building Permit import and process

Auditor Functions

The MPTS solution provides a fully integrated Auditor's system that meets requirements set forth by California Revenue and Taxation Code, including but not limited to:

- ❖ Apportionment – including negative apportionment (all rolls plus unitary AB454), separate reporting and controls
- ❖ Tax Rate Area controls
- ❖ Tax roll controls and audits with daily reporting of audit control of all roll changes
- ❖ Refund issuance (not including checks)
- ❖ Multi-year rates
- ❖ User controlled reporting
- ❖ Resource parameter setup, i.e. tax roll control, low bill limit, etc
- ❖ Online to date collection information of all roll types (collected, uncollected, percent collected to date)
- ❖ Prior year tax bill inquiry
- ❖ Auditor's report to the state for homeowners
- ❖ AB8 process: online establishment and RDA
- ❖ Direct assessments: PC to server, direct auditor input, file import interface
- ❖ Roll change function: daily
- ❖ Value changes to the tax roll with refund information for: new, corrected bills, roll changes, refunds, supplemental bills (increase in value)
- ❖ Inactivation of assessments
- ❖ Auditor control reports
- ❖ Redemption roll adjustment
- ❖ Change taxes (auditor only)
- ❖ Authorized refunds (auditor only)
- ❖ Cancel penalties
- ❖ Delinquent maintenance
- ❖ Change due dates
- ❖ Secured prorates based on number of days owned
- ❖ All roll types (secured, unsecured, delinquent roll, SB813, priors) may be adjusted by a roll change
- ❖ Inquiry access to tax roll and Assessor's roll
- ❖ Import / Export capabilities
- ❖ Multi-level security
- ❖ Ad-hoc query and reporting function directly from user interface
- ❖ Government Acquisition tax roll corrections
- ❖ Automated fiscal year end rollover process
- ❖ No dark time for roll correction processing

Tax Collector Functions

MPTS provides a fully integrated Tax Collector's system that meets requirements set forth by California Revenue and Taxation Code, including but not limited to:

- ❖ Universal form for all tax bills: online bill production, SB813: secured and unsecured, roll changes corrected, additional bills, corrected bills, prior unsecured and prior unsecured SB813
- ❖ Tax statement forms for original secured and unsecured
- ❖ CORTAC processing of tax bill requests and mass payment processing
- ❖ CORTAC processing of annual, supplemental, escape, and corrected tax payments
- ❖ Multiple bills to same address – identification and combining of non-lender bills
- ❖ Single bills are produced in zip code sequence
- ❖ Exports of current tax roll, alphabetic index, fee assessment number index, prior unsecured abstracts
- ❖ Inquiry and tax information research capabilities online
- ❖ Redemption process and related delinquency notices
- ❖ Online collection including: register control, deposit lists, verification of stub information, automated error processing and reporting, automatic creation of refunds resulting from overpayment amounts, vendor information (name and address) and online audit records
- ❖ Remittance processing interface with real-time payment posting in conjunction with RT Lawrence
- ❖ Add and collect various fees, including non-parcel fees
- ❖ Cashiering system
- ❖ Automated 5-year pay plans on delinquency and related notices
- ❖ Fully integrated delinquency roll with automated roll change functions
- ❖ Online collection information for all roll types (collected / uncollected / percentage collected to date)
- ❖ DMV reporting and export of delinquent vessels
- ❖ Unsecured partial payment processing
- ❖ No interest and interest escape payment plans
- ❖ Lien process and related notices
- ❖ Delinquency notices – all rolls
- ❖ Produces publish delinquency list – criteria set by the county for 1 or 3 year publish listing
- ❖ Bankruptcy module, collection, and reporting
- ❖ Automatic transfer of unpaid mobile homes to unsecured delinquent roll
- ❖ Discharge of accountability, roll changes for NSF, misapplied payments, penalty cancellations, due date changes
- ❖ Redemption Roll Maintenance
- ❖ Document generation for daily over / short letters

- ❖ Retain valid ownership data despite assessment splits and segregations
- ❖ Online inquiry of payoff details
- ❖ Online inquiry of payment plan status
- ❖ Import / Export capabilities
- ❖ Electronic Tax Lien interface with Recorder – Standardized function available – dependant upon Recorder’s system’s ability to work with the MPTS standard process
- ❖ Multi-level security
- ❖ Ad-hoc query and reporting function directly from user interface
- ❖ Record Retention

ADDITIONAL MPTS MODULES

The following MPTS modules will be provided for an additional licensing/support and support fees:

Assessor and Tax Collector - MPTS Web Modules

(Subject to annual support costs)

- ❖ Assessor and Tax Collector Public Access
- ❖ Assessor and Tax Collector Agency Access
- ❖ Web bill print for Tax Collector for Current Year/Two Prior Years
- ❖ Aircraft/Boat inquiry by CF or N number for the Assessor

Assessor - Online Business Property Filing (OBPF)

(Subject to one-time purchase cost + annual support)

