NEKO Industries Inc.
Olympus Corporate Center
3017 Douglas Blvd. #300
Roseville, CA. 95661
Telephone: (916) 774-7125
Fax: (916) 983-9778

NE30828-08232006-8427-2

January 18, 2017

City of Stockton
City Manager
22 E. Market Street
Stockton, Ca 95202

RE: Extension of OnBase Hosted Imaging Solution Dates: July 1, 2017 through June 30, 2020.
(Previous Purchase Order: 188713)

NEKO Industries hereby agrees to extend agreement for an additional year of Hosted Imaging Services for the City of Stockton, honoring the terms, of previously awarded contract by bid: Contract NE30828-08232006-8427-1. (Please see previously executed contract attached).

NEKO also hereby agrees to provided fixed cost storage fees for the three year contract period between *July 1, 2017 through June 30, 2020.* This also includes backup and WORM storage provided by the Enterprise Solution.

Contract is being extended per mutual agreement as set forth in NE30828-08232006-8427-2.

Please find attached:

a) 2017 Hosted Solution Attachment renewal Signature -- NE30828-08232006-8427-3
b) 2017 Online Hosted Monthly Pricing Attachment -- NE30828-08232006-8427-4.
c) 2017 Online Hosted Pricing options -- NE30828-08232006-8427-5.
d) NEKO Industries Certificate of Liability Insurance. (Separate Attachment).

Please call me at 916-774-7125 with any other needed information.

Regards,

Ronald J. Hofhenke
Partner
NEKO Industries Inc.

ONBASE ONLINE HOSTED SOLUTION ATTACHMENT

1. ONBASE ONLINE HOSTED SOLUTION AGREEMENT BETWEEN NEKO INDUSTRIES INC. AND CITY OF STOCKTON, CALIFORNIA DATED November 6th, 2006 ("Agreement"). Capitalized terms used in this Hosted Solution Attachment and not defined in this Hosted Solution Attachment are used herein with the same meanings as such terms have under the Agreement.

2. HOSTED SOLUTION:
   a. Summary Description: City-wide Document Management System
   b. OnBase Software:

Product Description	Product Code	QTY
Multi-User License	OBIPW1	1
Web Server	WTIPW1	1
Document Import Processor	DPIPW1	1
Disconnected Scanning Module	DSIPIW1	1
Disconnected Scanning Module	DSIPIW2	12
Concurrent Client	CTIPC1	40
Application Enabler	AEIPI1	1
Kofax Integration	KFIPI1	1
GroupWise Integration	GPWW1	1

   c. Standard storage capacity: seventy-one (71) gigabytes. Customer may purchase additional storage capacity for Additional Storage Charges as agreed upon with the Authorized Solution Provider.

3. BACKSTOP SERVICES
   o Database Backup Validation and Backup Storage Services (Quarterly)

4. TERM OF USE OF HOSTED SOLUTION:
Subject to early termination of the Agreement in accordance with Section 10 thereof this Hosted Solution Attachment will have a term of one (1) year(s); and (if not terminated earlier) this Hosted Solution Attachment shall expire at the end of such term. The parties may upon mutually agreement, enter into a new Hosted Solution Attachment or extend the term of this Hosted Solution Attachment.

IN WITNESS WHEREOF, the parties have duly executed this Hosted Solution Attachment Extension Term on the respective dates set forth below.
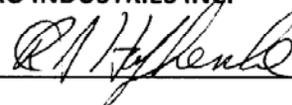
CITY OF STOCKTON, CALIFORNIA

By: _____

_____
Print Name

_____
Title

_____
Date

NEKO INDUSTRIES INC.

By: _____

Ronald J. Hofhenke
Print Name

Partner
Title

January 18, 2017
Date

City of Stockton Hosted Imaging System Pricing Attachment

NEKO Industries®

Date	4/30/2017
Quote	

3017 Douglas Blvd. Suite 300
Roseville, CA. 95661
(916) 774-7125

B I L L T O	City of Stockton City Hall-Lower Level Attn:PO 178146 425 N EL Dorado Stockton, CA. 95202 209-937-8082	S H I P T O	City of Stockton IT Attn:PO 188713 Attn:PO Barbara Vigil 400 E. Main Street, 4th Floor Stockton, CA. 95202 209-937-8554

Ord No	Order Date	Customer Number	Imaging Specialist	Purchase Order No.
			Ronald J. Hofhenke	

QTY	Item Number	Imaging System Description	List Price	Price	Ext. Price
		Contract Period: 4-1-17 through 3-31-2020 **Billed Monthly in arrears** **Billing Period: 4-1-17 to 4-30-2017** Account #: 502-7450-670.20-65 **Imaging Hosting Costs -- Monthly** **A: BASE CHARGES (Split by Department)**			
1	Hardware	#1: OBOL Monthly Hardware & Networking Base Charge 3%	4,439.40	$	4,439.40
1	Subscription	#2: OBOL Monthly Software Subscription Price 4%	$5,536	$	5,536.00
1	Storage	#3a:Harddrive Storage	51.60	$	51.60
1	Administration	#4: OBOL Administration 1%	1,284.00	$	1,284.00
1	Support	Monthly Webex Support - NEKO		$	1,625.00
1070	Storage	#3b: Total Storage GB @ 2.00 per Gigabyte (Primary and Secondary) 1/1/16 Storage is now 2,100 Gigs. Storage costs are fixed for COS	2.00	$	2,140.00
		Optical Backup Costs -- Monthly			
501	Opt-backup	Add Optical backup to COS Monthly OBOL Based on storage per Gig. All data written to WORM storage This includes all hardware maintenance, platter etc.	$6.00		$3,006.00
1	Dept-Setup	Clerk special Department Pricing		$	475.00
		4-1-17 Fixed Cost Monthly Pricing for COS	Subtotal		$18,557.00
		4-1-17 Fixed Cost Monthly Storage for COS	Tax 8.00%		n/a
			TOTAL		$18,557.00

Welcome to the
City of Stockton
California

City of Stockton EDM Online

Getting Started with City of Stockton Imaging System

Presented

January 18, 2017

NE3028-08232006-8427-5

Presented by

NEKO Industries, Inc.
3017 Douglas Blvd #300
Roseville, CA 95661
Tel: 916-774-7125

NEKO Industries®

COS EDM Online:

Mission Statement

Provide customers a 'fast track' way of getting images 'online' and provide an industry-strength application that can manage all scanned images and electronic documents. Provide a system that has state-of-the-art disaster recovery and security mechanisms built in.

Goals and Objectives

To work together as a cohesive unit and be to be easy to do business with. To establish testing procedures before implementation and review procedures after implementations the experience continues to be enhanced and return on investment is accelerated for COS customers.

Executive Summary

Customers are becoming increasingly conscious of the benefits and costs associated with document management solutions and are savvier as to their options for deploying these solutions. In an effort to give customers the benefits of these solutions with limited "up front" costs, Hyland Software has created a hosted OnBase environment, named OnBase OnLine (OBOL).

OnBase Online is a hosted deployment of Hyland's OnBase® Information Management System software (OnBase). In this deployment, OnBase resides on servers hosted by Hyland Software, Inc., with customer access occurring through secure Internet access to the OnBase software and customer data.

The City of Stockton (COS) has contracted with NEKO Industries Inc. to create an Online Hosted environment for Imaging and Document Management.   This includes implementing a browser-based imaging system quickly and efficiently along with full disaster recovery and support. Data redundancy, security and index models will all adhere to COS standards.   Additionally, NEKO will deliver a full and tested conversion tool for departments for all images stored.

