GRANICUS, INC. SERVICE AGREEMENT

This Service Agreement (the "Agreement"), dated as of December 15, 2009 (the "Effective Date"), is entered into between Granicus, Inc. ("Granicus"), a California corporation, and the City of Redlands (the "City"). Granicus and City are sometimes individually referred to herein as a "Party" and, together, as the "Parties." Capitalized terms used in this Agreement have the meanings given them in Section 13.

RECITALS

WHEREAS, Granicus is in the business of developing, licensing, and offering for sale various streaming media solutions specializing in Internet broadcasting, and related support services; and

WHEREAS, Granicus desires to provide, and City desires to (i) purchase, the Granicus Solution as set forth in the Proposal attached as Exhibit "A" to facilitate streaming and distribution of live and archived digital media content, (ii) engage Granicus to integrate its Granicus Software onto the Customer Website, (iii) use the Granicus Software subject to the terms and conditions set forth in this Agreement, and (iv) contract with Granicus to administer the Streaming Solution through the Managed Services set forth in the Proposal;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

AGREEMENT

SECTION 1. GRANICUS SOFTWARE AND MANAGED SERVICES.

1.1   Software and Services. Subject to the terms and conditions of this Agreement, Granicus will provide City with the Granicus Software, Professional Services, and Managed Services that comprise the Granicus Solution as outlined in the Proposal attached as Exhibit "A."

1.2   The Proposal. The Proposal specifies certain terms, conditions, payments and obligations on the products and services to be provided by Granicus to City. The Proposal is a part of this Agreement and incorporated herein by reference. In the event that any of the provisions of this Agreement are in conflict with the Proposal, the provisions of this Agreement prevail.

SECTION 2. GRANT OF LICENSE.

2.1   Ownership. Granicus, and/or its third party supplier, owns the copyright and/or certain proprietary information protectable by law in the Granicus Software.

2.2   Use. Granicus shall provide City with a revocable, non-transferable and non-exclusive account to access the Granicus Software listed in the Proposal and a revocable, non-sublicensable, non-transferable and non-exclusive right to use the Granicus Software. Granicus shall provide City with a revocable and non-transferable right to use the Granicus Hardware

listed in the Proposal. All Granicus Hardware is property of Granicus. All Granicus Software is proprietary to Granicus and protected by intellectual property laws and international intellectual property treaties. Pursuant to this Agreement, City may use the Granicus Software to perform its own work and work of its customers/constituents. Cancellation of City's Managed Services will also result in the immediate termination of City's Software license as described in this Section 2.2.

2.3   <u>Limited Warranty; Exclusive Remedies</u>. Granicus warrants that the Granicus Software, as provided by Granicus, will substantially perform in accordance with its applicable written specifications for as long as City pays for and receives Managed Services. City's sole and exclusive remedy for any breach by Granicus of this warranty is to notify Granicus, with sufficient detail of the nonconformance, and provide Granicus with a reasonable opportunity to correct or replace the defective Granicus Software. City agrees to comply with Granicus's reasonable instructions with respect to the alleged defective Granicus Software.

2.4   <u>Limitations</u>. Except for the license described in Section 2.2, Granicus retains all ownership and proprietary rights in and to the Granicus Software, and City is not permitted, and will not assist or permit a third party, to: (a) utilize the Granicus Software in the capacity of a service bureau or on a time share basis; (b) reverse engineer, decompile or otherwise attempt to derive source code from the Granicus Software; (c) provide, disclose, or otherwise make available the Granicus Software, or copies thereof, to any third party; or (d) share, loan, or otherwise allow another Meeting Body, in or outside its jurisdiction, to use the Granicus Software, or copies thereof, except as expressly outlined in the Proposal.

2.5   <u>Licensee Obligation for Security</u>. City shall take appropriate action by instruction, agreement, or otherwise with those of its employees and third party agents having access to the Granicus Software to restrict and control the use, copying, modification, disclosure, transfer, protection, and security of such Granicus Software in accordance with the provisions of this Agreement.

2.6   <u>Licensing Types.</u> Components of the Granicus Software are licensed as follows:

A. By Site: bandwidth and storage components, MediaManager Basic, MediaManager Enterprise, podcasting (both audio-only and audio/video); and

B. By Install: Outcast Encoder, MediaVault, StreamReplicator, VotingSystem, MobileEncoder (both audio-only and audio/video); and

C. By Meeting Body: MinutesMaker, agenda workflow integration, Agenda Parsers, Closed Captioning.

2.7   <u>General.</u> City and Granicus agree to take reasonable steps to comply with all applicable local, state and federal laws and regulations issued pursuant thereto.

SECTION 3. CUSTOMER SUPPORT; SALE AND MAINTENANCE OF HARDWARE.

3.1   Customer Support. At no additional fee, Granicus will use commercially reasonable efforts to provide City with reasonable telephone or e-mail technical support twenty-four (24) hours a day, seven (7) days a week, via the office and after hours customer support lines and email address. Support Information is listed in Exhibit "B." Additional support of software enhancements or modifications may be requested by City subject to City's payment to Granicus of additional fees. Granicus may update and revise the Granicus Software periodically and will provide such updates to City as they are made available.

