

SYSTEM LICENSE AGREEMENT

by and between

THE EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND ("ERSRI")

and

COMPLETE BUSINESS SOLUTIONS, INC. ("CBSI")

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SYSTEM LICENSE AGREEMENT

THIS SYSTEM LICENSE AGREEMENT (this "Agreement"), made and entered into this 9th day of February, 2000 ("Effective Date") by and between Complete Business Solutions, Inc. (hereinafter "CBSI"), an information technology consulting corporation, having principal offices at 32605 West Twelve Mile Road, Farmington Hills, Michigan 48334, and the Employees' Retirement System of Rhode Island (hereinafter "ERSRI"), having offices at 40 Fountain Street, Providence, Rhode Island 02903.

CBSI and ERSRI, intending to be legally bound, hereby covenant and agree as follows:

Section 1

DEFINITIONS

In addition to terms elsewhere defined in this Agreement, the following terms shall have the meanings set forth in this Section 1 for purposes of this Agreement:

- 1.1 **"Acceptance."** The occurrence of the conditions set forth in Section 8 hereof, with regard to a particular Stage, including the execution, for the particular Stage, of a Certificate of Acceptance as defined in Section 8 hereof.
- 1.2 **"Additional Features."** The functionalities described in Exhibit A hereto in association with the Additional Feature Programs.
- 1.3 **"Additional Feature Programs."** The software in both source code (i.e., human readable) and object code (i.e., machine readable) form required to operate the Additional Features, and identified in Exhibit A hereto, and all documentation related thereto.
- 1.4 **"Base Program."** The standard software in both source code (i.e., human readable) and object code (i.e., machine readable) form belonging to CBSI and identified in Exhibit A hereto, and all documentation relating thereto.
- 1.5 **"Certificate of Acceptance."** A certificate set forth as in Section 8 hereof. To be valid, Certificates of Acceptance must be signed by both parties and, for payment purposes, must indicate the cost of the accepted deliverable on the face thereof.
- 1.6 **"Certificate of Completion."** Written certification, delivered to ERSRI and signed by an authorized representative of CBSI, stating that any Defects in a particular Stage of the System, discovered after installation and Acceptance,

have been corrected as required under this Agreement and that the Stage complies in all material respects with all of the applicable System Specifications. As set forth in Section 8.6 hereof, a Certificate of Completion is not issued until after Acceptance of a Stage.

- 1.7 “Certificate of Installation.”** As set forth in Section 8.4 hereof, a written certification delivered to ERSRI and signed by an authorized representative of CBSI confirming that the Licensed Programs for a particular Stage have been installed at ERSRI’s Premises, that the applicable Documentation has been delivered, and that the Licensed Programs and Documentation comply in all material respects with applicable Installation Test Specifications.
- 1.8 “Certificate of System Completion.”** Written certification, delivered to ERSRI and signed by an authorized representative of CBSI, stating that any Defects in the “System” (“System” as defined in section 1.28 of this document), discovered after installation and Acceptance, have been corrected as required under this Agreement and that the “System” complies in all material respects with all of the applicable System Specifications. The Certificate of Completion is not issued until after Acceptance of each and every Stage of the entire “System”.
- 1.9 “Customizations.”** Any modification or addition to the Base Program and Additional Features Programs required under Section 9 hereof for the System to comply with the System Specifications and the creation of which is entirely funded by ERSRI hereunder.
- 1.10 “Defect.”** Any failure by the System or any phase or component thereof to conform in any material respect with the applicable Specifications and required functionality.
- 1.11 “Documentation.”** All specifications, manuals, documents, drawings, and other tangible items pertaining to the System, or a particular Stage of the System, other than Licensed Programs, including but not limited to the items listed in Exhibit A attached hereto.
- 1.12 “Enhancement.”** Any modification or addition that, when made or added to the Licensed Programs, materially changes its utility, efficiency, functional capability, or application, but that does not constitute solely an Error Correction. Enhancements may be designated by CBSI as minor or major, depending on CBSI’s assessment of their value and of the function added to the preexisting Licensed Programs.
- 1.13 “Equipment.”** All ERSRI Equipment, CBSI Equipment, and Third Party Equipment.

- 1.14 “Error.”** Any failure of Licensed Programs to conform in all material respects to the System Specifications as published from time to time by CBSI, the current version of which is attached as Exhibit C hereto. However, any nonconformity resulting from ERSRI’s misuse, improper use, alteration, or damage of Licensed Programs or ERSRI’s combining or merging Licensed Programs with any hardware or software not supplied by or identified as compatible by CBSI, shall not be considered an Error.
- 1.15 “Error Correction.”** Either a modification or addition that, when made or added to the Licensed Programs, establishes material conformity of Licensed Programs to the functional specifications therefor, or a procedure or routine that, when observed in the regular operation of Licensed Programs, eliminates the practical adverse effect on ERSRI of such nonconformity.
- 1.16 “Installation Test.”** The test of the Licensed Programs to be conducted by CBSI at ERSRI’s Premises, upon at least five (5) business days’ prior written notice delivered to ERSRI, to demonstrate that the Licensed Programs for a Stage of the System, as installed on ERSRI’s Equipment at ERSRI’s Premises and other Equipment, conform to the applicable Installation Test Specifications in all material respects, as set forth in Section 8.4. Such notices shall state that ERSRI Personnel are accorded the opportunity to be present at the Installation Test hereof, and ERSRI Personnel shall be briefed on the test process and progress.
- 1.17 “Installation Test Specifications.”** Those specifications set forth in Exhibit H attached hereto.
- 1.18 “ERSRI’s Equipment.”** The Local Area Network (LAN), central processing units (CPUs), including all terminals, personal computers (“PCs”), servers and other components thereof, situated at ERSRI Premises and more fully described at Exhibit A attached hereto, on which the System will be installed, operated, and maintained. ERSRI’s Equipment is owned by the Employees’ Retirement System of Rhode Island and is installed at ERSRI’s Premises at the time this Agreement is signed by ERSRI.
- 1.19 “ERSRI Facilities.”** The space, environment, and other facilities as specified in Exhibit B attached hereto, located at ERSRI’s Premises and to be provided by ERSRI under this Agreement in connection with the installation, operation, and maintenance of the System.
- 1.20 “ERSRI Personnel.”** All persons engaged from time to time as officers, employees, agents, or independent contractors of ERSRI [Although ERSRI is the party to the contract, not all ERSRI personnel or facilities are implicated].

- 1.21 “ERSRI Premises.”** Those premises occupied by ERSRI at 40 Fountain Street, Providence, Rhode Island.
- 1.22 “LAN.”** A limited-distance distributed processing network (local area network) that comprises ERSRI Equipment and supporting communication facilities interconnected by a transmission medium in order to facilitate the inter-exchange of data. An initial plan for the LAN is set forth in the Exhibits hereto. ERSRI and CBSI will work together to develop a final plan for the LAN. Such plan for the Local Area Network will be prepared and distributed for comment, review and approval no later than ninety (90) calendar days after execution of this Agreement.
- 1.23 “Licensed Programs.”** The software in both source code (i.e., human-readable) and object code (i.e., machine-readable) form identified and described as Licensed Programs in Exhibit A attached hereto, including but not limited to the Base Program and the Customizations thereto, and the Additional Feature Programs delivered to ERSRI hereunder, and all documentation related thereto.
- 1.24 “Principal Period of Maintenance.”** The Principal Period of Maintenance (PPM) shall be 7:00 AM through 7:00 PM, Monday through Friday, excepting holidays.
- 1.25 “Releases.”** New versions of the Licensed Programs, which may include both Error Corrections and Enhancements.
- 1.26 “Source Code.”** The then-current version of the Licensed Programs, the then-current version of the Documentation, and the proprietary tools incorporated in or used to generate the Licensed Programs, all in human readable form.
- 1.27 “Stage.”** A particular portion of the System, as set forth in Exhibit G hereto.
- 1.28 “System.”** The System includes the Equipment, Licensed Programs, Documentation, Third Party Software, LAN and WAN, and modifications thereto and updates thereof furnished by CBSI pursuant to the terms hereof, all set forth at Exhibit A attached hereto, and in conformance with the System Specifications set forth in Exhibit C hereto.
- 1.29 “System Fees.”** The fees set forth in Section 6 hereof, as the same may be amended in accordance with the terms hereof.
- 1.30 “System Specifications.”** Those functional specifications relating to the design and performance of the System or a particular Stage of the System set forth in Exhibit C attached hereto, as the same may from time to time be

amended by written agreement of the parties, together with the Documentation.

- 1.31 “Third Party Equipment.”** The third party equipment listed in Exhibit A hereto, which is to be purchased by CBSI on behalf of ERSRI, and owned by ERSRI upon delivery to ERSRI or installation at CBSI’s facility in Providence.
- 1.32 “Third Party Software.”** The software in object code (i.e., machine readable) form identified in Exhibit A hereto which is to be licensed to ERSRI. Third Party Software does not include any software forming a portion of the Licensed Programs supplied by a third party, such as a subcontractor, as such software is included in the definition of Licensed Programs as set forth herein.
- 1.33 “CBSI Equipment.”** The equipment identified in Exhibit A, which is to be acquired by CBSI, owned by CBSI, and used in support and operation of the System. Unless otherwise specified in Exhibit A, the CBSI Equipment shall only be used by CBSI to support and operate the System, and for no other system or customer of CBSI.
- 1.34 “WAN.”** The wide area network that is connected to or comprises a part of the System in order to facilitate the inter-exchange of data. The WAN does not include the Internet, but does include connections from ERSRI Equipment to the Internet, whether direct or indirect.
- 1.35 “Warranty Period.”** The period of time commencing with execution of this Agreement and terminating on the date one year after the Certificate of Completion for the final Stage of the System is signed by both parties.

Section 2

GRANT OF LICENSE TO ERSRI

2.1 Scope of License. Upon the Effective Date, CBSI grants to ERSRI, and ERSRI shall receive from CBSI, without further action by ERSRI or CBSI, a nonexclusive license to install, execute, and use the System (including Enhancements and Releases and updates of the System furnished pursuant to the terms hereof) for its own internal data processing and computing needs (but not for service bureau or time-sharing services), and to make an unlimited number of copies required for such use, including copies for archival and backup purposes, all in accordance with terms and conditions hereof. Such use extends to all ERSRI Personnel, and is limited by any scope of use limitations set forth in Exhibit A hereto, if any.

2.2. Termination of License Rights. The license rights granted hereunder and all use of the System shall be perpetual unless earlier terminated in accordance with Section 20 hereof.