In short, the departments of the City of Stockton, will be able to get 'online' with their images whether the images are scanned locally, outsourced or imported electronically. The imaging system implemented by NEKO Industries Inc., will have all of the design and functionality of a full enterprise-wide imaging system.

The proposed solution is an Enterprise Document Management system offered by Hyland Software, one of the best known leaders in the EDM industry. According to DocuLabs,

> "Hyland OnBase, with its breadth and depth of capabilities and unified platform, provides one of the most flexible and intuitive EDMS solutions available in the market today."

"If some of our other software worked half as well as OnBase, my role as director of IT would be painless."

**John Neidert,
Wayne Homes**

As for design and integration, NEKO is somewhat unique in its position.   We are 100% focused on the design, implementation and support of document management technology and its seamless integration into the work practices of our customers. Not being distracted by other technologies, we can offer our customers a solution provider that really understands the issues and options for Document Management. In addition, NEKO Industries is local to the area for over 14 years providing EDMS solutions to Central and Northern California colleges, cities, counties and corporate customers. NEKO Industries Inc. is one of the few companies that have been awarded contracts on the State of California MSA since its inception.

Benefits

NEKO Industries Inc. has worked hard to provide a unique set of differentiators on behalf of COS.

- World Class EDMS in an ASP (Hosted) Model
- Fast Track Implementation of Initial Departments
- Custom Search and Retrieval Interfaces
- Low-cost Department Implementation
- Complete Support for Images Already Scanned or to-be-scanned from Back-file Vendors
- Guaranteed Portability of Images and Indexes
- Manufacturer Executive Sponsorship
- Proven Premium Service and Support Included
- Special Department Pricing concessions to accommodate work and deliverables by EDMS analysis and indexing methodology analysis (ThirdWave and Gladwell Government Systems) COS will have best of all scenarios.
- Solution is one database, one architecture rather than a merging of differently developed technologies
- Latest in hardware server technology, High Availability Up-times, World Class disaster recovery, full telephone support and software upgrades.
- Local VAR in NEKO Industries Inc. that has been providing EDM solutions for 20 years
- An Imaging Implementation Methodology that is proven

Deliverables

- Documents Online with little upfront costs in about 2 weeks
- Documentation on Store and Retrieve Processes
- Full Software Support and Upgrades
- Full Adherence to Indexing methodologies studies under-way at COS
- Full Ability to export your images out of the system if needed
- Full IT support with latest disaster recovery and security implemented

COS EDM Online:

How do I get started? Implementation of Imaging in Your Department

I.   **Contact your COS Imaging team** to indicate your interest….even if it is just for a demonstration. They will set a schedule for you to visit with NEKO Industries Inc. for a free consultation.

II.   **Department Document Inventory Review**
       NEKO will review workflows done in EDMS study as they relate to each department and create an implementation template. NEKO will then schedule a proof of concept for customer review and testing training to arm the department with the tools to properly test the proof of concept.

III.   **Proof of Concept and Preliminary Sign-off**

IV.   **Testing Training**
       Department testing and review in this step. Scanning or Backfile Scanning is tested in this step as well. Department will give feedback on required changes.

V.   **Department Training**
       Department is ready to go, so formal on-site training takes place and documentation is delivered

VI.   **Department Go-Live Date**
       Users are ready to go live.

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Getting Started with City of Stockton Imaging System

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Sample Department Project Plan

Departmental Requirements
    Complete Document Inventories
    Review Inventories and define security and capture
    Define Document Stores
    Define Indices
    Define Security
    Define Capture
    Document Configuration
    Approve Above Configuration

Departmental Install
    Install Scanners / Implement Backfile
    Install Capture software
    Install EDMS
    Configure Capture
    Conduct Departmental initial test (Proof of Concept)
    Schedule Departmental Training
    Departmental Documentation
    Departmental Testing
    Conduct Departmental Training

Department Testing
    1:1 follow-up training
    Conduct Acceptance test
    Clean System of test data

Go Live

Review with Team

Review Analysis already completed

This process is one that out goal is to be implemented in two weeks to begin production scanning or begin back-file scanning.

Key points to this process are the ability of the department to have a week of testing on their documents prior to proceeding forward.

NEKO Industries®

NEKO / OnBase On-Line 2017/2020 / ASP Model Pricing / cos.onbaseonline.com
Department Pricing Information

Adding New Departments Costs
NEKO services required (Quote for departments):
- Configuration
- Process administration
- Importation of documents - scanning, indexing.
- How much storage is needed
- Workflow consulting and management.
- Training and ongoing support

Base Install Fees:
Estimated ASP Online services required for adding a new Department. (no scanner)
- Training – 1/2 days: $ 485.00 (2 hrs user training, 2 hrs scan and index training)
- New Department analysis and configuration of database, document types, keywords, etc.: $5,150.00
   (Based on estimated average of 27 hours of work)
- Database Integration for Index Automation 995.00 (H.T.E., SQL or Access definitions and Integrations)
- Travel 600.00 (average 2 one-way trips)

Variable Install Fees:
- Initial File Import Charge: $.01 per page imported + applicable services (DIP definition, indexing, etc); quote required for actual pricing.
- Scanner Purchase: (1k-4k)
- Scanning Software Purchase: (200-3300. Most are OnBase scanning which is 200)
- Additional Users Purchase: 96.00 upfront costs, plus a monthly fee.

Monthly Fees:
95.00 per month in concurrent user costs and administration.
100.00 per month in remote scanning costs per department. (Software only, no scanner hardware)

Example 1 Cost of adding a new Department to City Enterprise Imaging.
Typical Example of a Department install with no existing docs to load electronically, assuming one application integrated with imaging, and 5 concurrent users. (Software and service only):

> **Upfront Costs = 5,635.00 (training and new dept setup)**
> **Database Integration = 995.00 (H.T.E. or Access)**
> **Monthly User Software Costs=   595.00 (adding 5 user licenses)**
> **Monthly User Support/Admin costs = 125.00 per month**
> **Storage Conversion Costs=   2.00 per Gig (updated at end of every month)**
> **Travel= N/C for 2013.**

Summary:

I. The typical 5-user department can get imaging implemented for 6630.00 upfront
II. The typical 5-user department monthly hardware,software and maintenance costs would be 595.00 per month plus administration cost.
III. Department Administration costs would be an additional 125.00 per month*

10182 Neko Industries, Inc.   Certificate of Insurance   (page 1 of 1)   01/18/2017 01:52:47 PM

ACORD®	**CERTIFICATE OF LIABILITY INSURANCE**	DATE (MM/DD/YYYY) 1/18/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME:		
∷∷ TechInsurance TechInsurance 1101 Central Expy. South, Suite 250 Allen, TX 75013	PHONE (A/C, No. Ext): 800-668-7020	FAX (A/C, No): (877) 826-9067	
	E-MAIL ADDRESS:		
	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : Sentinel Insurance Company, Limited		11000
INSURED Neko Industries, Inc. 3017 Douglas Blvd, #300 Roseville, CA 95661	INSURER B : Hartford Accident and Indemnity Company		22357
	INSURER C : Beazley Insurance Company Inc.		37540
	INSURER D :		
	INSURER E :		
	INSURER F :		

COVERAGES   CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	COMMERCIAL GENERAL LIABILITY ✓ CLAIMS-MADE ✓ OCCUR	Yes		46SBABF7476	7/24/2016	7/24/2017	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: ✓ POLICY ☐ PRO-JECT ☐ LOC OTHER:						GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
A	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ✓ HIRED AUTOS ✓ NON-OWNED AUTOS	Yes		46SBABF7476	7/24/2016	7/24/2017	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	☐ UMBRELLA LIAB ☐ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☐ RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	46WECKZ3810	7/24/2016	7/24/2017	✓ PER STATUTE ☐ OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
C	Professional Liability (Errors and Omissions)			V1020C160801	11/25/2016	11/25/2017		$1,000,000 / $1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

City of Stockton and its officials, officers, agents, employees are named as Additional Insured as their interests may appear in regards to general liability and automobile liability. This endorsement applies to both the General Liability and Hired and Non-Owned Auto Liability.