SECTION 4. PAYMENT OF FEES.

4.1   Monthly billing for Managed Services shall begin as of the Effective Date of this agreement, as agreed upon in the proposal.

4.2   City shall pay all invoices from Granicus within thirty (30) days of receipt of invoice, provided that City shall pay the Managed Services Fee to Granicus on a monthly basis, no later than the first day of each month in advance of Granicus's provision of Professional Services. Granicus, Inc. shall send all invoices to:

City of Redlands
Finance Department
P.O. Box 3005
Redlands, CA 92373

4.3   Upon renewal of this Agreement, Granicus may include (in which case City agrees to pay) a maximum increase of three (3%) percent a year on City's Managed Services Fee.

SECTION 5. CONTENT PROVIDED TO GRANICUS.

5.1   Responsibility for Content. City shall have sole control and responsibility over the determination of which data and information shall be included in the Content that is to be transmitted, including, if applicable, the determination of which cameras and microphones shall be operational at any particular time and at any particular location. However, Granicus has the right (but not the obligation) to remove any Content that Granicus believes violates any applicable law or this Agreement.

5.2   Restrictions. City shall not provide Granicus with any Content that: (i) infringes any third party's copyright, patent, trademark, trade secret or other proprietary rights; (ii) violates any law, statute, ordinance or regulation, including without limitation the laws and regulations governing export control and e-mail/spam; (iii) is defamatory or trade libelous; (iv) is pornographic or obscene, or promotes, solicits or comprises inappropriate, harassing, abusive, profane, defamatory, libelous, threatening, indecent, vulgar, or otherwise objectionable or constitutes unlawful content or activity; (v) is harmful to minors; or (vi) contains any viruses, Trojan horses, worms, time bombs, or any other similar software, data, or programs that may

damage, detrimentally interfere with, intercept, or expropriate any system, data, information, or property of another.

5.3 <u>Indemnification.</u> City agrees to indemnify, defend and hold harmless Granicus, its officers, directors and employees, from and against any losses, damages and expenses (including lawyers' fees) arising out of or relating to any third party claims made against Granicus based on City's use of the Granicus Solution including, without limitation, any claims that City has copied, distributed or transmitted any image files in violation of any third party's rights or has directly or indirectly exported or transmitted the Content in violation of any applicable export restrictions.

<u>SECTION 6.</u> <u>TRADEMARK OWNERSHIP.</u> Granicus's and City's Trademarks are listed in the Trademark Information exhibit attached as Exhibit "D."

A. City shall retain all right, title and interest in and to its Trademarks, including any goodwill associated therewith, subject to the limited license granted to Granicus pursuant to this Section 6. All goodwill arising from use of City's Trademarks is solely for City's benefit. Upon any termination of this Agreement, Granicus's right to use City's Trademarks pursuant to this Section 6 terminates.

B. Granicus shall retain all right, title and interest in and to the Granicus, Inc. Trademarks, including any goodwill associated therewith, subject to the limited license granted to the City pursuant to Section 6. Upon any termination of this Agreement, City's right to use Granicus's Trademarks terminates.

C. Each party grants to the other a non-exclusive, non-transferable (other than as provided in Section 8 hereof), limited license to use the other party's Trademarks as is reasonably necessary to perform its obligations under this Agreement, provided that any promotional materials containing the other party's trademarks shall be subject to the prior written approval of such other party, which approval shall not be unreasonably withheld.

D. Neither party shall use the other party's Trademarks in a manner that disparages the other party or its products or services, or portrays the other party or its products or services in a false, competitively adverse or poor light. Each party shall take commercially reasonable efforts to comply with the other party's requests as to the use of the other Party's Trademarks and shall avoid any action that diminishes the value of such Trademarks.

E. The parties agree that Granicus has the right to mention the parties' relationship and to use City's Trademarks including its name and logo in marketing to City and prospective cities, and to list City as a customer on Granicus's website.

SECTION 7.   SECURITY; LIMITATION OF LIABILITY.

7.1   Security of Data. Granicus will take commercially reasonable efforts to protect and control access to City Content hosted as part of the Managed Services. However, City will be responsible for the creation and protection of its username and password for accessing the Granicus Solution.

7.2   Warranty Disclaimer. EXCEPT AS EXPRESSLY PROVIDED HEREIN, GRANICUS'S SERVICES, SOFTWARE AND DELIVERABLES ARE PROVIDED "AS IS" AND GRANICUS EXPRESSLY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, AND FITNESS FOR A PARTICULAR PURPOSE. GRANICUS DOES NOT WARRANT THAT ACCESS TO OR USE OF ITS SOFTWARE OR SERVICES WILL BE UNINTERRUPTED OR ERROR FREE. IN THE EVENT OF ANY INTERRUPTION, GRANICUS'S SOLE OBLIGATION SHALL BE TO USE COMMERCIALLY REASONABLE EFFORTS TO RESTORE ACCESS.