2.3 Documentation and Training. In connection with its installation of the System, CBSI shall provide ERSRI with documentation and training for ERSRI Personnel as set forth in Section 15 hereof, and the license granted herein shall authorize the use of such documentation by ERSRI in accordance with the terms hereof.

Section 3

OBLIGATIONS OF CBSI

In addition to obligations otherwise set forth in this Agreement, CBSI shall perform the obligations detailed in this Section 3.

3.1 Opportunity to Test. CBSI shall permit ERSRI a reasonable opportunity to conduct appropriate tests of Licensed Programs as set forth herein.

3.2 Obligation for Property Damage. CBSI shall repair, replace, or, at ERSRI's election, reimburse ERSRI for the cost of repairing or replacing equipment, programs, data, or other property of ERSRI damaged through the act or omission of CBSI.

3.3 Cooperation. CBSI shall cooperate with ERSRI, and ERSRI's subcontractors and agents designated by ERSRI, to work with CBSI in provision of all services hereunder.

3.4 Records and Inspection. CBSI shall keep and maintain under generally accepted accounting principles full, true and complete records, contracts, books and documents that are necessary to fully disclose to ERSRI, or its designated representative, upon audit or review, sufficient information to determine compliance with all Rhode Island statutes and regulations. CBSI shall also keep and maintain time records and other relevant information for services provided hereunder for ERSRI, or its designated representative, upon audit or review, sufficient to determine compliance with CBSI's obligations hereunder. CBSI agrees to make available to ERSRI, or its designated representative, such copies of records upon ten (10) days advance written notice by ERSRI. CBSI shall provide such records at its own expense—at no additional cost to ERSRI. CBSI shall retain such records for a period of three (3) years beyond termination of this Agreement.

Section 4

OBLIGATIONS OF ERSRI

In addition to obligations otherwise set forth in this Agreement, ERSRI shall perform the obligations detailed in this Section 4.

4.1 Testing of System; Notification of Defects. ERSRI shall use reasonable efforts to have ERSRI Personnel: (1) attend tests of the System, or particular Stages of the System; (2) inspect all portions of the Licensed Programs installed on the Equipment and review and evaluate the Documentation; and (3) give CBSI prompt notice of any Defects therein that ERSRI believes may exist on the basis of any test or other inspection required hereunder.

4.2 Availability of Equipment and Facilities. ERSRI shall furnish and make available such ERSRI Equipment and ERSRI Facilities as required for installation, operation, or maintenance of the System and take such action as may be necessary to ensure that all ERSRI Facilities and ERSRI Equipment required for operation of the System or particular Stages of the System are completed and operable in accordance with Exhibits A and B attached hereto at least three (3) days prior to the date scheduled for delivery of the System to ERSRI Premises.

4.3 Access to Premises. ERSRI shall grant to CBSI such reasonable access to ERSRI Premises, all parts of the System situated thereon, and all ERSRI Facilities and ERSRI Equipment as may be necessary or appropriate for CBSI to perform its obligations under this Agreement. However, CBSI shall abide by ERSRI's security and administrative policies while on ERSRI Premises.

4.4 Cooperation by ERSRI. ERSRI shall use reasonable efforts to cooperate with CBSI and its subcontractors, if any, designated by CBSI as responsible for performance of all services provided to ERSRI by CBSI hereunder.

Section 5

CBSI'S PERSONNEL AND SUBCONTRACTORS

5.1 CBSI Personnel. CBSI shall make available, for all services provided hereunder, all qualified managerial, technical and clerical personnel necessary to fulfill its obligations hereunder. "Key Personnel" assigned to perform hereunder are identified on Exhibit M hereto.

5.2 Changes in CBSI Personnel. CBSI shall make available all Key Personnel, as defined in this Section 5, beginning at execution of this Agreement and continuing through the date the Certificate of Completion for the last Stage is signed by the parties. CBSI shall not make any changes in Key Personnel assignments during this time period without the prior written approval of ERSRI. Such approval will be at ERSRI's sole discretion. Such approval will not be unreasonably withheld. Notwithstanding the foregoing, ERSRI acknowledges that Key Personnel may leave the employ of CBSI, as through termination, disability or death, for example. In such circumstances, CBSI shall promptly notify ERSRI in writing of the impending or actual departure of any Key

Personnel and shall inform ERSRI of the qualifications and identity of replacement Key Personnel within 30 days of such actual departure. ERSRI has the sole right to disapprove of any replacement Key Personnel. Such replacement and/or disapproval shall not constitute an Event of Force Majeure as defined in Section 18 or any ERSRI-caused delay under Section 8.2 hereof.

5.3 Control of CBSI Personnel. CBSI shall be fully responsible for the management, compensation and performance of all its employees, and the filing of any and all returns and reports and the withholding and/or payment of all applicable federal, state, and local wage tax, or employment related taxes, including, but not limited to, income taxes, gross receipt taxes, taxes measured by income, social security taxes and unemployment taxes for CBSI and CBSI's employees. Notwithstanding the foregoing, CBSI's employees shall adhere to ERSRI's policies and procedures while on ERSRI's Premises, and shall behave and perform in a workmanlike, professional manner. ERSRI may, in its sole discretion, require CBSI to replace any CBSI employee, including but not limited to Key Personnel, working hereunder who does not so adhere, behave and perform by written notice to CBSI of the requirement of replacement. CBSI will promptly thereafter replace such employees as required. Such replacement shall not constitute an Event of Force Majeure as defined in Section 18 or an ERSRI-caused delay under Section 8.2 hereof.

5.4 Subcontractors. CBSI shall not use any subcontractors for the performance of CBSI's obligations hereunder unless prior written consent is obtained from ERSRI. At the date this Agreement is executed, ERSRI specifically approves of the use of the subcontractor(s) identified on Exhibit D hereto solely for provision of the respective Subcontracted Services identified on Exhibit D. CBSI shall be fully responsible for the management, compensation and performance of its subcontractors. Further, the subcontractor's personnel shall be subject to the same requirements set forth in Section 5.3 above with respect to adherence to ERSRI policies and procedures, and ERSRI's ability to require replacement of subcontractor personnel.

5.5 Confidentiality. CBSI warrants that it has enforceable written agreements with all of its employees and subcontractors who perform hereunder which obligate the person, upon terms and conditions no less restrictive than contained in this Agreement, not to use or disclose any proprietary rights or information licensed or acquired during the course of performance hereunder, including, without limitation any confidential information of ERSRI as set forth in Section 16.5 hereof. Subject to the following exception, for those employees and subcontractors who create protectible work product hereunder, CBSI warrants that it has written agreements with such employees and subcontractors assigning to CBSI ownership of all patents, copyrights and other proprietary rights created in the course of performance hereunder. Such ownership may vest in a subcontractor, instead of CBSI, if the subcontractor's employees create protectible work product that constitutes a derivative work of work product already owned by the subcontractor. In this case, written agreements are warranted by CBSI to be in place to grant ownership to the subcontractor, and appropriate license rights to CBSI to enable it to comply with its obligations as set forth herein.

Section 6

ERSRI PAYMENTS TO CBSI

6.1 Payment Type. ERSRI and CBSI shall recognize four (4) types of payments for this Agreement. The four payment types include:

(a.) Payments for System License Fees

These payments are one-time, fixed license fees as listed in Exhibit K attached hereto.

(b.) Payments for Customization Services

These payments are for CBSI services to customize, implement, and warranty the Base Program. The payments cover the fixed price costs of implementation services as outlined in Exhibit K hereto.

(c.) Payments for Third-Party Hardware and Third-Party Software

These payments are for Third-Party Equipment and Third-Party Software, as listed in Exhibit A and Exhibit C attached hereto, to be purchased by CBSI on behalf of ERSRI.

(d.) Payments for Outsourcing Services

These payments are for Outsourcing Services as outlined in Exhibit K attached hereto.

6.2 Payments for System License Fees. In consideration of the undertakings of CBSI, the grants of license herein, and the implementation of the System, one-half (1/2) of the total License Fees listed in Exhibit K hereto shall be invoiced by CBSI for each of Stage 1 and Stage 2 of the System, as specified in Section 6.3 hereof, according to the following schedule:

- 15% upon completion of the revised Implementation Plan as set forth in Section 8.2 hereof.
- 25% upon receipt of the Certificate of Installation.
- 45% upon execution of the Certificate of Acceptance by ERSRI.
- 15% upon execution of the Certificate of Completion by ERSRI.

Payment by ERSRI for the License Fees shall be in accordance with its policies and procedures. For all License Fees identified in Exhibit K due prior to the execution by both parties of any Certificate of Completion, ERSRI shall remit payment less ten percent (10%). For each Stage, the cumulative ten percent (10%) amounts not remitted by ERSRI for all invoices prior to the date a Certificate of Completion is signed by the parties shall be paid by ERSRI on the date of execution of the Certificate of Completion of the final project phase, in accordance with the policies and procedures of ERSRI.

6.3 Payments for Customization Service. Customization services will be provided by CBSI as outlined in Exhibit G attached hereto to develop and implement Stage 1 Membership functions and Stage 2 Benefit functions. CBSI will also provide services, as outlined in Exhibit G, to support the development of a Detailed Workplan, implementation of Business Process Reengineering (BPR), definition of Overall Requirements Definition, completion of the LAN Build, and installation of the Accounting functionality. The price and services listed in Exhibit K can be categorized into seven (7) divisions of work to support payments. These divisions of work (“Major Statements of Work” or “MSOW”) in this Agreement are: (1) Detailed Workplan, (2) BPR, (3) Requirements Definition, (4) LAN Build (5) Accounting (6) Stage 1 Membership, and (7) Stage 2 Benefits Payments.

Diagram 6.3 Seven Major Statements of Work

6.3.1 Progress Payments. For Customization Services, CBSI shall invoice ERSRI each calendar month for its progress in the previous month toward completion of deliverables. Progress will be determined based on the percentage of the deliverable completed as mutually agreed to by CBSI and ERSRI. Within 30 days of the receipt of an invoice for Customization Services, ERSRI shall make payment for such invoice less 10% into an interest bearing escrow account established for the benefit of CBSI. The parties agree to enter into a separate agreement regarding the creation and terms and conditions of the escrow account.

6.3.2 Payments for Deliverables. To support payments for tangible deliverables, CBSI will invoice ERSRI for the completion of phase deliverables within each (of the seven [7]) Major Statements of Work. The MSOW’s of Accounting, Membership, and Benefits Payment will go through the seven (7) phases depicted in Diagram 6.3.2. The phase deliverables for the other MSOW’s will be defined in the Implementation Workplan specified in Section 8.1. no fewer than two and no more than four such phased deliverables will be identified for each of those other SOW’s. Upon completion of each phase, and upon client approval of the

phase deliverables as depicted in Section 6.3.2, CBSI will present an Acceptance Certificate to the Escrow Agent, and the Escrow Agent shall promptly pay the cumulative progress payments defined in 6.3.1 for the specific MSOW from the escrow account to CBSI.