CERTIFICATE HOLDER	CANCELLATION
City of Stockton 425 N El Dorado St Stockton, CA 95202	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

ACORD 25 (2014/01)   The ACORD name and logo are registered marks of ACORD

SPECTRUM POLICY DECLARATIONS (Continued)
POLICY NUMBER: 46 SBA BF7476

**ADDITIONAL INSUREDS: THE FOLLOWING ARE ADDITIONAL INSUREDS FOR BUSINESS
LIABILITY COVERAGE IN THIS POLICY.**

    LOCATION   001 BUILDING   001

        TYPE   PERSON ORGANIZATION

        NAME   SEE FORM IH 12 00

POLICY NUMBER: 46 SBA BF7476

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - PERSON-ORGANIZATION

COUNTY OF SACRAMENTO
10545 ARMSTRONG AVE. STE 202A
MATHER, CA. 95655

STATE OF CALIFORNIA
1600 HOLLOWAY AVE
SAN FRANCISCO, CA 94132

MARIN COUNTY
371 BEL MARIN KEYS BLVD
SUITE 100
NOVATO, CA 94949
SACRAMENTO REGIONAL TRANSIT DISTRICT
PO BOX 2110
SACRAMENTO, CA 95812-2110

CITY OF STOCKTON AND ITS OFFICIALS, OFFICERS, AGENTS, EMPLOYEES
ARE AN ADDITIONAL INSURED PER THE BUSINESS LIABILITY COVERAGE FORM
SS0008, AND THE HIRED AUTO AND NON-OWNED AUTO ENDORSEMENT SS0438
ATTACHED TO THIS POLICY.
425 N EL DORADO ST
STOCKTON, CA 95202

SONOMA COUNTY
INFORMATION SYSTEMS DEPARTMENT
2615 PAULIN DR.
SANTA ROSA CA 95403

LOS RIOS COMMUNICTY COLLEGE DISTRICT, GENERAL SERVICES
1919 SPANOS CT
SACRAMENTO, CA 95825

SONOMA COUNTY HUMAN SERVICES DEPARTMENT
3600 WESTWIND BOULEVARD
SANTA ROSA, CA 95402

COUNTY OF SONOMA, ITS OFFICERS, AGENTS AND EMPLOYEES
ATTN: CONTRACTS UNIT
2227 CAPRICORN WAY STE 100

POLICY NUMBER: 46 SBA BF7476

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - PERSON-ORGANIZATION

SANTA ROSA, CA 95407

LOC 001 BLDG 001
SAN FRANCISCO STATE UNIVERSITY, ITS OFFICERS, AGENTS AND EMPLOYEES
ATTN: CONTRACTS UNIT
1600 HOLLOWAY AVE
SAN FRANCISCO, CA 94132

CITY OF CONCORD AND ITS OFFICIALS, OFFICERS, AGENTS, EMPLOYEES, AND
VOLUNTEERS ARE AN ADDITIONAL INSURED PER THE BUSINESS LIABILITY
COVERAGE FORM SS0008, AND THE HIRED AUTO AND NON-OWNED AUTO
ENDORSEMENT SS0438 ATTACHED TO THIS POLICY
1950 PARKSIDE DRIVE, M/S07
CONCORD, CA 94519

LOC 01 BLDG 01
YOLO COUNTY AND ITS OFFICIALS, OFFICERS, AGENTS, EMPLOYEES, AND
VOLUNTEERS
625 COURT ST
WOODLAND, CA 75695

S

CITY OF STOCKTON

City Hall • 425 North El Dorado Street • Stockton, CA 95202-1997 • 209/937-8357 • Fax 209/937-8855
www.stocktongov.com

November 15, 2006

Ronald Hofhenke
NEKO Industries, Inc.
3017 Douglas Boulevard #300
Roseville, CA 95661

SUBJECT: **SERVICE AGREEMENT TO PROVIDE ONLINE HOSTED IMAGING SOLUTION FOR DOCUMENT MANAGEMENT BETWEEN THE CITY OF STOCKTON AND NEKO INDUSTRIES (PUR 06-121)**

Attached is a fully executed contract dated November 6, 2006. Said contract was authorized by City Council Resolution No. 06-0409, adopted on August 1, 2006. For accounting purposes, all invoices and correspondence must reference Purchase Order No. 151441.

Said contract may be retained for your files.

J. GORDON PALMER, JR.
CITY MANAGER

EUGENE P. PAINCHAUD
CITY PURCHASING AGENT AND
INVESTMENT OFFICER

EPP:ds

Attachment(s)

cc: Alan Montanelli, Account Payable
      Patti Johnson, Information Technology
      Lori Whittaker, Deputy City Attorney
      Project File (PUR 06-121)

Stockton
All-America City
2004
1999

OnBase

a Hyland Software solution

(f)   **INJUNCTIVE RELIEF.** The parties to this Agreement recognize that a remedy at law for a breach of the provisions of this Agreement relating to confidential information and intellectual property rights may not be adequate for either party's protection and, accordingly, each party shall have the right to seek, in addition to any other relief and remedies available to it, specific performance or injunctive relief to enforce the provisions of this Agreement.

(g)   **U.S. GOVERNMENT END USERS.** The terms and conditions of this Agreement shall pertain to the Government's use and/or disclosure of the OnBase Software, and shall supersede any conflicting contractual terms or conditions. By accepting the terms of this Agreement and/or the delivery of the OnBase Software, the Government hereby agrees that the OnBase Software qualifies as "commercial" computer software within the meaning of ALL federal acquisition regulation(s) applicable to this procurement and that the OnBase Software is developed exclusively at private expense. If this license fails to meet the Government's needs or is inconsistent in any respect with Federal law, the Government agrees to return the OnBase Software to NEKO. In addition to the foregoing, where DFARS is applicable, use, modification, reproduction, release, display, or disclosure of the OnBase Software or documentation by the Government is subject solely to the terms of this Agreement, as stated in DFARS 227.7202, and the terms of this Agreement shall supersede any conflicting contractual term or conditions.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the dates set forth below.

CITY OF STOCKTON

By: _____

J. GORDON PALMER, JR.
_____
Print Name

CITY MANAGER
_____
Title

11/06/06
_____
Date

NEKO INDUSTRIES INC.

By: _____

RONALD J. HOFHENKE
_____
Print Name

PARTNER
_____
Title

11/8/2006
_____
Date

APPROVED AS TO FORM AND CONTENT

By: _____
Deputy City Attorney

ATTEST: _____
CITY CLERK

OnBase
a Hyland Software solution

Contract #: NE3028-08232006-8427-1

ONBASE® ONLINE HOSTED SOLUTION AGREEMENT

This ONBASE® ONLINE HOSTED SOLUTION AGREEMENT ("Agreement") is made and entered into as of this ___ day of *November*, 2006 (the "Effective Date") by and between NEKO Industries, Inc. a Delaware corporation with its principal offices at 3017 Douglas Blvd. Suite 300, Roseville, Ca 95661 ("NEKO") and City of Stockton, a California municipality with its principal offices at 425 North El Dorado Street, Stockton, CA 95202 ("Customer").