This application provides for the ability for County business taxpayers to file their 571L, 571A and 571F personal property forms via the web

The features include:

- ❖ Previous year costs & net change
- ❖ View/Print of completed form
- ❖ Extraction of data for web access
- ❖ Audit reports
- ❖ Import/merge of filed data to the personal property system
- ❖ Images/pdf retained of the filed statements with access via the personal property subsystem

Clerk of the Board/Assessor – Assessment Appeals Module (COB)

(Subject to annual support costs)

The features include:

Hearing Processing

- ❖ Appeals Board Definition
- ❖ Hearing Scheduling and Confirmation requests
- ❖ Enter Hearing Results
- ❖ Creates Appeals Board Agenda
- ❖ Creates Appeals Board Minutes

Reporting

- ❖ Notices
- ❖ Agenda
- ❖ Hearing Minutes
- ❖ Export Available

System Features

- ❖ Assign notes for event tracking
- ❖ Assign Applications to “Groups” for processing

Status Tracking

The following status events are tracked in the Assessment Appeals Process. Custom events can also be added to handle work-flow events by the Clerk of the Board and Assessor’s offices.

Filing an Appeal

- ❖ Submitted (Submitted via the web but not accepted by the COB)
- ❖ Returned (Submitted but returned for corrections)
- ❖ Paid (An appeal fee has been paid)
- ❖ Appeal (An appeal has been “Returned” but applicant wants hearing with Appeal Board)
- ❖ Filed (Appeal accepted by the COB as being filed)

Withdrawn

- ❖ Withdraw (Applicant requested)
- ❖ Withdraw-Apr (Appraiser/Assessor approved withdrawal request)

Stipulation

- ❖ Stipulation (Agreed upon with applicant)
- ❖ Stipulation-ASR (Agreed upon by Assessor)
- ❖ Stipulation- CC (Agreed/reviewed by County Counsel)

Hearing Scheduling

- ❖ Hearing (A hearing has been scheduled)
- ❖ Confirmation (A hearing has been confirmed by the applicant)
- ❖ Waiver (The applicant has signed/agreed to a 2-year waiver)
- ❖ Postponement (The hearing date has been postponed)

Appeals Board

- ❖ Sustained (Assessor's value has been sustained)
- ❖ Increased (The Roll value has been increased)
- ❖ Decreased (The Roll value has been reduced)
- ❖ No-show (The applicant did not appear at hearing)
- ❖ Continuance (The board continued the hearing to another date)
- ❖ Reconsideration (The applicant requests reconsideration of a board ruling)

CERTNA – Lien Export

CERTNA provides the County the ability handle the exporting and importing of Lien Certificates, Releases and Removals which are processed electronically between CERTNA, the Clerk Recorder and MPTS while retaining the ability to print any record if needed.

HOX OCR Scanning

HOX OCR Provides the County with the ability to Scan, Read and import images related to HOX (homeowners exemption).

EXHIBIT B
PROJECT PLAN

Within 30 days of execution, Megabyte Systems and Fresno County will hold a kick-off meeting to designate personnel and develop a mutually agreeable project plan, including finalizing scope of work and implementation schedule. The work plan will address following five (5) phases for implementation, and is subject to Fresno County being able to deliver data samples within 30 days from the kick-off date:

- General Design Analysis / Environment Setup / Special Requirements
- Data Conversion
- System Testing Phase
- Training / Implementation
- Go Live Phase

General Design Analysis/ Environment Setup / Special Requirements

This phase of the project will focus on the hardware / 3rd party software required, identify & define interfaces required, data conversion processes needed, and hardware/security configurations.

Activities

- Project Management Team, establish objects and targets
- Hardware/Software Configuration (including user naming schemes)
- Security will be planned
- Data assessment / conversion processes & mapping requirements (coding scheme translations, etc)

Hardware / software will be obtained by the County during this phase.

Internet access at T1 minimum speeds between County and Megabyte Systems is required for conversion and testing phases as well as for on-going support and maintenance. This is the County's responsibility to provide.

The database utilized will be a currently Microsoft supported MS-SQL server. Megabyte will provide setup, tailoring and tuning for the SQL database.

MS-OS Setup / network connections are the responsibility of the County. However, Megabyte will provide any support / assistance requested by the County remotely. On-site support is available to the County at an additional cost as listed under the maintenance agreement.

Megabyte Systems will work with the County to determine hardware, 3rd party software, disk space requirements. All hardware & 3rd party software are County responsibility.

Megabyte Systems will work with the County to determine if any Custom development services are desired by the County for program functionality not currently available in the base MPTS system (as described in Exhibit A), will be billable to the County at the hourly rate of \$100.00 (to be billed on a monthly basis, for actual hours worked). The scope of work shall be pre-approved by the County based on a fit gap analysis between the County and Contractor.

Assumptions

The County will ensure adequate participation in the work session of end user representatives which are (a) knowledgeable in the requirements and (b) have the authority to make determinations as necessary relating to requirements. The County will ensure that County decisions are made in a timely manner.