Diagram 6.3.2 Payments for Deliverables

Executed Phase	Primary Deliverable	% Payment
Project Planning	(1) Client Sign-offs on Documented Statement of Work (2) SOW Implementation Plans	5%
Requirements Definition	(1) Client Sign-offs on Documented Customizations (2) Completed Requirements Definition Statement of Work (3) Quality Assurance Review of Phase Deliverables	15%
Customization Design	(1) Component Descriptions and Service Specifications (2) Completed Design Statement of Work (3) Quality Assurance Review of Phase Deliverables	15%
Customization Build	(1) Client Application Review: Build Completion (2) Completed Build Statement of Work (3) Quality Assurance Review of Phase Deliverables	20%
Acceptance Test	(1) Completion of All System Testing Cycles (2) Completed Acceptance Test Statement of Work (3) Quality Assurance Review of Phase Deliverables	20%
Rollout	(1) Completion of User Acceptance and User Training (2) Completed Rollout Statement of Work (3) Certificate of Acceptance	20%
Warranty	(1) Client Sign-off on List of Repaired Defects (2) Completed Warranty Statement of Work (3) Handoff to Outsourcing Team	5%

The total of these fees paid by ERSRI to CBSI hereunder shall not exceed the fixed price amount specified in Exhibit K hereto, unless pre-approved in writing by ERSRI.

6.3.3 Payment of Holdback. Upon presentation of the Certificate of System Completion to the ERSRI by CBSI, the ERSRI shall immediately pay to CBSI the cumulative 10% holdback for all MSOW.

6.4 Payments for Third-Party Hardware and Third-Party Software. ERSRI shall remit payments to CBSI for all Third-Party Hardware and Third-Party Software upon delivery and installation as defined in Section 7 of this Agreement. CBSI shall invoice ERSRI for the costs of Third-Party Hardware and Third-Party Software as outlined in Exhibit K. ERSRI shall remit payment less ten percent (10%) in accordance with the policies of ERSRI. The ten percent (10%) amount not remitted by ERSRI shall

be paid by ERSRI three (3) months after the installation and use of the Third-party Hardware and Third-Party Software. The fees paid by ERSRI for Third-Party Hardware and Third-Party Software to CBSI shall not exceed the fixed price amount specified in Exhibit K hereto, unless pre-approved in writing by ERSRI.

6.5 Payments for Outsourcing Services. ERSRI shall remit payments to CBSI for all Outsourcing Services as outlined in Exhibit K. ERSRI will remit full payment within thirty (30) days of receipt of CBSI's invoice. The total monthly fees paid by ERSRI to CBSI hereunder shall not exceed the listed amount specified in Exhibit K hereto, unless pre-approved in writing by ERSRI.

6.6 Taxes. ERSRI is exempt from all federal, state and local taxes, and therefore not liable for any taxes levied on CBSI in performance hereunder.

6.7 Delays. If installation of the System or any Stage or component thereof is delayed as a result of the unavailability, incompleteness, or improper installation or operation of ERSRI Facilities or ERSRI Equipment and such delay continues for more than one hundred twenty (120) days after CBSI gives ERSRI notice of such delay, ERSRI shall reimburse CBSI for all reasonable costs and expenses (including reasonable personnel expenses) incurred by CBSI as a result of any such delay in installation; provided, however, that ERSRI shall not be liable for any cost or expense attributable to: (1) errors or omissions of CBSI; or (2) ERSRI's determination that delay in installation is required pursuant to Section 8.3 hereof; or (3) delay agreed by CBSI and ERSRI to be reasonable.

6.8 Additional Licenses. ERSRI shall pay no additional license fees to CBSI beyond the initial license fee identified in Exhibit K hereto for up to seventy five (75) Clarety users. ERSRI is responsible for any additional costs in licensing Third-Party Software.

6.9 Payment Procedure. All invoices shall be delivered to ERSRI's designated Project Manager for the subject matter of this Agreement. That Project Manager shall review the invoice with the ERSRI Quality Review Committee (QRC) and authorize payment thereof.

Section 7

SYSTEM DELIVERY

7.1 Delivery; Expenses for Same; Risk of Loss; Purchase Orders. Delivery of all equipment, including ERSRI Equipment, Third Party Equipment, and CBSI Equipment, shall be at CBSI's expense. CBSI will arrange for delivery of the Third Party Equipment and the CBSI Equipment to ERSRI Premises or CBSI's facility, as appropriate, on or before the date(s) set forth for each particular Stage of the System in Exhibit G attached hereto. Each party shall be responsible for risk of loss, and damage to, any component of the System in its possession. For components of the System

ordered by CBSI, CBSI shall bear the risk of loss until such component has reached its final destination, and ERSRI shall only assume risk for components delivered to ERSRI Premises. The terms and conditions of any Purchase Order hereunder shall be null and void except to the extent that it identifies the items shipped and the destination therefor.

7.2 Dates of Delivery and Installation. CBSI shall have the right to specify delivery and installation dates for a particular Stage of the System later than those specified in Exhibit G attached hereto, which date shall be no later than thirty (30) days following the date specified on Exhibit G, unless otherwise agreed to in writing by the parties hereto, by written notice to ERSRI at least fourteen (14) days prior to the delivery or installation date(s) specified in Exhibit G attached hereto. If ERSRI reasonably determines that ERSRI will be unable to prepare ERSRI Facilities prior to the scheduled date for installation of the System and if such delay will not extend beyond sixty (60) days, absent an Event of Force Majeure as set forth in Section 18 hereof, ERSRI shall so notify CBSI, but such delay is permissible under this Agreement.

Section 8

INSTALLATION AND TESTING AT ERSRI PREMISES; ACCEPTANCE

8.1 Implementation Workplan. Within ninety (90) days of the date this Agreement is signed by all signatories, CBSI and ERSRI will prepare a detailed Implementation Workplan from the preliminary Implementation Workplan attached as Exhibit G hereto. The detailed Implementation Workplan shall include a description of the tasks to be performed, and the payment for completion of such task, the party responsible, an estimate of the work effort required to perform each task, together with scheduled start and completion dates, the milestone events and interdependent milestone events, the Critical Path Milestones and the common event and completion date for such Critical Path Milestones, identification of all interdependent activities, and a completion date for each Stage of the project. Attached as Exhibit G is the first version of the Implementation Workplan. There may be a separate Implementation Workplan for each Stage. When ERSRI and CBSI have reached agreement as to any detailed Implementation Workplan, it will be executed by both ERSRI and CBSI and be deemed a part of this Agreement. Changes to an Implementation Workplan must be made in writing and signed by both an authorized signatory of ERSRI and an authorized signatory for CBSI. CBSI will not perform work beyond the scope of work effort based upon an agreed upon Implementation Workplan without ERSRI's prior written authorization. The Implementation Fee specified in Exhibit K hereto is contingent upon the following assumptions: (a) The scope of the tasks performed by CBSI will not substantially exceed those stated in the initial version of an Implementation Workplan attached to this Agreement, except that any tasks required by the System Specifications contained in Exhibit C herein attached to which the CBSI proposal responds but which were omitted from the initial version of the Implementation Workplan attached to this agreement shall nonetheless be construed to be within the

project's scope; (b) the parties shall use cooperative efforts to complete their respective tasks under each Implementation Workplan; and (c) ERSRI's Project Manager will have overall project direction responsibility, working closely with the assigned CBSI Project Manager who will provide technical direction. Decisions that may affect the scope of the project or delay completion will be discussed with ERSRI's Project Manager and CBSI's Project Manager. CBSI is responsible for updating and maintaining all Implementation Workplan(s) and for updating and maintaining the System Specifications throughout the implementation process.

8.2 ERSRI-Caused Delays. CBSI acknowledges that ERSRI may not be able to meet the time frames specified in an Implementation Workplan or that ERSRI may determine that it is necessary to delay and/or modify the timing and sequencing of the implementation as provided in an Implementation Workplan. While ERSRI is committed to the project and will use reasonable efforts to provide staff and resources necessary to satisfy all such time frames, ERSRI shall not be held responsible or deemed in default for any delays in System implementation provided ERSRI uses its reasonable efforts to accomplish its designated responsibilities and obligations as set forth in the applicable Implementation Workplan. In addition, ERSRI may, at its option, delay implementation and installation of the System, or any part thereof. Notwithstanding any provision to the contrary, if ERSRI unreasonably delays implementation and installation of the System, or any part thereof, ERSRI will reimburse CBSI for any reasonable costs incurred by CBSI as a result of such delay. For purposes of this Section 8.2, any time period in excess of one hundred twenty (120) days shall be considered an unreasonable delay. ERSRI agrees to adjust the applicable Implementation Workplan and Critical Path Milestones deadlines to take into account any ERSRI-caused delays; provided, however, that CBSI shall continue to perform any and all activities not affected by such ERSRI-caused delay. In the event ERSRI's adjustment to an Implementation Workplan causes CBSI scheduling conflicts or personnel unavailability, ERSRI and CBSI shall prepare a revised mutually agreeable Implementation Workplan which may delay the commencement and completion dates of the project and shall take into consideration the readjusted time frames and any necessary re-sequencing of the activities. Such readjustment, rescheduling or modification of the project shall be at no additional cost to ERSRI if the delay is less than one hundred twenty (120) days.

8.3 Critical Path Milestones. If CBSI fails or has failed to meet a Critical Path Milestone due solely to a failure of CBSI, then, in addition to other rights and remedies provided to ERSRI herein, including, without limitation, the right to terminate this Agreement as defined in Section 20.3, CBSI shall, at no additional cost to ERSRI, provide ERSRI with as many additional and appropriate CBSI personnel as may be required or necessary to meet the Critical Path Milestones within a readjusted time frame agreed upon by ERSRI and CBSI. If ERSRI does not terminate this Agreement, then ERSRI shall be entitled to remedies as defined in Section 20.4.