1. DEFINED TERMS

Certain capitalized terms used in this Hosting Agreement have the meanings set forth below:

(a)   Additional Storage Charges. "Additional Storage Charges" means the Authorized Solution Provider's charges payable by Customer to the Authorized Solution Provider for Customer's use of additional gigabytes of storage in excess of the amount of storage available as part of Customer's standard deployment as set forth on the Hosted Solution Attachment.

(b)   Agreement. "Agreement" means this Agreement between NEKO and Customer.

(c)   Archive CD/DVD Charges. "Archive CD/DVD Charges" means the Authorized Solution Provider's charges per CD or DVD payable by Customer to the Authorized Solution Provider for the creation and delivery by NEKO to Customer of CDs or DVDs containing Customer Data.

(d)   Authorized Solution Provider. "Authorized Solution Provider" means the authorized solution provider of NEKO from which Customer has ordered and agreed to purchase the right to use Hosted Solutions under this Agreement.

(e)   Backstop™ Services. "Backstop Services" means the Database Backup Validation and Backup Storage Services and Disk Group Validation and Backup Storage Services described on Exhibit A attached to this Agreement and included in the Hosted Solution as set forth on the Hosted Solution Attachment.

(f)   Backup Media. "Backup Media" means the media that NEKO provides for use in the provision of Backstop Services containing backups of Customer's Hosted Solution database and/or disk groups.

(g)   Confidential Information. "Confidential Information" means any information relating to or disclosed in the course of this Agreement that is or should be reasonably understood to be confidential or proprietary to the disclosing party. "Confidential Information" shall not include information (1) already lawfully known to the receiving party at the time of disclosure by the disclosing party, (2) generally known to the public through no act or fault of the receiving party, or (3) lawfully obtained from any third party that, to the knowledge of the receiving party, has no duty or obligation of confidentiality to the disclosing party with respect to such information.

(h)   Customer Data. "Customer Data" means any and all data and materials of Customer captured, stored, processed or accessed in any manner using the OnBase Software instance included in a Hosted Solution, as updated by Customer from time to time.

(i)   Deployment Services. "Deployment Services" means those installation, implementation, training, consulting, Customer Data import, Customer Data export backfile conversion and redeployment services related to the OnBase Software provided to Customer by NEKO in connection with a Hosted Solution. All Deployment Services to be provided by NEKO will be provided pursuant to the terms of a separate, mutually agreed upon Work Agreement between NEKO and Customer.

(j)   Effective Date. "Effective Date" has the meaning set forth in the introduction to this Agreement.

(k)   Emergency. "Emergency" means the occurrence of an event affecting Customer's Hosted Solution as a result of which Customer requests NEKO to restore Customer's Hosted Solution database and/or disk groups as part of the Backstop Services; provided that the event must be unrelated to any defect in any hardware or Software used in the Hosted Solution for which technical support is provided by the hardware/software vendor(s); and the Customer Data contained in Customer's Hosted Solution database and/or disk groups must have been rendered inaccessible.

(l)   Host Servers. "Host Servers" means the computers and peripheral storage hardware used as part of a Hosted Solution as set forth in the applicable OnBase Online Process Manual.

(m)   Host Web Site. "Host Web Site" means the Web site maintained by NEKO through which Customer will be able to connect to and use a Hosted Solution and access Customer Data stored in the Hosted Solution database and disk groups, all subject to and in accordance with the terms of this Agreement, and which is identified in the applicable Hosted Solution Attachment.

(n)   Hosted Solution. "Hosted Solution" means a configuration of a Host Web Site, Network, OnBase Software, other Software, Hosting Services and Backstop Services that NEKO provides for use by Customer under this Agreement as set forth in the applicable Hosted Solution Attachment.

(o)   Hosted Solution Attachment. "Hosted Solution Attachment" means an attachment to this Agreement executed by NEKO and Customer with respect to a particular Hosted Solution that lists the elements of the Hosted Solution that Customer has elected to purchase and the term of use applicable to that Hosted Solution.

(p)   Hosting Services. "Hosting Services" means those services provided by NEKO as described in Section 2 of this Agreement and that Customer has purchased from the Authorized Solution Provider as part of a Hosted Solution as set forth in the applicable OnBase OnLine Process Manual.

(q)   Initial Customer Data Import Fees. "Initial Customer Data Import Fees" means the amounts payable by Customer to the Authorized Solution Provider for any Customer Data imported by NEKO to a Hosted Solution in connection with the initial implementation of the Hosted Solution.

(r)   Network. "Network" means the Host Servers, switches, firewalls, routers, other network devices and network software included in a Hosted Solution.

(s)   OnBase OnLine Process Manual. "OnBase OnLine Process Manual" means the written process manual for each Hosted Solution prepared by NEKO and delivered to Customer for a Hosted Solution, which describes the Network and Hosting Services that will be part of the applicable Hosted Solution. Each OnBase OnLine Process Manual is subject to modification by NEKO upon at least sixty (60) days advance written notice to Customer.

(t)   OnBase Software. "OnBase Software" means, for each Hosted Solution:

(1)   All OnBase® Information Management System software modules listed on the applicable Hosted Solution Attachment.

(2)   Such additional modules of the OnBase Information Management System software for use in the applicable Hosted Solution with respect to which Customer properly submits a written purchase order to the Authorized Solution Provider. All such modules accurately listed on Customer's properly submitted written purchase order(s) shall, upon activation of such modules for Customer's use (either by NEKO's issuance of license codes for such modules to Customer or NEKO's delivery to Customer of a

license certificate including such modules), automatically be deemed to be OnBase Software for all purposes of this Agreement.

(u)   Services Fees. "Services Fees" means the amounts payable by Customer to NEKO for any Deployment Services provided by NEKO with respect to a Hosted Solution.

(v)   Software. "Software" means all third party software products (other than third party software products bundled by NEKO as a part of the OnBase Software) licensed by Hyland and sublicensed by Hyland to Customer for use by Customer as part of a Hosted Solution.

(w)   Subscription Fees. "Subscription Fees" means the periodic amounts payable by Customer to the Authorized Solution Provider for Customer's use of a Hosted Solution.

2.   HOSTING SERVICES

(a)   HOSTING. Subject to Customer's payment in full of all Subscription Fees and other fees, costs and expenses required to be paid by Customer in connection with a Hosted Solution, and subject further to compliance by Customer with the other terms, conditions and restrictions of the Agreement, NEKO agrees to provide such Hosted Solution for use by Customer, by remote connection by Web browser and communications equipment separately provided by Customer, to the Host Web Site.

(b)   SECURITY. NEKO will use commercially reasonable efforts to maintain the security of each Hosted Solution in the manner described in the applicable OnBase OnLine Process Manual.

(c)   AVAILABILITY. NEKO will use commercially reasonable efforts to maintain the availability of each Hosted Solution in the manner described in the applicable OnBase OnLine Process Manual.

(d)   INTEGRITY. NEKO will use commercially reasonable efforts to maintain the integrity of each Hosted Solution in the manner described in the applicable OnBase OnLine Process Manual.

(e)   OTHER SERVICES. NEKO will use commercially reasonable efforts to provide the CD or DVD creation and delivery services and the initial Customer Data import services to be provided by NEKO that Customer has purchased as part of a Hosted Solution as described in the applicable Hosted Solution Attachment or OnBase OnLine Process Manual.

(f)   COMPLIANCE WITH LAWS. NEKO agrees to comply with all applicable laws in performing this Agreement.