Data Conversion

This phase of the project will focus on the mapping and conversion requirements of the County data to Megabyte data structure.

Megabyte Systems will convert the County's data* with the County providing the data in a format specified by Megabyte. If desired, the County may supply the data in its own format on a flat file and Megabyte will perform the formatting as needed. This conversion would be done under a time and expense agreement at an hourly rate of \$100.00, with a cap on this cost of \$450,000.00. This cap excludes the conversion of history. Data to be converted under the \$450,000.00 cap shall be four (4) years of value history and ownership history (if available for conversion in current system), four (4) years sales history, and one (1) year of tax roll history. As directed by the County, historical data may be converted as desired at the hourly rate of \$100.00.

**All delinquent data is considered current County data.*

Factors that impact the cost of conversion are:

- Quality of the data to be converted
- Source of the data
- History required
- Knowledge of people to assist in identifying data issues

Conversion Responsibilities

The County will provide existing data and corresponding data format(s). The County will be responsible for extracting and providing legacy data to Megabyte. Megabyte will map and convert the data into MPTS data structure and provide validation reports and information to the County.

Results

Clean converted County data will be loaded to the MPTS database for the system testing phase.

A system test plan document will be developed for each department.

County Assumptions

- The County will provide only clean, complete data
- Each conversion step will be executed in a manner that is auditable (i.e. all data will be accounted for).
- The County will provide representative samples of data to be converted for use during the development of the database. Clean, converted County data will be available for the system testing phase.
- County will provide personnel familiar with the end-user functionality to working with Megabyte Systems, Inc during the conversion and testing phases to ensure complete accuracy of the converted data

Megabyte Assumptions

- All data provided will be successfully converted.
- Megabyte will provide County with a test script and plan for user acceptance testing.

System Testing

System testing and acceptance will be conducted jointly between County and Megabyte prior to the prescribed "Installation Date". This includes:

- Inquiry validation of the County's pre-conversion data within MPTS
- Detailed balancing reports and worksheets to validate value, counts, paid/unpaid taxes and total charge.
- Formal User Acceptance of converted data.

Training / Implementation

- Class Room User training is conducted for any personnel designated by the County at Megabyte's facility in Rocklin.
- We will utilize web training for 'GoToMeeting' County Personnel; 'GoToAssist' will be utilized also for train the trainer classes. This enables the users to actually use the screens with an instructor monitoring the effort. Megabyte also provides training at its Rocklin facility as well as simultaneous on-line training for most classes if preferred. The annual maintenance contract provides for training classes, at no charge, throughout the year. On-site visits are available from Megabyte at County request as part of additional service fees as covered in the maintenance agreement
- Production system meets acceptance testing
- Final data conversion acceptance is complete

Go Live Phase

The final results: production implemented system.

Maintenance / Support begins 30 days after "Installation Date".

Project Timelines

	**<u>Work Days</u>
Phase 1: General Design Analysis / Environment Setup	90
Phase 2: Data Conversion	210
Phase 3: System Testing	10
(10 days system & user acceptance test)	
Phase 4: Training	5
Phase 5: Implementation / "Installation Date"	10
(7 days for final database creation; 3 for verification)	

***Both parties acknowledge that "Work Days" are estimates based on previous installations. Final work days will be determined in the Scope of Work which will be a mutually agreeable work document developed by Megabyte Systems, Inc. and County of Fresno, once data has been delivered and analyzed for conversion.*

1 **Exhibit C**

2 **SELF-DEALING TRANSACTION DISCLOSURE FORM**

3
4 In order to conduct business with the County of Fresno (hereinafter referred to as "County"),
5 members of a contractor's board of directors must disclose any self-dealing transactions that
6 they are a party to while providing goods, performing services, or both for the County. A self-
7 dealing transaction is defined below:

8 *"A self-dealing transaction means a transaction to which the corporation is a party and in
9 which one or more of its board members has a material financial interest"*

10 The definition above will be utilized for purposes of completing this disclosure form.

11 INSTRUCTIONS

12 (1) Enter board member's name, job title (if applicable), and date this disclosure is being
13 made.

14 (2) Enter the board member's company/agency name and address.

15 (3) Describe in detail the nature of the self-dealing transaction that is being disclosed to
16 the County. At a minimum, include a description of the following:

17 a. The name of the agency/company with which the corporation has the
18 transaction; and

19 b. The nature of the material financial interest in the Corporation's transaction that
20 the board member has.

21 (4) Describe in detail why the self-dealing transaction is appropriate based on applicable
22 provisions of the Corporations Code.

23 (5) Form must be signed by the board member that is involved in the self-dealing
24 transaction described in Sections (3) and (4).
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(1) Company Board Member Information:

Name:		Date:	
Job Title:			

(2) Company/Agency Name and Address:

(3) Disclosure (Please describe the nature of the self-dealing transaction you are a party to):

(4) Explain why this self-dealing transaction is consistent with the requirements of Corporations Code 5233 (a):

(5) Authorized Signature

Signature:		Date:	
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