8.4 Installation. In general, CBSI will install the Licensed Programs on ERSRI Equipment at ERSRI Premises, or elsewhere in accordance with the Implementation

Workplan, the first version of which is set forth in Exhibit G hereto, and according to the System Specifications set forth in Exhibit C hereto. Upon delivery of each stage of the System, CBSI shall, in accordance with the Implementation Workplan: (a) cause the System excluding the Licensed Programs to be installed and tested; (b) install the Licensed Programs on the System and ERSRI Equipment; (c) internally test the System and Licensed Programs to validate operation of the System and the Licensed Programs; and (d) demonstrate to ERSRI that each component of the System, including but not limited to the Licensed Programs and the Interfaces, are each operational and performs substantially in accordance with the Implementation Workplan, the Documentation, Interface Specifications, the Installation Test Specifications of Exhibit H, and any specifications identified herein. After meeting these requirements, CBSI shall then issue a signed, written Certificate of Installation for the Stage to ERSRI.

8.5 Acceptance Testing by ERSRI Following Installation. After CBSI issues a Certificate of Installation for a particular Stage of the System, ERSRI shall, with full cooperation from CBSI, conduct all such inspections and tests of the Stage as ERSRI may deem necessary or appropriate to determine whether any Defects exist in the Stage as installed and whether the Stage as installed materially complies with all of the Stage Specifications. Such test shall be over a duration mutually agreed upon by ERSRI and CBSI within limits of a minimum period of twenty (20) days and a maximum of seventy-five (75) days, per Stage, from the date a Certificate of Installation is issued, and extendible thereafter as set forth herein (the "Acceptance Period"). ERSRI shall be deemed to have accepted and approved the particular Stage of the System for all purposes of this Agreement only upon the occurrence of ERSRI's delivery to CBSI of a signed, written Certificate of Acceptance that ERSRI is satisfied and that the Stage, as completed, materially performs in accordance with the System Specifications. If at the end of the Acceptance Period, ERSRI has not issued a signed Certificate of Acceptance to CBSI for that Stage, ERSRI may, in its sole discretion, extend the Acceptance Period, or terminate this Agreement. The Certificate of Acceptance shall not be unreasonably withheld by ERSRI. If a Certificate of Acceptance for that Stage is issued and signed by ERSRI, CBSI shall sign said Certificate, with both parties receiving a copy thereof. "Acceptance" of a Stage shall be deemed to occur upon receipt by ERSRI of the original Certificate signed by authorized signatories of both ERSRI and CBSI. For payment purposes, each Certificate of Acceptance shall indicate the cost of the subject deliverable on the face of the Certificate. The parties acknowledge that Defects may exist at the time of Acceptance, or shortly thereafter, and therefore, the Stage is not deemed "completed" until a Certificate of Completion has been issued in accordance with Section 8.6 hereof. A first version of the Acceptance Specifications is attached hereto as Exhibit I. If ERSRI elects to terminate the Agreement under this Section 8.5, then ERSRI shall be entitled to remedies as defined in Section 20.4.

8.6 Completion. During the testing period referred to in Section 8.5 above, and for a period of forty (40) days thereafter, ERSRI shall provide CBSI with written notice of any Defect in the Stage. CBSI shall correct all such Defects, demonstrate to ERSRI

that correction of such Defects has been made, and after so demonstrating correction, shall issue to ERSRI a written Certificate of Completion indicating that no Defects are known to exist in the Stage. If said Certificate of Completion is not received within ninety (90) days after Acceptance, CBSI shall be deemed to have breached this Agreement, with such breach subject to the provisions of Section 20.2(a) hereof. Further, ERSRI may, at its sole discretion, have the right to terminate this Agreement or any license granted or service rendered hereunder without obligation, despite any provision to the contrary, to pay further amounts to CBSI. If the Agreement is terminated, ERSRI shall be entitled to remedies as defined in Section 20.4. "Completion" of a Stage shall not occur until a Certificate of Completion is executed by authorized signatories of both CBSI and ERSRI and said signed Certificate is received by ERSRI.

Section 9

CUSTOM PROGRAMMING

9.1. Customizations. To meet the requirements of System Specifications, the parties acknowledge that the Licensed Programs must be modified and/or additional software must be written. CBSI agrees to develop all Customizations prior to the date of issuance of a Certificate of Completion for each Stage and in accordance with the Implementation Workplan.

9.2 Change Orders. If, prior to the date of any Certificate of Completion, changes are required to the System Specifications that are both outside the scope of the original System Specifications and outside the project's scope as established by the RFP in response to which the CBSI proposal was submitted (including all clarifications and questions-and-answers exchanged between CBSI and ERSRI relating to said RFP and proposal), the parties shall follow the Change Order Procedures set forth in Exhibit J hereto. Once the parties have mutually agreed upon the Change Order, CBSI will perform the Enhancements necessary to satisfy the Change Order, and ERSRI will pay CBSI the agreed upon additional fees required for such Enhancements, if any, in accordance with the Change Order and Section 6 hereof, and ERSRI acknowledges that the additional fees, if any, are above the fixed price amount referred to Exhibit K attached hereto.

9.3 Ownership. CBSI agrees that all Customizations, System Specifications and related documentation or other written, graphic or recorded materials developed or generated by CBSI and/or its subcontractors, in connection with this Agreement, or its subcontractors, alone or with others, in performance of CBSI's obligation hereunder, (collectively the "Work Product") are the property of ERSRI and shall be delivered to ERSRI. Work Product shall not include all such materials already owned by CBSI or its subcontractors or constituting Error Correction or Enhancement. CBSI will, at ERSRI's expense, during the term of this Agreement and thereafter, execute all papers and do all things deemed necessary by ERSRI to ensure that ERSRI obtains full right, title and interest in and to such Work Product, including but not limited to copyrights and patent

rights. ERSRI hereby grants CBSI a non-exclusive, non-transferable right to use the Work Product during the term of this Agreement solely for the purpose of fulfilling its obligations hereunder. Upon termination of this Agreement or upon request by ERSRI, CBSI shall provide ERSRI with all copies of such Work product. CBSI agrees that if any Work Product is copyrightable, it shall be deemed to be a "work made for hire" as such term is defined in the Copyright Laws of the United States. If, for any reason, any such copyrightable work is excluded from the definition of "work made for hire", CBSI hereby assigns and conveys to ERSRI the entire right, title and interest in and to such work. CBSI agrees to cooperate with ERSRI or its designees and to execute documents of assignment, declarations and other documents which may be prepared by ERSRI, and take other necessary actions as reasonably directed by ERSRI to effect the foregoing or to perfect or enforce any proprietary rights resulting from or related to this Agreement.

Section 10

INTERFACES

10.1 Interfaces. CBSI shall provide to ERSRI and install for the cost specified in Exhibit K attached hereto, any and all standard Interfaces in accordance with the quantity noted, and, to the degree currently identifiable, the Interface Specifications attached as Exhibit C, and in accordance with the terms and time frames provided in the Implementation Workplan. In the event CBSI must program or develop an Interface not heretofore identified in the RFP, the CBSI proposal, any clarifications and/or questions-and-answers relating to the RFP or proposal exchanged between CBSI and ERSRI, or any Implementation Workplan, such Interface development or programming shall be considered Customizations as defined herein.

10.2 Modification of Interfaces. If an Interface problem occurs with Licensed Programs, software provided by third parties, an Enhancement or other system enhancement or modification or if a modification to the Interfaces is required, CBSI agrees that it will cooperate with the third parties and/or other system vendors and/or modify the Interfaces as necessary to meet the requirements of the Interface Warranty set forth in Section 14.6. Prior to Acceptance of the Interfaces, the resolution of such Interface problems and the development and/or installation of such Interface modifications shall be completed, at no additional cost to ERSRI, unless such modification is the direct result of an Enhancement requested and authorized by ERSRI. As used in this Section 10, "Acceptance of the Interfaces" occurs concurrently with Acceptance as defined in Section 8, provided the requirements for the Interfaces set forth in this Section 10 are met. Modifications that are the direct result of an Enhancement requested and authorized by ERSRI shall be provided to ERSRI based upon CBSI's time and materials charges and on rates not to exceed those specified in Exhibit L hereto.

10.3 Interface Specifications and Documentation. Prior to Acceptance of the Interfaces, CBSI shall provide to ERSRI documentation including, without limitation,

record layouts and specifications for each and every Interface (both Standard Interfaces and Custom Programmed Interfaces) obtained by ERSRI from CBSI pursuant to this Agreement, and based on the Interface Specifications developed by ERSRI and CBSI after execution of this Agreement and/or an Exhibit hereto, as applicable (the "Interface Documentation"). ERSRI's receipt of such Interface Documentation is a condition of Acceptance of the Interfaces.

Section 11

WARRANTY PERIOD SERVICES

In addition to the obligations set forth in this Agreement, CBSI shall perform the obligations detailed in this Section 11 during the Warranty Period at no charge to ERSRI.

11.1 CBSI shall maintain a trained staff capable of rendering the services set forth in this Agreement.

11.2 CBSI shall be responsible for using all reasonable diligence to correct verifiable and reproducible Errors when reported to CBSI. ERSRI will notify CBSI of the Error; categorize the Error as "Urgent" or "Non-Urgent"; as described below, and provide CBSI with technical information about the Error. An "Urgent" Error is generally one which renders a portion of the System or the entire System unusable or severely impacts normal department processing. "Non-Urgent" Errors are generally minor or of a cosmetic nature and do not affect the use of the System or normal department processing. CBSI shall initiate work in a diligent manner on Urgent Errors within one (1) hour of ERSRI's report and request for assistance, 24 hours per day, 7 days per week, and provide ERSRI with an Error Correction. CBSI shall initiate work toward Error Correction for a Non-Urgent Error in a diligent manner during ERSRI's normal business hours from CBSI's corporate offices or a local CBSI office, either on a remote basis or on-site, as is most effective, efficient and practicable given the nature of the Non-Urgent Error. CBSI shall provide the Error Correction by means of a "temporary fix" consisting of sufficient programming and operating instructions to implement the Error Correction within two (2) business days for urgent errors and (5) business days for non urgent errors. CBSI shall include the Error Correction in all subsequent Releases of Licensed Programs.

11.3 CBSI agrees to provide Error Correction for an Urgent Error within two (2) days after being reported by ERSRI to CBSI. ERSRI agrees to provide reasonable diagnostic assistance in such problem resolution, and CBSI shall resolve the problem at no additional charge to ERSRI.

Section 12

OUTSOURCING SERVICES

12.1 CBSI agrees to render the outsourcing services set forth in Exhibit F hereto (the "Outsourcing Services") in support of the Licensed Programs. CBSI shall render the Outsourcing Services for a four (4) year period during the Term of this Agreement, and may continue to provide the Outsourcing Services for additional one year periods at ERSRI's option, provided ERSRI and CBSI execute addenda to this Agreement therefor, with a separate addendum required for each additional one (1) year term of Outsourcing Services. The Outsourcing Services are subject to the compensation fixed for the Outsourcing Services set forth in Exhibit K hereto and including, but not limited to the following.