3.   BACKSTOP SERVICES

(a)   PROVISION OF SERVICES. Subject to Customer's payment in full of all Subscription Fees and other fees, costs and expenses required to be paid by Customer described in this Agreement, and subject further to compliance by Customer with the other terms, conditions and restrictions of the Agreement, NEKO agrees to provide to Customer the Backstop Services as set forth in the Hosted Solution Attachment and in accordance with the terms and conditions of this Agreement.

(b)   USE OF BACKUP MEDIA. In connection with the Backstop Services, Customer agrees that:

(1)   NEKO may use one (1) complete set of Customer's database Backup Media for each Database Backup Validation Services interval included in Customer's Backstop Services Package; and

(2)   NEKO may use one (1) complete set of Customer's disk groups Backup Media for each Disk Group Validation Services interval included in Customer's Backstop Services Package.

(c)   NOT A DISASTER RECOVERY OR BACKUP SERVICE. Customer acknowledges that the Backstop Services are not a disaster recovery or backup service. However, Customer has purchased disaster recovery or backup services related to Customer Data from NEKO as part of each Hosted Solution in accordance with the terms of the OnBase OnLine Process Manual.

4.   LICENSE OF ONBASE SOFTWARE AND OTHER SOFTWARE

(a)   Subject to Customer's payment in full of all Subscription Fees and other fees, costs and expenses required to be paid by Customer described in this Agreement, and subject further to compliance by Customer with the other terms, conditions and restrictions of this Agreement, NEKO grants to Customer a revocable, non-exclusive, non-assignable, limited license to the OnBase Software and Software, in machine-readable object code form only, for the term of this Agreement. Customer may use the OnBase Software and Software only as hosted by NEKO on the Network, solely internally, and only for capturing, storing, processing and accessing Customer's own data. The OnBase Software and Software are licensed for use by a single organization and may not be used for processing of third-party data as a service bureau, application service provider or otherwise. Customer shall not make any use of the OnBase Software or Software in any manner not expressly permitted by this Agreement.

(b)   Customer acknowledges that the license granted hereby is limited to the right of concurrent access to the Customer Data via telecommunications equipment by Web browser to the Host Web Site. Customer acknowledges that each module of the OnBase Software is licensed for a specific type of use, such as concurrently or on a specified workstation or by a specified individual and that the OnBase Software controls such use. Use of OnBase Software or hardware that reduces the number of clients directly accessing or utilizing the OnBase Software (sometimes called "multiplexing" or "pooling" OnBase Software or hardware) does not reduce the number of OnBase Software licenses required. The required number of OnBase Software licenses would equal the number of distinct inputs to the multiplexing or pooling OnBase Software or hardware. Customer is prohibited from using any OnBase Software other than Hyland's Client modules or Query API module to access the OnBase Software or any data stored in the OnBase Software database for any purpose other than generating reports or statistics regarding system utilization, unless NEKO has given its prior written consent to Customer's use of such other OnBase Software and Customer has paid to the Authorized Solution Provider OnBase Software license fees with respect to such access to the OnBase Software or data stored in the OnBase Software database in accordance with Hyland's licensing policies applicable to the OnBase Software modules that provide access to the OnBase Software application modules and data stored in the OnBase Software database.

(c)   Customer shall be entitled to use one (1) production copy of the OnBase Software and Software. Customer shall not make or use any additional copies of the OnBase Software or Software.

(d)   Customer agrees: (1) not to remove any Hyland notices in the OnBase Software or any copyright, trademark or other proprietary rights notices that appear on the Software or that appear during use of the Software; (2) not to sell, transfer, rent, lease or sub-license the OnBase Software, Software or documentation to any third party; (3) not to alter or modify the OnBase Software or Software; and (4) not to reverse engineer, disassemble, decompile or attempt to derive source code from the OnBase Software or Software, or prepare derivative works there from.

(e)   Hyland and its suppliers own the OnBase Software and Software, including, without limitation, any and all worldwide copyrights, patents, trade secrets, trademarks and proprietary and confidential information rights in or associated with the OnBase Software and Software. The OnBase Software and Software is protected by copyright laws and international copyright treaties, as well as other intellectual property laws and treaties. No ownership rights in the OnBase Software or Software are transferred to Customer. Customer agrees that nothing in

this Agreement or associated documents gives it any right, title or interest in the OnBase Software or Software, except for the limited express rights granted in this Agreement.

5. NEKO NOT OBLIGATED TO PROVIDE MAINTENANCE AND SUPPORT OF HOSTED SOLUTION COMPONENTS AT CUSTOMER SITE.

Except as provided in the next sentence, NEKO is not obligated to provide to Customer any maintenance or technical support with respect to any equipment, hardware (including but not limited to the Network), OnBase Software or Software that is a part of each Hosted Solution. In the case of the Network and the Software, NEKO agrees to enter into customary maintenance and support agreements with third party vendors (which may include the Authorized Solution Provider) with respect to the Network and the Software included as part of each Hosted Solution. Customer may purchase maintenance and technical support of the OnBase Software included in each Hosted Solution from the Authorized Solution Provider. Customer may purchase help desk support for the Network and the Host Web Site related to problems associated with the use and operation thereof from the Authorized Solution Provider.

6. CUSTOMER'S RESPONSIBILITIES AND OBLIGATIONS

(a)   In connection with the relationship established between Customer and NEKO under this Agreement, Customer agrees:

(i)   not to permit or authorize any person, legal entity, or other third party to use the Hosting Services or the Backstop Services provided by NEKO pursuant to this Agreement; and

(ii)   to comply with NEKO's Acceptable Use Policy, as in effect from time to time, a copy of the current form of which is attached hereto as Exhibit B.

(b)   Customer represents that it will not engage or permit others to engage in any acts or omissions relating to any Hosted Solution that (i) constitute or encourage any violation of any applicable law or regulation, including laws or regulations relating to privacy, gambling, obscenity, hacking or computer viruses, (ii) are defamatory or libelous, (iii) infringe the rights of any third party, including, without limitation, any patents, copyrights, trademarks, trade secrets or other intellectual property rights, or (iv) involve the transmission of unsolicited bulk mail messages (i.e., "spamming").

(c)   Regardless of any disclosure made by Customer to NEKO of an ultimate destination of any Hosted Solution, or any Host Servers, Host Web Site, OnBase Software or Software included in any Hosted Solution, Customer agrees not to export either directly or indirectly any of the foregoing without first obtaining a license from the United States Government to export or re-export such Hosted Solution, or such Host Servers, Host Web Site, OnBase Software or Software, as may be required, and to comply with United States Government export regulations, as applicable.

(d)   Customer shall be solely responsible for obtaining and maintaining all software, hardware (including without limitation network systems), telephonic or other communications circuits, and Internet Service Provider relationships that are necessary or appropriate for Customer to properly access and use any Hosted Solution. NEKO shall have no responsibility or liability under this Agreement for any unavailability or failure of, or nonconformity or defect in, any Hosted Solution that is caused by or related in any manner to any failure of Customer to obtain and maintain all such software, hardware, equipment and relationships.

7. OWNERSHIP OF NETWORK

NEKO and its suppliers retain all rights to any and all computer hardware and telecommunications or other equipment and computer software, including the Host Web Site and the Network, used in the provision of the

ATTACHMENT C

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Hosting Services. At no time will Customer have any ownership, property or any other rights in, nor file any lien on, any of the foregoing provided hardware, equipment or software

8. CONFIDENTIAL INFORMATION

Each party agrees that, with respect to the Confidential Information of the other party, during the term of this Agreement for a period of five (5) years (or in the case of any Confidential Information of a disclosing party that is a "trade secret", for a period of the longer of five (5) years or so long as such information remains a "trade secret" under applicable law) thereafter, such party as a recipient shall at all times maintain the confidentiality of the other party's Confidential Information, using the same degree of care that such party uses to protect its own confidential information, but in any event not less than reasonable care; and shall not use (except in performance of this Agreement) or disclose to any third party any such Confidential Information, except as may be required by law or court order. Each party shall be liable and responsible for any breach of this Section 8 committed by any of such party's employees, agents, consultants, contractors or representatives.