12.1.1 Infrastructure Management. CBSI shall manage the assets required to run the System in the production environment.

12.1.2 Production Control. CBSI shall institute procedures for successful migration of updates to the production environment of the System.

12.1.3 Operations. CBSI shall be responsible for the day-to day support operations for the production environment, including, but not limited to system and database backups, running batch jobs, distributing reports, handling external interfaces and online applications support.

12.1.4 Application Maintenance. CBSI shall be responsible for designing and implementing changes to the System in the production environment.

12.1.5 Administration. CBSI shall be responsible for Help Desk management, preparation and monitoring of budgeted and actual equipment or software expenses, and providing periodic status reports.

12.1.6 Facilities Management. CBSI shall be responsible for managing the facility where the production environment is located, including but not limited to implementing disaster recovery plans.

12.2 The Outsourcing Services may be terminated as described in Exhibit F attached hereto, or as otherwise agreed to by the parties. After the initial four (4) year period, CBSI may terminate the Outsourcing Services with twelve (12) months notice to ERSRI.

12.3 If the Outsourcing Services are terminated, CBSI shall cooperate with ERSRI to transition responsibility for the Outsourcing Services from CBSI to ERSRI. CBSI agrees that upon sixty (60) days notice of ERSRI's intent to terminate Outsourcing Services, it will deliver to ERSRI detailed hardware and software specifications and detailed plans to transition the operation of the system to ERSRI's

data center at a fixed fee as mutually agreed to but in no case exceeding \$75,000.. In addition, if ERSRI so elects, at ERSRI's sole discretion, CBSI agrees to facilitate, aid, and assist that transition for a not to exceed fixed fee amount. CBSI's transition related fees shall be computed using the rates specified in Exhibit L plus actual expenses. The transition fees shall not exceed the total annual fees for Outsourcing Services for the year of transition.

12.4 For Outsourcing Services, ERSRI shall pay CBSI the Outsourcing Fees set forth in Exhibit K hereto (the "Outsourcing Fees"). Unless otherwise specified in Exhibit K, no Outsourcing Fees are due until after issuance of the Certificate of Acceptance of the first Stage. CBSI agrees that any increase in such fees shall be limited to the lesser of: (a) the annual percentage increase in the United States Department of Labor Consumer Price Index, All Urban Consumers, U.S. City Average, all items, with an index base period of (1982-85=100) (the "CPI"); or (b) five percent (5%).

12.5 For Outsourcing Services, ERSRI shall pay CBSI the Outsourcing Fees for Application Maintenance as set forth in Exhibit K hereto only after the Warranty Period for the Stage. All other Outsourcing Fees will be paid as specified in Exhibit K.

12.6 For Outsourcing Services and after the Warranty Period, ERSRI will pay CBSI for all changes to be implemented in new Releases as outlined in Exhibit F.

Section 13

ADDITIONAL SUPPORT, FEES, AND CHARGES

13.1 The parties acknowledge that ERSRI is not obligated to reimburse CBSI for travel expenses (i.e., transportation, lodging, meals, per diem, etc.) incurred in connection with additional services requested hereunder.

13.2 Unless otherwise stated herein or in the Exhibits hereto, CBSI shall invoice ERSRI each calendar month for all project deliverables completed during the previous month. ERSRI shall pay the undisputed invoiced amount in accordance with Section 6 hereto.

13.3 Subject to the following conditions, the time and materials rates may be adjusted by CBSI. No other fees are to be adjusted unless pre-approved in writing by ERSRI. No adjustment in any fee shall be made during the first thirty-six (36) months of the term of this Agreement, and adjustments made to time and materials rates thereafter shall be made no more frequently than once per twelve (12) months period. Any increase in such fees shall be limited to the lesser of: (a) the annual percentage increase in the United States Department of Labor Consumer Price Index, All Urban Consumers, U.S. City Average, all items, with an index base period of (1982-85=100) (the "CPI"); or (b) five percent (5%).

13.4 CBSI shall consider and evaluate the development of Enhancements for the specific use of ERSRI and shall respond to ERSRI's requests for additional services pertaining to the Licensed Programs (including, without limitation, data-conversion and report-formatting assistance), provided that such assistance, if agreed to be provided, shall be subject to supplemental charges mutually agreed to by CBSI and ERSRI and in accordance with the rates specified in Exhibit L hereto.

13.5 CBSI will consider and support shared costs of the development of Enhancements to the Licensed Programs. If federal or state laws require changes to the Licensed Programs, and the cost of the Enhancement can be shared with other customers of CBSI, CBSI will notify ERSRI and support the implementation of the Enhancement at a reduced (shared) cost. CBSI will consider and support shared costs of any applicable Enhancements to the Licensed Programs. The cost of providing such Enhancements must be mutually agreed to by CBSI and ERSRI.

13.6 During the Warranty Period, CBSI will provide on-site maintenance support, from 7:00 am to 7:00 PM, Monday through Friday, excepting Holidays (the principal period of maintenance, or PPM). CBSI will respond to such on-site support requests within one-half business day of the receipt of a written request. After receipt of the request, CBSI will use its best efforts to return the System to degraded mode within four (4) hours and return the system to full service within one (1) business day. Additional non-emergency maintenance outside and/or beyond the PPM may be requested at the hourly rates set forth in Exhibit L.

13.7 Subject to space availability, ERSRI may enroll its employees in CBSI's training classes, held at CBSI's facility for regular or advanced training at CBSI's published rates therefor. This provision in no way impacts the training to be provided by CBSI in accordance with Section 15 hereof.

13.8 If CBSI publishes any material in any medium designed to keep its customers generally informed about the use and operation of Licensed Programs, features of new Releases and Enhancements, and current additional support offering, CBSI shall provide ERSRI with one (1) copy of such material without charge and make additional copies available for a reasonable charge.

Section 14

LIMITED WARRANTY; LIMITATION OF REMEDIES

14.1 Limited Warranty of Conformity to Specifications. During the Warranty Period as set forth herein, CBSI represents and warrants, solely for the benefit of ERSRI, that the System will operate in all material respects in substantial conformity with the System Specifications and that CBSI, at its own expense, upon receipt of written notice from ERSRI, shall, subject to the provisions of this Section 14, make all corrections and modifications necessary to the System and each component or portion thereof so that the System will so operate. During the Warranty Period, CBSI

represents and warrants, solely for the benefit of ERSRI, that the supported Licensed Programs will operate in all material respects in substantial conformity with the applicable documentation and that CBSI, at its own expense, upon receipt of written notice by ERSRI or any other user of the Licensed Programs, shall make all corrections and modifications necessary to the applicable Licensed Programs so that the Licensed Programs will so operate.

14.2 Warranty of Right to License; Noninfringement. CBSI represents and warrants that it is the owner or licensee of the System, that it has the right to convey the licenses set forth in Section 2 hereof, and that ERSRI's use of such System and any portion thereof in accordance with the terms of this Agreement shall not infringe any third-party rights, including but not limited to copyright, trade secret, trademark, patent or other proprietary right. CBSI further represents and warrants that, as of the date of this Agreement, there is no action, suit, claim, investigation or proceeding pending, or to the best of CBSI's knowledge, threatened against, by or affecting CBSI or the Licensed Programs in any court, or by or before any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind which, if adversely determined, might adversely affect, in a material manner, the Licensed Programs or restrict CBSI's ability to consummate the transactions contemplated hereby or continue in its obligations hereunder. CBSI knows of no basis for any such action, suit, claim, investigation or proceeding.

14.3 Warranty Service Terms. Warranty service shall be performed outside normal weekday business hours, with an average response time of two (2) hours, and not to exceed four (4) hours. Further, CBSI represents and warrants that it shall perform and provide the deliverables required by this Agreement in accordance with industry practices and standards generally applicable.

14.4 CBSI Obligations Under Warranty. During the Warranty Period, CBSI shall utilize its best efforts to correct or modify such portion of the System or Licensed Programs that contains a Defect that has been reported by a designated representative of ERSRI by notice to CBSI during the Warranty Period.

14.5 Year 2000. CBSI represents and warrants that the Licensed Programs are designed to be used prior to, during, and after the calendar year 2000 AD, and that the Licensed Programs will operate during each time period without error relating to date data or computations related thereto, specifically including any error relating to, or the product of, date data which represents or references different centuries or more than one century. Without limiting the generality of the foregoing, CBSI further represents and warrants that the Licensed Programs: (a) will not abnormally end or provide invalid or incorrect results as a result of date data, specifically including date data which represents or references different centuries or more than one century; (b) has been designed to ensure year 2000 compatibility, including, but not limited to, date data century recognition, leap year recognition, calculations which accommodate the same century and multi-century formulas and date values, and date data interface values that

reflect the century; and (c) includes "year 2000 capabilities". For purposes of this Agreement, "year 2000 capabilities" means the Licensed Programs: (i) will manage and manipulate data involving dates, including single century formulas and multi-century formulas, and will not cause an abnormally ending scenario within the application or generate incorrect values or invalid results involving such dates; all data processing by product will include four digit format including all date sorting; (ii) provide that all date-related user interface functionalities and data fields include the indication of century; and (iii) provide that all date-related data interface functionalities include the indication of century. The warranties set forth in this section shall begin as of the date of this Agreement and end on the date after January 1, 2000, subsequent to which the Licensed Programs have operated without a breach of this warranty for a consecutive eighteen (18) month period. In the event CBSI is notified of a breach of this warranty and does not so cure the breach as required herein, ERSRI is entitled to remedies as defined in Section 20.4.

14.6 Cooperation of Third Parties. CBSI represents and warrants that CBSI will fully cooperate with ERSRI and third party vendors to: (a) develop its portion of Interfaces necessary to allow information to pass from other systems and departments to the System and from the System to other systems and departments; and (b) to resolve any problems related to CBSI's portion of such Interfaces. To the extent that CBSI is able to provide such warranty, and to the extent that the integrity of the data sent by other systems is confirmed by such systems before it is sent to Licensed Programs, CBSI further represents and warrants that it will maintain the operation of its portion of the Interfaces and maintain the integrity of the data that is transmitted from other systems and departments to the System and from the System to the other systems and departments.