9. PAYMENTS BY CUSTOMER

(a)   PAYMENTS TO AUTHORIZED SOLUTION PROVIDER. Unless and until NEKO notifies Customer in writing to the contrary, all Additional Storage Charges, Archive CD/DVD Charges, Initial Customer Data Import Fees, Services Fees, Subscription Fees and other fees and charges due and payable by Customer with respect to any Hosted Solution under this Agreement shall be as mutually agreed upon by Customer and the Authorized Solution Provider; Customer is authorized to make any and all payments of such fees and charges to the Authorized Solution Provider pursuant to such payment terms; and Customer agrees to pay all such fees and charges and to make all such payments in accordance with such mutually agreed terms.

(b)   INVOICING AND PAYMENTS FOLLOWING NOTICE FROM NEKO. If NEKO provides written notice as described in Section 9(a) above, following Customer's receipt of such notice all fees and charges shall be invoiced and paid as follows:

(1)   SUBSCRIPTION FEES AND ADDITIONAL STORAGE CHARGES. NEKO will invoice Customer for all Subscription Fees and Additional Storage Charges on a calendar monthly basis, in arrears. Customer shall pay in full such invoices net thirty (30) days from the date of receipt of such invoices.

(2)   ARCHIVE CD/DVD CHARGES. NEKO shall invoice Customer for all Archive CD/DVD Charges and any associated delivery charges upon shipment to Customer of the applicable CDs/DVDs. Customer shall pay in full such invoices net thirty (30) days from the date of receipt of such invoices.

(3)   INITIAL CUSTOMER DATA IMPORT FEES. All Initial Customer Data Import Fees will be invoiced by NEKO to Customer upon completion of the applicable services. Customer shall pay in full such invoices net thirty (30) days from the date of receipt of such invoices.

(4)   SERVICES FEES. NEKO will invoice Customer for all Services Fees on a monthly basis, in arrears, during the period in which the applicable Deployment Services are provided, unless the duration of the applicable Deployment Services is less than one month, in which case NEKO will invoice Customer for the applicable Services Fees upon completion of the applicable Deployment Services. Customer shall pay in full such invoices net thirty (30) days from the date of receipt of such invoices.

(c)   CERTAIN REMEDIES FOR NON-PAYMENT OR FOR LATE PAYMENT. In the event of any default by Customer in the payment of any amounts due as described in paragraph (a) or (b) above, which default

continues unremedied for at least ten (10) calendar days after the due date of such payment, NEKO shall have the right to suspend or terminate Customer's right of use of any Hosted Solutions under this Agreement unless and until such default, and any and all other defaults by Customer under this Agreement, shall have been cured. In addition, in the case of any default by Customer in the payment of any amounts due as described only in paragraph (b) above, NEKO reserves the right to charge and collect interest on all past due amounts at the rate of one and one-half percent (1.5%) per month (or, if lower, the maximum rate lawfully chargeable) from the date due through the date that such past due amounts and such accrued interest are paid in full.

(d) TAXES AND GOVERNMENTAL CHARGES. All payments under this Agreement are exclusive of all applicable taxes and governmental charges (such as duties), all of which shall be paid by Customer (other than taxes on NEKO's income). In the event Customer is required by law to withhold taxes, Customer agrees to furnish NEKO all required receipts and documentation substantiating such payment. If NEKO is required by law to remit any tax or governmental charge on behalf of or for the account of Customer, Customer agrees to reimburse NEKO within thirty (30) days after NEKO notifies Customer in writing of such remittance. Customer agrees to provide NEKO with valid tax exemption certificates in advance of any remittance otherwise required to be made by NEKO on behalf of or for the account of Customer, where such certificates are applicable.

(e) RECEIPT OF INVOICES. All invoices sent by U.S. mail to the address specified in the introduction to this Agreement (or such other address as Customer may have specified in writing to NEKO) shall be deemed to have been received by Customer on the second business day after the date such invoices are deposited in the U.S. mail. All invoices sent by reputable, national overnight courier to such address shall be deemed to have been received by Customer on the next business day after the date such invoices are deposited with the courier. All invoices sent by any other means shall be deemed to have been received by Customer at the time of actual receipt.

(f) U.S. DOLLARS. All payments by Customer to NEKO shall be made in U.S. dollars.

10. TERM AND TERMINATION

(a) TERM. Subject to the early termination provisions of Section 10(b), the term of this Agreement will commence on the Effective Date and will expire on the first anniversary of the Effective Date on which no Hosted Solution Attachments are in effect under this Agreement.

(b) EARLY TERMINATION. Each party will be entitled to give written notice to the other party of any material breach by such other party or other material failure by such other party to comply with any term or condition of this Agreement, specifying the nature of such breach or non-compliance and requiring such other party to cure the breach or non-compliance. If such other party has not cured the breach or non-compliance within thirty (30) calendar days after receipt of such written notice, this Agreement and the Hosting Solutions provided hereunder, and all Hosted Solution Attachments hereto, will automatically and immediately terminate as of the close of business, 5:00PM, US Eastern Time, on such 30th day.

11. CERTAIN EFFECTS OF TERMINATION

(a) PAYMENTS. Notwithstanding any termination or non-renewal of this Agreement, Customer will be obligated to pay the Authorized Solution Provider for all fees and charges accrued or due for any period on or prior to the effective date of termination or expiration of this Agreement. All such payments will be made in accordance with Section 9, which will survive any such termination or non-renewal for these purposes.

(b) SURVIVAL OF OBLIGATIONS. The provisions of this Agreement that by their nature extend beyond the termination or non-renewal of this Agreement, will survive and remain in effect until all obligations thereunder are satisfied. All disclaimers of warranties and limitations of liability set forth in this Agreement will survive any termination of this Agreement.

12. WARRANTY DISCLAIMER

NEKO AND ITS SUPPLIERS DISCLAIM ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WARRANTIES OF TITLE, WARRANTIES AGAINST INFRINGEMENT AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF DEALING OR USAGE OF TRADE. No oral or written information given by NEKO, its agents, or employees shall create any additional warranty. No modification or addition to this warranty is authorized unless it is set forth in writing, references this Agreement, and is signed on behalf of NEKO by a corporate officer.

13. LIMITATIONS OF LIABILITY

IN NO CASE SHALL NEKO'S LIABILITY EXCEED THE AMOUNT OF THE SUBSCRIPTION FEES ACTUALLY PAID BY CUSTOMER IN THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE OCCURRENCE OF THE EVENT GIVING RISE TO SUCH LIABILITY. IN NO EVENT WILL NEKO OR ITS DIRECT OR INDIRECT SUPPLIERS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR OTHER PECUNIARY LOSS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY USE OR INABILITY TO USE THE SOLUTION, EVEN IF NEKO OR SUCH SUPPLIERS HAVE BEEN ADVISED OF THE POSSIBILITIES OF SUCH DAMAGES. ADDITIONALLY, IN NO EVENT SHALL MICROSOFT CORPORATION, AS A SUPPLIER TO NEKO, BE LIABLE FOR ANY DIRECT DAMAGES. NEKO AND ITS SUPPLIERS ARE NOT RESPONSIBLE FOR ANY COSTS INCLUDING, WITHOUT LIMITATION, LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF DATA OR INFORMATION, THE COST OF RECOVERING SUCH DATA OR INFORMATION, THE COST OF SUBSTITUTE SOFTWARE, OR CLAIMS BY THIRD PARTIES.