14.7 System Performance. CBSI represents and warrants that the System shall perform in accordance with the Performance Specifications set forth in Exhibit C as long as: (a) the System is not used in excess of the parameters set forth in such Performance Specifications, and (b) the nonperformance is not caused in whole or in part by ERSRI's negligence or improper equipment. Notwithstanding (a) and (b), if the response time is higher than those set forth in the Performance Specifications, CBSI shall acquire and transfer title to ERSRI for additional equipment that will bring the response time down to the time frame specified in the Performance Specifications at no additional charge to ERSRI. CBSI shall provide, at no additional cost to ERSRI, any and all software and support that may be necessary to maintain the System in accordance with the Performance Specifications.

14.8 Complete System. CBSI represents and warrants that no additional software or equipment is required or necessary to operate Licensed Programs in accordance with the System Specifications and the Performance Specifications other than as is specified in this Agreement.

14.9 Enhancement Warranty. CBSI represents and warrants, solely for the benefit of ERSRI, that the Enhancements will operate in all material respects in

substantial conformity with the specifications therefore for a period of one (1) year from delivery and installation thereof and that CBSI, at its own expense, upon receipt of written notice from ERSRI, shall, subject to the provisions of this Section 14, make all corrections and modifications necessary to the Enhancements and each component or portion thereof so that the Enhancements will operate with the System.

14.10 Third Party Equipment and Third Party Software Conformance and Warranty. CBSI warrants that the Equipment and Third Party Software provided to ERSRI as a part of the System shall conform to the applicable specifications for the particular Equipment or Third Party Software, and to any representations made by CBSI and attached hereto as an Exhibit, and/or as represented by the applicable third party manufacturer of the Equipment or Third Party Software. CBSI represents and warrants that the Equipment and Third Party Software delivered hereunder is covered by the applicable manufacturer's warranty and that maintenance service is available to ERSRI from such manufacturer or its agent. CBSI shall purchase Equipment or Third Party Software as outlined in Exhibit K. In cases where new releases and upgraded software and hardware exist, CBSI shall purchase the best appropriate hardware for an equivalent cost to ERSRI.

14.11 Virus Protection. CBSI represents and warrants that, to the best of its knowledge, the Licensed Programs do not contain and the System will not receive from CBSI's data transmission via modem or any other CBSI medium, any virus, worm, trap door, back door, time, clock, counter or other limiting routine, copy protection mechanism, dongle key, instruction or design but excluding any such timers or other limiting routines that ERSRI may configure within the System that would erase data or programming or otherwise cause Licensed Programs on ERSRI's equipment to become inoperable or incapable of being used in the full manner for which it was designed and created (a "Disabling Code") including, without limitation, any limitations that are triggered by: (a) the Licensed Programs being used or copied certain number of times, or after the lapse of a certain period of time; (b) the Licensed Programs being installed on or moved to a central processing unit or system that has serial number, model number or other identification different from the central processing unit or system on which Licensed Programs were originally installed; or (c) the occurrence or lapse of any similar triggering factor. CBSI will assist ERSRI in developing and implementing policies, procedures, and programs, if required, to protect ERSRI's Equipment from the introduction of a Disabling Code. Notwithstanding anything contained herein to the contrary, in the event Disabling Codes are identified by CBSI or ERSRI, CBSI shall take all reasonable steps necessary, at no additional cost to ERSRI, if caused by CBSI to: (a) restore any and all data lost by ERSRI as a result of such Disabling Code, to the extent that such recovery is technically feasible; (b) test a new copy of the Licensed Programs for the presence of Disabling Codes, furnish to ERSRI a new copy of the Licensed Programs without the presence of Disabling Codes, and install and implement such new copy of the Licensed Programs; and (c) reasonably compensate ERSRI for lost production time.

14.12 New Equipment. CBSI represents and warrants that all Equipment and replacement or repair parts delivered to ERSRI hereunder shall be new, i.e., unused and not reconditioned or refurbished.

14.13 Applicable Laws. CBSI will, when known by CBSI, make ERSRI aware of changes to applicable federal and state (Rhode Island) rules and regulations that may impact their System. Additionally, CBSI will consider and support shared costs of Enhancements as outlined in Section 13.5 herein.

14.14 Conditions Precedent to CBSI Obligations. All of the System warranties made by CBSI in this Agreement, except the warranty under Section 14.2 hereof, are, and all obligations of CBSI under this Section 14 shall be, contingent upon ERSRI's use of the System in accordance with the provisions of this Agreement and specific instructions relating thereto furnished by CBSI consistent with the terms of the Agreement, and, to the extent that any of the following cause warranty failure, no such warranties or obligations shall apply to any portion of the System that has been:

- a. Installed or operated by ERSRI in a manner inconsistent with the provisions of this Agreement or modified by a party other than CBSI without the written approval of CBSI;
- b. Damaged by negligence or misuse by other than CBSI or by fire, casualty, or other external causes;
- c. Subjected to conditions beyond the environmental and operating constraints specified in Exhibit A attached hereto, or subjected by parties other than CBSI to unusual physical or electrical stress; or
- d. Used in an unauthorized manner when licensed to ERSRI by CBSI.

Further, CBSI offers no warranty and incurs no obligation with regard to work performed by third parties on the System unless said third parties are engaged or authorized by CBSI.

14.15 Disclaimer; Limitation on Liability. EXCEPT FOR THE EXPRESS WARRANTIES AND UNDERTAKINGS SET FORTH IN THIS AGREEMENT OR REFERENCED HEREIN, CBSI DISCLAIMS ALL WARRANTIES RESPECTING THE SYSTEM AND ALL SERVICES PROVIDED UNDER THIS AGREEMENT, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. EXCEPT FOR INDEMNITY CLAIMS UNDER SECTIONS 17.1, 17.2, 17.3, and 17.4(a), (c), (e) and (f), AND CLAIMS ARISING OUT OF THE BREACH OF A PARTY'S OBLIGATIONS OF CONFIDENTIALITY, in no event shall either party be liable for any special, indirect, exemplary, incidental, or consequential damages or any lost profits arising out of or otherwise relating to the use or performance of the System or any components thereof, however caused, even if the other party has been advised of the possibility or likelihood of such damages. Except

for Indemnity Claims under Sections 17.1, 17.2, 17.3 and 17.4(a), (c), (e) and (f) and claims arising out of the breach of a party's obligation of confidentiality, CBSI shall not be liable for any amount in excess of the amount paid with respect to rejected or defective performance by CBSI.

Section 15

TRAINING AND DOCUMENTATION

CBSI will provide ERSRI, at no additional charge, with training and documentation as follows:

- a. The System Training Course as outlined in Exhibit E attached hereto, and
- b. The documentation as identified in Exhibit E attached hereto.

Section 16

ERSRI'S USE AND PROTECTION OF TRADE SECRETS

16.1 Acknowledgment of Proprietary Materials; Limitations on Use. ERSRI acknowledges that the Base Program, and all associated intellectual property rights, are the property of CBSI and that CBSI holds the copyright interests therein. ERSRI further acknowledges that the Base Program is treated by CBSI as secret and proprietary information of CBSI of substantial value, and ERSRI shall treat such information so received in confidence and shall not use, copy, disclose, nor permit any ERSRI Personnel to use, copy, or disclose the same for any purpose that is not specifically authorized under this Agreement; provided, however, that should ERSRI and CBSI be unable to reach an accord on an agreement for the continued maintenance of the System, such covenant shall not be interpreted to prohibit ERSRI from retaining reputable expert third-party entities to maintain the System and from disclosing to such entities such information as is necessary to allow them to maintain the System, so long as such maintenance entities shall undertake in writing to observe all applicable restrictions set forth in this Section 16 with respect to such information as may be so furnished to them by ERSRI.

16.2 Proprietary Legends. ERSRI shall not remove any copyright notice or other proprietary or restrictive notice or legend contained or included in any material provided by CBSI, and ERSRI shall reproduce and copy all such information on all copies made hereunder, including such copies as may be necessary for archival or backup purposes.

16.3 Assistance of ERSRI. At the request of CBSI, ERSRI shall use reasonable efforts to assist CBSI in identifying any use, copying, or disclosure of any portion of the Base Program by any present or former ERSRI Personnel in any manner

that is contrary to the provisions of this Agreement, so long as CBSI shall have provided ERSRI with information reasonably justifying the conclusion of CBSI that such contrary usage may have occurred.

16.4 Limitations on Confidentiality. The restrictions set forth in Section 16.1 through 16.3 respecting confidentiality of the Base Program shall not apply to any portion of the Base Program which: (a) is in or becomes part of the public domain; or (b) is required to be disclosed by ERSRI pursuant to any order or directive of a court or governmental agency of competent jurisdiction, in the event that ERSRI has furnished CBSI notice of such directive or order prior to disclosure; or (c) was disclosed by others with no obligation of confidentiality.

16.5 Proprietary ERSRI Information. CBSI acknowledges that while performing its obligations under this Agreement it may have access to trade secrets, confidential information, or proprietary information owned by ERSRI or in ERSRI's custody, including but not limited to its data, processes, methods, knowledge, financial information, or other information relating to ERSRI's business activities or operations (the "Proprietary Information"). CBSI shall keep proprietary Information confidential and, except as authorized by ERSRI in writing, CBSI may use Proprietary Information only to perform the obligations required under this Agreement. Upon cessation of work or upon termination or expiration of this Agreement, or earlier upon ERSRI's request, CBSI will return all documents, data and other materials in its control that contain or relate to the Proprietary Information. Proprietary Information does not include information that CBSI can demonstrate by written documentation: (a) is rightfully known to CBSI prior to negotiations leading to this Agreement; or (b) is independently developed by CBSI without any reliance on any Proprietary Information; or (c) is or later becomes part of the public domain or is lawfully obtained by CBSI from a third party without breach of this Agreement or any applicable law. ERSRI does not grant CBSI any right or license in ERSRI's data under this Agreement except as expressly provided.

16.6 Remedies. The parties acknowledge that the disclosure of Proprietary Information by the other party will cause irreparable injury to the owner of the Proprietary Information, its customers, and others that is inadequately compensable in monetary damages. Accordingly, the party which owns the Proprietary Information may seek and will be entitled to injunctive relief in any court of competent jurisdiction for the breach or threatened breach of this Section 16, in addition to any other remedies available in law or equity, and that such remedies shall not be limited under Section 14.15.

16.7 Survival of Terms. The provisions of this Section 16 shall survive termination of this Agreement for any reason.

Section 17

INDEMNIFICATION

17.1 Scope of Indemnification for Intellectual Property Rights Infringement.

CBSI agrees to defend, indemnify and hold harmless ERSRI from and against any claim, suit, demand, or action, whether actual or threatened, alleging that the System or any component thereof infringes a copyright, trade secret, or any other proprietary right of any third party, and CBSI shall indemnify ERSRI against all costs, expenses, and damages arising from any such claim, suit, demand, or action; provided, however, that: (a) ERSRI shall have given CBSI prompt written notice of such claim, suit, demand, or action; (b) ERSRI shall cooperate with CBSI in the defense and settlement thereof; and (c) CBSI shall have control of the defense of such claim, suit, demand, or action and the settlement or compromise thereof.