14. FORCE MAJEURE

No failure, delay or default in performance of any obligation of a party to this Agreement (except the payment of money) shall constitute a default or breach to the extent that such failure to perform, delay or default arises out of a cause, existing or future, beyond the control (including, but not limited to: action or inaction of governmental, civil or military authority; fire; strike, lockout or other labor dispute; flood; war; riot; theft; earthquake; natural disaster or acts of God; national emergencies; unavailability of materials or utilities; sabotage; viruses; or the act, negligence or default of the other party) and without negligence or willful misconduct of the party otherwise chargeable with failure, delay or default. Either party desiring to rely upon any of the foregoing as an excuse for failure, default or delay in performance shall, when the cause arises, give to the other party prompt notice in writing of the facts which constitute such cause; and, when the cause ceases to exist, give prompt notice of that fact to the other party. This Section 14 shall in no way limit the right of either party to make any claim against third parties for any damages suffered due to said causes. If any performance date by a party under this Agreement is postponed or extended pursuant to this Section 14 for longer than ninety (90) calendar days, the other party, by written notice given during the postponement or extension, and at least thirty (30) days prior to the effective date of termination, may terminate this Agreement.

15. GOVERNING LAW; JURISDICTION

This Agreement and any claim, action, suit, proceeding or dispute arising out of this Agreement shall in all respects be governed by, and interpreted in accordance with, the substantive laws of the State of California (and not by the 1980 United Nations Convention on Contracts for the International Sale of Goods, as amended), without regard to the conflicts of laws provisions thereof. Venue and jurisdiction for any action, suit or proceeding arising out of this Agreement shall vest exclusively in the federal or state courts of general jurisdiction located in San Joaquin County, California.

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16.   NOTICES

Unless otherwise agreed to by the parties in a writing signed by both parties, all notices required under this Agreement shall be deemed effective: (a) when sent and made in writing by either (1)(A) registered U.S. mail, (B) certified U.S. mail, return receipt requested, or (C) reputable, national overnight courier, in any such case addressed and sent to the address set forth herein and to the attention of the person executing this Agreement on behalf of that party or that person's successor, or to such other address or such other person as the party entitled to receive such notice shall have notified the party sending such notice of; or (2) facsimile transmission appropriately directed to the attention of the person identified as the appropriate recipient and at the appropriate address under (a)(1) above, with a copy following by one of the other methods of notice under (a)(1) above; or (b) when personally delivered and made in writing to the person and address identified as appropriate under (a)(1) above.

17.   GENERAL PROVISIONS

(a)   INTERPRETATION. The headings used in this Agreement are for reference and convenience purposes only and shall not in any way limit or affect the meaning or interpretation of any of the terms hereof. All defined terms in this Agreement shall be deemed to refer to the masculine, feminine, neuter, singular or plural, in each instance as the context or particular facts may require. Use of the terms "hereunder," "herein," "hereby" and similar terms refer to this Agreement.

(b)   WAIVER. No waiver of any right or remedy on one occasion by either party shall be deemed a waiver of such right or remedy on any other occasion.

(c)   INTEGRATION. This Agreement, including any and all attachments, exhibits, schedules and separate written agreements between the parties related to any Hosted Solution and referred to herein or therein, set forth the entire agreement and understanding between the parties pertaining to the subject matter and merges all prior discussions between them on the same subject matter. Neither of the parties shall be bound by any conditions, definitions, warranties, understandings or representations with respect to the subject matter other than as expressly provided in this Agreement. This Agreement may only be modified by a written document signed by duly authorized representatives of the parties. This Agreement shall not be supplemented or modified by any course of performance, course of dealing or trade usage. Variance from or addition to the terms and conditions of this Agreement in any written notification or documentation, from Customer or otherwise, will be of no effect unless expressly agreed to in writing by both parties. This Agreement will prevail over any conflicting stipulations contained or referenced in any other document.

(d)   BINDING AGREEMENT AND ASSIGNMENT. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns. Neither party may assign this Agreement or its rights or obligations under this Agreement, in whole or in part, to any other person or entity without the prior written consent of the other party; provided that such consent shall not be unreasonably withheld. Any change in control of Customer resulting from an acquisition, merger or otherwise shall constitute an assignment under the terms of this provision. Any assignment made without compliance with the provisions of this Section 17(d) shall be null and void and of no force or effect.

(e)   SEVERABILITY. In the event that any term or provision of this Agreement is deemed by a court of competent jurisdiction to be overly broad in scope, duration or area of applicability, the court considering the same will have the power and is hereby authorized and directed to limit such scope, duration or area of applicability, or all of them, so that such term or provision is no longer overly broad and to enforce the same as so limited. Subject to the foregoing sentence, in the event any provision of this Agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability will attach only to such provision and will not affect or render invalid or unenforceable any other provision of this Agreement.

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EXHIBIT A
TO
ONBASE ONLINE HOSTED SOLUTION AGREEMENT

Backstop™ Services
Database Backup Validation and Backup Storage Services

NEKO will use commercially reasonable efforts to:

- Restore a copy of Customer's database from Customer's database Backup Media to verify that the Backup Media is readable
- Mount the restored database to verify that the database's components and files are present on the Backup Media provided
- Verify that the restored database allows/supports login with Customer's OnBase Software
- Run the Microsoft® DBCC utility for Customer's MS SQL Server database to verify that it is not defective; and if the database backup is found to be non-conforming, use commercially reasonable efforts to secure a valid backup
- Analyze the database for opportunities to optimize performance, including identifying missing or extraneous tables and/or indices
- Prepare and provide to Customer an electronic report confirming the steps taken and providing certain statistical information regarding database usage and maintenance status
- Store Customer's database Backup Media provided for validation at Hyland's location
- Restore Customer's database to the Hosted Solution from Customer's Backup Media if Customer suffers an Emergency

Services Interval

    Quarterly
        Up to 20 gigabytes of data
        Additional charge per each additional 20 gigabytes of data

Retention Period

    Backup Media containing the four (4) most-recently validated backups will be retained

Disk Group Validation and Backup Storage Services

NEKO will use commercially reasonable efforts to:

- Verify that each tape, CD or DVD is readable
- Verify that each tape, CD or DVD contains all of the expected files
- Verify that each file is complete based on the file size in Customer's database
- Prepare and provide an electronic report confirming the findings of each verification step
- Provide a dedicated "Mission Critical" telephone number for Customer's use in contacting Hyland in the event of an Emergency
- Store disk groups Backup Media at Hyland's facility
- Restore Customer's disk groups to the Hosted Solution from Customer's Backup Media in the event Customer suffers an Emergency

Services Interval

    Semi-annual

Retention Period

    Three Year Storage

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<u>**EXHIBIT B**</u>
<u>**TO**</u>
<u>**ONBASE ONLINE HOSTED SOLUTION AGREEMENT**</u>

ACCEPTABLE USE POLICY FOR
ONBASE® ONLINE

I. INTRODUCTION:

This Acceptable Use Policy (this "AUP") applies to all persons and entities (collectively referred to herein as "User") who use the services and software products provided by Hyland Software, Inc. ("Hyland") in connection with Hyland's hosting of one or more OnBase OnLine hosted solutions (collectively referred to herein as "Hosted Solutions"). This AUP is designed to protect the security, integrity, reliability and privacy of Hyland's network and the Hosted Solutions Hyland hosts for its OnBase OnLine customers.