17.2 ERSRI Remedy Upon Injunction of System Use. If a temporary or a final injunction is obtained against ERSRI's use of the System or any portion thereof by reason of an infringement of a copyright, trade secret, or other proprietary right, CBSI will, at its option and expense, either

- a. Procure for ERSRI the right to continue using the System; or
- b. Replace or modify for ERSRI the System or such infringing portion thereof so that it no longer infringes such copyright, trade secret, or other proprietary right, so long as the utility or performance of the System is not adversely affected by such replacement or modification and the System continues to materially conform with the System Specifications.

If CBSI is unable to perform either of these options, CBSI shall refund to ERSRI all fees paid for the System by ERSRI based on a fifteen (15) year amortization.

17.3 Exclusion of Liability. As to indemnification under Section 17.1 hereof, CBSI shall have no liability to ERSRI for any infringement action or claim that is based upon or arises out of ERSRI's breach of the license terms set forth in Section 2 hereof.

17.4 Scope of Other Indemnification. CBSI shall defend, indemnify and hold harmless ERSRI and their agents and employees from and against any and all loss, damage or liability arising from or in connection with the following: (a) CBSI's failure to observe or perform any duties or obligations to be observed or performed by CBSI on or after the date of this Agreement by CBSI under any agreements between CBSI and any third parties; (b) any claims arising out of or related to occurrences CBSI is required to insure against pursuant to Section 19.1 hereof; (c) any third-party claim resulting from the use of the System, Base Program, or their derivative works by other licensees of CBSI or its affiliates; (d) any breach of a representation, warranty or covenant in this Agreement; (e) damage to persons (including death) or damage to personal property caused by the act or omission of CBSI, its employees, and its subcontractors; and (f)

any intentional misconduct or gross negligence of CBSI or its subcontractors not covered by the foregoing. CBSI's obligations shall only arise hereunder provided that: (a) ERSRI shall have given CBSI prompt written notice of such claim, suit, demand, or action; (b) ERSRI shall cooperate with CBSI in the defense and settlement thereof; and (c) CBSI shall have control of the defense of such claim, suit, demand, or action and the settlement or compromise thereof.

17.5 Survival. This Section 17 shall survive any termination of this Agreement.

Section 18

FORCE MAJEURE AND EXCUSABLE DELAYS

18.1 Event of Force Majeure. Neither party shall be liable for any costs or damages due to nonperformance under this Agreement arising out of any cause or event not within the reasonable control of such party and without its fault or negligence, such causes or events sometimes being hereinafter referred to as "Events of Force Majeure."

18.2 Notice Requirement. Each party shall give the other party prompt notice of the occurrence of any Event of Force Majeure that may cause delay hereunder, and the date of performance by any party that gives such notice shall be extended for a period not exceeding the period of delay caused by the Event of Force Majeure so identified.

18.3 Postponement of System Shipment. If requested by written notice received from ERSRI after either party is given notice of any Event of Force Majeure, CBSI shall postpone shipment of the System for such period (not exceeding four (4) months in the aggregate) as ERSRI may request by written notice to CBSI. In the event of any such postponement, all dates of performance by CBSI under this Agreement shall be extended for a corresponding period.

18.4 Limitation on Period of Force Majeure. Unless the performance by either party of its obligations under this Agreement is delayed by the occurrence of an Event of Force Majeure for a period of more than six (6) months (and such nonperformance is excused under the foregoing provisions), no Event of Force Majeure shall be an excuse for permanent nonperformance but shall be an excuse only for delays in performance and only to the extent that such delays are directly attributable to such cause. Should any Event of Force Majeure delay performance in any material respect for a period of more than six (6) months, either party shall have the option to rescind this Agreement upon notice to the other party.

18.5 Exculpation. Neither party shall be liable for any delay or failure in the performance of its obligations under this Agreement that directly results from any failure of the other party to perform its obligations as set forth in this Agreement.

Section 19

INSURANCE AND SYSTEM SOURCE CODE DELIVERY

19.1 Insurance Coverage. CBSI shall insure against all losses, claims, demands, proceedings, damages, costs, charges and expenses for injuries or damages or damage to any person or property which are the result of the fault of negligence of CBSI in carrying out its obligations under this Agreement, including without limitation, workman's compensation (with a minimum limit of \$500,000 per occurrence), general liability and property damage (with a minimum liability of \$1,000,000 per occurrence), automobile liability (with a minimum liability of \$1,000,000 per occurrence), electronic data processing all risk property insurance (with a minimum limit of \$200,000 aggregate per year), umbrella liability (with a minimum limit of \$5,000,000 in excess of insurance for workman's compensation, general liability, and automobile), and errors and omissions covering liability for financial loss due to error, omission, negligence of employees and machine malfunction in the amount of \$5,000,000. CBSI shall cause its insurers to issue certificates of insurance evidencing that the coverage and policy endorsements required in this Agreement are maintained in force and that not less than thirty (30) days written notice shall be given to ERSRI prior to any modification, cancellation or non-renewal of the policies. CBSI shall disclose to ERSRI insurance coverage's of its subcontractors under this Agreement. ERSRI may, at its option, require proof of all types of insurance required herein as a condition precedent to the commencement of CBSI's obligations hereunder.

19.2 System Possession. CBSI shall provide ERSRI with the then-current versions of Source Code and documentation of CBSI proprietary tools used in the System, System documents, and operation documents, including but not limited to documents describing the third party tools and the methods and procedures utilized for assembly and operation of the System including all Enhancements and Releases, along with written certification by CBSI that the Source Code and documentation is believed to be accurate and complete as of the date of delivery. CBSI shall provide ERSRI with such items in a form deemed suitable by ERSRI upon issuance of a Certificate of Completion and periodically thereafter, as defined by ERSRI's Project Manager and CBSI's Project Manager, so long as ERSRI continues to use the Licensed Programs. CBSI shall also provide ERSRI with the then-current versions of the Source Code and documentation upon reasonable request by ERSRI during the development and prior to issuance of a Certificate of Completion including all Enhancements and Releases, along with written certification of CBSI that the Source Code and documentation is believed to be accurate and complete as of the date of delivery.

Section 20

TERM AND TERMINATION

20.1 Term. Unless earlier terminated hereunder, this Agreement shall remain in effect for a period of four years after the date this Agreement is executed ("Termination

Date”), or until all articles or services ordered before the Termination Date shall have been satisfactorily delivered or rendered and accepted and thereafter until all terms and conditions have been met, unless:

- 1) Terminated prior to the Termination Date by satisfactory delivery against orders of entire quantities, or
- 2) Extended upon written authorization of ERSRI and accepted by CBSI, to permit ordering of the unordered balances or additional quantities at the contract price in accordance with the contract terms, or
- 3) Cancelled by ERSRI in accordance with other provisions stated herein.

20.2 Termination for Cause. Either party may terminate this Agreement forthwith at any time upon the giving of written notice:

- (a) In the event that the other party fails to discharge any obligation or remedy any default under this Agreement for a period continuing more than (60) days after the aggrieved party shall have given said other party written notice specifying such failure or default and that such failure or default continues to exist as of the date upon which the aggrieved party gives such notice so terminating this Agreement; or
- (b) In the case of ERSRI, in the event that CBSI makes an assignment for the benefit of creditors, or commences or has commenced against it any proceeding in bankruptcy, insolvency, or reorganization pursuant to bankruptcy laws or laws of debtor's moratorium.
- (c) In the case of ERSRI, it may be terminated to protect the fund(s) of ERSRI if determined to be appropriate by the ERSRI Board.

20.3 Termination by ERSRI. ERSRI may terminate this Agreement if CBSI fails to:

- (a) maintain insurance coverage as specified in Section 19.1;
- (b) provide and have approved a final Implementation Workplan within ninety (90) calendar days of the effective date of this Agreement unless the failure to provide an Implementation Workplan is not due solely to CBSI acts or omissions;
- (c) cure a CBSI-created delay in accordance with the provisions of Section 8.3;
- (d) avoid a material breach of the Warranty Period Services in Section 11;

- (e) avoid a material breach of the Outsourcing Services in Section 12;
or
- (f) avoid any breach of warranty set forth in Section 14 hereof.

20.4 ERSRI Rights and Remedies. ERSRI shall have the following rights and remedies with respect to partial or entire termination of this Agreement. All rights and remedies to ERSRI shall be cumulative of, and in addition to, all other rights and remedies granted ERSRI at law or in equity, whether or not ERSRI shall have instituted any suit for collection, foreclosure or other action in connection with the default of CBSI under this Agreement. If ERSRI terminates this agreement due to default of CBSI, ERSRI shall provide written notice specifying any failure of CBSI, and CBSI shall have sixty (60) days to remedy such failure without default. Now, wherefore, ERSRI may: (a) terminate this Agreement in its entirety or in part; (b) reject any component of the System and retain any non-rejected component(s); (c) receive a refund for all rejected components; (d) terminate the provision of Support Services and/or Outsourcing Services and/or receive a refund of previous amounts paid for future Support Services and/or Outsourcing Services and related to the default; or (e) retain Support Services and Outsourcing Services for non-rejected System components and receive a pro rata refund based on components rejected by ERSRI.

20.5 Cure. A failure or delay in performance by either party under this Agreement shall not constitute basis for termination of the Agreement under this Section 20 if such performance is effectively commenced or completed prior to the giving of notice of termination.

20.6 Termination Prior to Installation. In the event that either party rightfully terminates this Agreement prior to the issuance of a Certificate of Installation, then ERSRI shall be entitled to remedies as defined in Section 20.4.

20.7 Termination of Licenses. Twelve (12) months after termination of this Agreement for any reason except the expiration of the term of this Agreement under item 1) or 2) of Section 20.1 hereof or the termination by ERSRI under Sections 20.2 or 20.3 hereof, all licenses granted hereunder shall terminate and ERSRI shall cease use of any incomplete Stage(s) of the System. During this twelve (12) months period, CBSI shall continue to provide ERSRI with access to the System and the Licensed Programs, provided, however, that ERSRI remits payment therefor in accordance with the terms and conditions hereof. ERSRI shall, after said twelve (12) months period, return to CBSI all copies other than archival copies of the Licensed Programs for the incomplete Stage(s) or the System. ERSRI shall, upon CBSI's request, certify to CBSI that it has retained no copies of the applicable Licensed Programs other than archival copies.