User's use of a Hosted Solution constitutes User's acceptance of the terms and conditions of this AUP in effect at the time of such use. NEKO reserves the right to modify this policy at any time effective immediately upon Hyland's posting of the modification or revised AUP on Hyland's website: www.users.onbase.com.

II. USER OBLIGATIONS:

A. User is responsible for any misuse of a Hosted Solution. Therefore, User must take all reasonable precautions to protect access and use of any Hosted Solution that it uses.

B. User shall not use a Hosted Solution in any manner in violation of applicable law including, but not limited to, by:

(i) Infringing or misappropriating intellectual property rights, including copyrights, trademarks, service marks, software, patents and trade secrets;

(ii) Engaging in the promotion, sale, production, fulfillment or delivery of illegal drugs, illegal gambling, obscene materials or other products and services prohibited by law. Similarly, soliciting illegal activities is prohibited even if such activities are not actually performed;

(iii) Displaying, transmitting, storing or making available child pornography materials;

(iv) Transmitting, distributing or storing any material that is unlawful, including encryption software in violation of U.S. export control laws, or that presents a material risk of civil liability to Hyland;

(v) Displaying, transmitting, storing or publishing information that constitutes libel, slander, defamation, harassment, obscenity, or otherwise violates the privacy or personal rights of any person;

(vi) Displaying or transmitting obscene, threatening, abusive or harassing messages; or

(vii) Promoting, offering or implementing fraudulent financial schemes including pyramids, illegitimate funds transfers and charges to credit cards.

C. User shall not use a Hosted Solution to engage in any of the following:

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(i)   Interfering with, gaining unauthorized access to or otherwise violating the security of NEKO's or another party's server, network, personal computer, network access or control devices, software or data, or other system, or to attempt to do any of the foregoing, including, but not limited to, use in the development, distribution or execution of Internet viruses, worms, denial of service attacks, network flooding or other malicious activities intended to disrupt computer services or destroy data;

(ii)   Interfering with NEKO's network or the use and enjoyment of Hosted Solutions received by other authorized Users;

(iii)   Promoting or distributing software, services or address lists that have the purpose of facilitating spam;

(iv)   Providing false or misleading information in message headers or other content, using non-existent domain names or deceptive addressing, or hiding or obscuring information identifying a message's point of origin or transmission path;

(v)   Violating personal privacy rights, except as permitted by law;

(vi)   Sending and collecting responses to spam, unsolicited electronic messages or chain mail; and

(vii)   Engaging in any activities that NEKO believes, in its sole discretion, might be harmful to NEKO's operations, public image or reputation.

III.   ENFORCEMENT:

If a User violates this AUP, NEKO may, depending on the nature and severity of the violation, suspend the hosting of any Hosted Solution that such User accesses for so long as necessary for steps to be taken that, in NEKO's reasonable judgment, will prevent the violation from continuing or reoccurring.

IV.   NOTICE:

Unless prohibited by law, NEKO shall provide User with written notice via e-mail or otherwise of a violation of this AUP so that such violation may be corrected without impact on the hosting of Hosted Solutions; NEKO shall also provide User with a deadline for User to come into compliance with this AUP. NEKO reserves the right, however, to act immediately and without notice to suspend the hosting of Hosted Solutions in response to a court order or government notice that certain conduct of User must be stopped or when NEKO reasonably determines: (1) that it may be exposed to sanction, civil liability or prosecution; (2) that such violation may cause harm to or interfere with the integrity or normal operations or security of NEKO's network or networks with which NEKO is interconnected or interfere with another of NEKO's customer's use of NEKO services or software products; or (3) that such violation otherwise presents imminent risk of harm to NEKO or other of NEKO's customers or their respective employees. In other situations, NEKO will use commercially reasonable efforts to provide User with at least seven (7) calendar days notice before suspending the hosting of Hosted Solutions. User is responsible for all charges or fees due to NEKO up to the point of suspension by NEKO, pursuant to the agreement in place between User and NEKO related to such Hosted Solutions.

V.   DISCLAIMER:

NEKO disclaims any responsibility for damages sustained by User as a result of NEKO's response to User's violation of this AUP. User is solely responsible for the content and messages transmitted or made available by User using a Hosted Solution. By using a Hosted Solution, User acknowledges that NEKO has no obligation to monitor any activities or content for violations of applicable law or this AUP, but it reserves the right to do so.

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NEKO disclaims any responsibility for inappropriate use of a Hosted Solution by User and any liability for any other third party's violation of this AUP or applicable law.

VI.   INDEMNIFICATION:

User agrees to indemnify NEKO from and against all liabilities, obligations, losses and damages, plus costs and expenses, including reasonable attorney's fees, arising out of any claim, damage, loss, liability, suit or action brought against NEKO by a third party as a result of the conduct of User that violates this AUP or applicable law.

VII.   WAIVER:

No failure or delay in exercising or enforcing this policy shall constitute a waiver of the policy or of any other right or remedy. If any provision of this policy is deemed unenforceable due to law or change in law, such a provision shall be disregarded and the balance of the policy shall remain in effect.

VIII.   QUESTIONS:

If you are unsure of whether any contemplated use or action is permitted, please contact OnBase OnLine at NEKO, at 916-774-7125.

ONBASE® ONLINE HOSTED SOLUTION ATTACHMENT

1. ONBASE ONLINE HOSTED SOLUTION AGREEMENT BETWEEN NEKO INDUSTRIES INC. AND **CITY OF STOCKTON, CALIFORNIA**DATED _____, 2006 ("Agreement"). Capitalized terms used in this Hosted Solution Attachment and not defined in this Hosted Solution Attachment are used herein with the same meanings as such terms have under the Agreement.

2. HOSTED SOLUTION:

    (a) Summary Description: City-wide Document Management System
OnBase Software:

Product Description	Product Code	Quantity
Multi-User License	OBIPW1	1
Web Server	WTIPW1	1
Document Import Processor	DPIPW1	1
Disconnected Scanning Module	DSIPIW1	1
Disconnected Scanning Module	DSIPIW2	1
Concurrent Client	CTIPC1	20
Application Enabler	AEIPI1	1

    (c) Standard storage capacity: seventy-one (71) gigabytes. Customer may purchase additional storage capacity for Additional Storage Charges as agreed upon with the Authorized Solution Provider.

3. BACKSTOP™ SERVICES:

    ⬚ Database Backup Validation and Backup Storage Services (Quarterly)

4. TERM OF USE OF HOSTED SOLUTION:

Subject to early termination of the Agreement in accordance with Section 10 thereof this Hosted Solution Attachment will have a term of one (1) year(s); and (if not terminated earlier) this Hosted Solution Attachment shall expire at the end of such term. The parties may, upon mutually agreement, enter into a new Hosted Solution Attachment or extend the term of this Hosted Solution Attachment.

    IN WITNESS WHEREOF, the parties have duly executed this Hosted Solution Attachment on the respective dates set forth below.

CITY OF STOCKTON, CALIFORNIA

By: _____

J. Gordon Palmer, Jr.
Print Name

City Manager
Title

_____
Date

APPROVED AS TO FORM AND CONTENT

By _____
Deputy City Attorney

(Confidential)

NEKO INDUSTRIES INC, INC.

By: _____

RONALD J. HOFHENKE
Print Name

PARTNER
Title

Nov. 4, 2006
Date

ATTEST:
_____
for CITY CLERK