Section 21

MISCELLANEOUS

21.1 No Assignment. CBSI shall not assign or subcontract the whole or any part of this Agreement without the prior written consent of ERSRI, and any attempt by CBSI to so assign or subcontract shall be invalid. Notwithstanding the foregoing, subject to the terms and conditions hereof, CBSI is permitted to subcontract the Subcontracted Services set forth in Exhibit D to the specific subcontractor(s) identified therein. No assignment shall relieve either party of its obligations hereunder. This Agreement will be binding upon the parties' successors and permitted assignees. CBSI may assign its right to receive payment to such third parties as CBSI may desire without the prior written consent of ERSRI, provided that CBSI gives written notice (including evidence of such assignment) to ERSRI within thirty (30) days in advance of any payment so assigned. The assignment shall cover all unpaid amounts under this Agreement and shall not be made to more than one party.

21.2 Notice. Notice to either party to this Agreement shall be deemed received when at the earlier of when received or five (5) days after being mailed by certified mail, U.S. Postal Service, postage prepaid, or by Federal Express, Express Mail, or equivalent, to the proper address. Mail shall be addressed as follows:

If to ERSRI:

Frank J. Karpinski
Employees' Retirement System of Rhode Island
40 Fountain Street
Providence, RI 02903

and

Hinckley, Allen & Snyder, LLP
1500 Fleet Center
Providence, RI 02903
Attention: David D. Barricelli, Esq.

and

If to CBSI:

James E. McKenney
Complete Business Solutions, Inc.
291 Promenade Street
Providence, RI 02908

and

Tom Sizemore
Complete Business Solutions, Inc.
32605 West Twelve Mile Road, Suite 250
Farmington Hills, MI 48334

or to such other address(s) as have been notified to the other pursuant to the provisions of this Section 21.2.

21.3 Entire Agreement: Governing Law; Counterparts. This Agreement and Exhibits A through N attached hereto constitute the entire agreement between CBSI and ERSRI with respect to CBSI's development, delivery, installation, maintenance and enhancement of the System and ERSRI's use thereof. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Rhode Island, excluding its choice of law provisions. Any arbitration or court proceeding as required hereunder shall be in the State of Rhode Island, and CBSI hereby consents to jurisdiction and venue therein and hereby waives any right to object to jurisdiction or venue. This Agreement shall be executed simultaneously in two (2) counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may only be amended by a written document accepted and signed by both parties.

21.4 Conflict Resolution. In the event a conflict arises between CBSI and ERSRI that cannot be resolved in the normal course:

- (a) The parties agree to act immediately to resolve any such conflict. Time is of the essence in the resolution of conflicts.
- (b) CBSI agrees that it will continue without delay to carry out all its responsibilities under this Agreement that are not affected by the conflict. Should CBSI fail to perform its responsibilities under this Agreement for all non-disputed work without delay, any and all additional costs incurred by CBSI and ERSRI as a result of such failure to proceed shall be borne by CBSI and CBSI shall not make any claim against ERSRI for such costs.
- (c) If the conflict arises prior to issuance of a Certificate of Completion, then:
 - (i) within ten (10) days of a written request by either party, ERSRI's Project Manager and CBSI's Project Manager shall meet to resolve the issue; if these parties cannot resolve the issue within ten (10) days of the meeting, then:
 - (ii) the issue shall be submitted to ERSRI's Director and CBSI's Regional Support Manager; if these parties cannot resolve the issue within fifteen (15) days of submission to them, then:
 - (iii) the issue shall be designated as a "dispute" and resolved in accordance with Section 21.5(b) hereof.

- (d) If the conflict arises after issuance of the Certificate of Completion, the procedures set forth in Section 21.4(c)(ii) and (iii) shall be instituted upon ten (10) days written request of either party.

The time periods herein are in addition to those provided elsewhere in this Agreement, and do not apply to claims for equitable relief (i.e., injunction to prevent disclosure of confidential information).

21.5 Disputes and Resolution Thereof.

- (a) Should any disputes arise with respect to this Agreement, CBSI and ERSRI agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.
- (b) CBSI agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Agreement that are not affected by the dispute. Should CBSI fail to continue to perform its responsibilities under this Agreement for all non-disputed work without delay, any and all additional costs incurred by CBSI and ERSRI as a result of such failure to proceed shall be borne by CBSI, and CBSI shall make no claim against ERSRI for such costs. If CBSI and ERSRI cannot resolve a dispute according to the procedures set forth in Section 21.4 hereof, then the following procedure shall apply:
- (c) Dispute resolution prior to litigation – Should the parties be unable to resolve a dispute related to the terms and conditions of this Agreement, ERSRI shall determine if the dispute shall be resolved through arbitration or by court proceedings. CBSI may demand that ERSRI make such a determination (the “Demand”). After receipt of a Demand, ERSRI shall, within fourteen (14) days, determine as to whether it elects to proceed by way of arbitration or by court proceedings, and shall notify CBSI of its decision by Certified Mail no later than fourteen (14) days after receipt of a Demand. The parties expressly agree that ERSRI shall determine whether any such dispute shall be resolved in arbitration or in court proceedings. If arbitration is selected, the Presiding Justice of the Rhode Island Superior Court shall select the arbitrator. The prevailing party in any dispute hereunder shall be entitled to all costs and fees, including but not limited to administrative and filing fees, attorneys fees, expert fees, and expenses of travel for attorneys and witnesses incurred in any arbitration or court proceedings.
- (d) ERSRI may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment or underpayment by ERSRI to CBSI of one or more invoices not in dispute in accordance with the terms and conditions of the Agreement will not be cause for CBSI to terminate

this Agreement, and CBSI may bring suit to collect without following the disputes procedure contained herein.

21.6 Independent Contractors. Both CBSI and ERSRI, in performance of this Agreement, will be acting in an individual capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed to be construed as to be the employees or agents of the other party for any purpose whatsoever. Neither party will assume any liability for injury (including death) to any persons, or any damage to property arising out the acts or omissions of the agents, employees or subcontractors of the other party. CBSI shall be responsible for providing all necessary unemployment and workman's compensation insurance for CBSI's employees.

21.7 Authority to Contract. Each party represents that it has the full power and authority to enter into this Agreement and to convey the rights herein conveyed. Each party further represents that it has not entered into nor will it enter into any agreements that would conflict with its obligations hereunder or would render it incapable of satisfactorily performing hereunder.

21.8 Waiver and Severability. Neither party shall, by mere lapse of time, without giving notice thereof, be deemed to have waived any breach by the other party of any terms or provisions of this Agreement. The waiver by either party of any such breach shall not be construed as a waiver of subsequent breaches or as a continuing waiver of such breach. If any provision of this Agreement shall be held invalid, unenforceable, or illegal, such holding shall not effect the validity, enforceability, or legality of all remaining provisions which shall remain in effect.

21.9 Publicity. CBSI shall not issue any press release about this Agreement or its contents prior to the date of the Certificate of Completion without the prior written approval by ERSRI of such release. CBSI may identify ERSRI as a customer of CBSI so long as such identification does not imply or suggest that ERSRI approves or recommends CBSI, its products, or its services.

21.10 Performance Bond. CBSI will provide a performance bond in the amount of Four Million Five Hundred Thousand and no/100 Dollars (\$4,500,000.00), as a pledge against its commitments to deliver, install, maintain, and warrantee the System.

21.11 No Delinquency. CBSI represents and warrants that, as of the date of execution of this Agreement, it has no knowledge of any outstanding or delinquent or otherwise unsettled debt owed by it to the State of Rhode Island. CBSI furthers agrees that later discovery by ERSRI that this warranty was given in spite of such knowledge, except where the matter is pending in hearing or from any appeal therefrom, shall be grounds for termination of this Agreement.

21.12 Change in Control. In the event that CBSI should change ownership for any reason, ERSRI shall have the option to continue under the terms and conditions of this Agreement with CBSI or its successors or assigns for the remaining term of the Agreement, or terminating this Agreement by written notice to CBSI.

21.13 Renewal. This Agreement may be renewed under the same terms and conditions subject to the approval of ERSRI. Exercise of this option is at the sole discretion of ERSRI and is not subject to agreement or acceptance by CBSI. The fees during such renewal term may be increased in accordance with the provisions set forth in Section 13.3.

21.14 Multi-term Funding Cancellation. When the Executive Director of ERSRI makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of the Agreement, the Agreement shall be canceled. A determination by the Executive Director that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

21.15 Non-Collusion and Acceptance. The undersigned attests, subject to the penalties for perjury, that he is the contracting party, or that he is the representative, agent, member or officer of the contracting party, that he has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him, directly or indirectly, to the best of his knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he has not received or paid, any sum of money or other consideration for the execution of this contract other than that which appears upon the face of the contract.

21.16 Penalties/Interest/Attorney's Fees. ERSRI will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Rhode Island law.

Section 22

OPTIONS

22.1 CBSI has provided ERSRI with Proposals regarding the following Options:

1. Optical Imaging
 - 1A. Image Solution Implementation
 - 1B. Imaging indexing implementation
 - 1C. OCR for work flow management software
 - 1D. Backfile Conversion Methodology Development
 - 1E. Ten Percent (10%) Backfile Conversion
 - 1F. Complete Backfile conversion

2. Automatic Voice Response Unit
3. Post-implementation applications programmer support (6 months)
4. Post-implementation operations support (6 months)
5. Commodity Software (e.g. Office 97)
6. WEB page capability
7. On-going, on-site hardware maintenance and software license support in years 2 and 3 following acquisition
8. Optional Data Conversion Efforts, for pre-1993 records.

22.2 The parties acknowledge and agree that ERSRI has notified CBSI of its intention to exercise Options 1 (including sub-options 1A through 1D and 1F), 5, 6, 7 and 8, and CBSI has agreed to provide these Options.

22.3 ERSRI may notify CBSI of its intent to exercise any of the remaining Options within twenty-four (24) months of the signing of this Agreement. If ERSRI notifies CBSI in writing that it is exercising one of these Options, CBSI agrees that it will start work on such Option within 30 days of receipt of notification from ERSRI, or within such other time-frame as the parties may mutually agree, in accordance with Exhibit N.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized corporate officers as of the day and year first above written.

Complete Business Solutions, Inc.

Employees' Retirement System of
Rhode Island

By: _____

By: _____

Name: Bradley J. Waugh

Name: Honorable Paul J. Tavares

Title: Senior Vice President

Title: Chairman of the Board, General
Treasurer State of Rhode Island

Date: February 9, 2000

Date: February 9, 2000