7.3   Limitation of Liabilities. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, GRANICUS AND ITS SUPPLIERS AND LICENSORS SHALL NOT BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, WHETHER FORESEEABLE OR NOT, INCLUDING BUT NOT LIMITED TO: THOSE ARISING OUT OF ACCESS TO OR INABILITY TO ACCESS THE SERVICES, SOFTWARE, CONTENT, OR RELATED TECHNICAL SUPPORT; DAMAGES OR COSTS RELATING TO THE LOSS OF: PROFITS OR REVENUES, GOODWILL, DATA (INCLUDING LOSS OF USE OR OF DATA, LOSS OR INACCURACY OR CORRUPTION OF DATA); OR COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND EVEN IN THE EVENT OF THE FAILURE OF ANY EXCLUSIVE REMEDY. IN NO EVENT WILL GRANICUS'S AND ITS SUPPLIERS' AND LICENSORS' LIABILITY EXCEED THE AMOUNTS PAID BY CITY UNDER THIS AGREEMENT REGARDLESS OF THE FORM OF THE CLAIM (INCLUDING WITHOUT LIMITATION, ANY CONTRACT, PRODUCT LIABILITY, OR TORT CLAIM (INCLUDING NEGLIGENCE), STATUTORY OR OTHERWISE.

SECTION 8.   CONFIDENTIAL INFORMATION AND OWNERSHIP.

8.1   Confidentiality Obligations. Each party agrees to keep confidential and not disclose to any third party, and to use only for purposes of performing or as otherwise permitted under this Agreement, any Confidential Information. The receiving party shall protect the Confidential Information using measures similar to those it takes to protect its own confidential and proprietary information of a similar nature but not less than reasonable measures. Each Party agrees not to disclose the Confidential Information to any of its Representatives except those who are required to have the Confidential Information in connection with this Agreement and then only if such Representative is either subject to a written confidentiality agreement or otherwise subject to fiduciary obligations of confidentiality that cover the confidential treatment

of the Confidential Information.

8.2   Exceptions. The obligations of this Section 8 shall not apply with respect to any particular portion of the Confidential Information if the receiving Party can prove by appropriate documentation that such Confidential Information (i) was known to the receiving Party as shown by the receiving Party's files at the time of the disclosure thereof, (ii) was already in the public domain at the time of the disclosure thereof, (iii) entered the public domain through no action of the receiving Party subsequent to the time of the disclosure thereof, or (iv) is required by law or government order to be disclosed by the receiving Party, provided that the receiving Party shall (notify) the disclosing Party in writing of such required disclosure as soon as reasonably possible prior to such disclosure, (vi) use its commercially reasonable efforts at its expense to cause such disclosed Confidential Information to be treated by such governmental authority as trade secrets and as confidential, and(vii) use its commercially reasonable efforts at its expense to obtain such other protective orders and protections with respect thereto as the disclosing Party may reasonably request.

8.3   Contract Use Disclosure.   The terms and conditions of this Agreement may be used by either party to disclose the terms and conditions to other local agencies in an effort to exhibit the following: the terms and conditions as fair and reasonable, or to determine the best value, or for marketing purposes, or to further business development.

SECTION 9. DISCLOSURE OF AGREEMENT; INTERLOCAL ARRANGEMENTS.

9.1   Disclosure of Agreement Terms.   The terms and conditions of this Agreement may be disclosed by either party to other public agencies for the purpose of such other agencies' purchasing services under this Agreement pursuant to an interlocal or cooperative arrangement with City. In addition, Granicus may disclose the terms and conditions of this Agreement in an effort to show that the terms offered to another public agency are fair and reasonable or to determine the best value. It is understood that Granicus shall not be precluded from disclosing the terms and conditions of its form of Service Agreement to any other third party at Granicus's sole discretion and for any reason.

9.2   Included Parties; Interlocal Agreement.   Pursuant to any interlocal, intergovernmental, or other such cooperative agreement with City, Granicus will accept orders from, and will furnish the Granicus Software, Hardware, Professional Services, and Managed Services as outlined in the Proposal to any governmental agency or other public entity authorized by City to use the Proposal, based upon substantially the same terms and conditions of this Agreement, with the exception of price schedules.

9.3   Political Subdivision Participation. Granicus agrees to supply, sell, and contract separately with other similar or related political subdivisions (i.e., colleges, school districts, counties, cities, etc.) of City, based upon substantially the same terms and conditions of this Agreement, with the exception of price schedules, in an effort to establish the terms and conditions as fair and reasonable.

SECTION 10. TERM AND TERMINATION.

10.1   Term. The term of this Agreement shall commence on the Effective Date of this Agreement and shall continue in full force and effect for one (1) year thereof. This Agreement shall automatically renew for an additional three (3) terms of one (1) year each, unless either party notifies the other in writing at least thirty (30) days prior to such automatic renewal that the party does not wish to renew this Agreement.

10.2   Termination. This Agreement may be terminated, in whole or in part, pursuant to the following terms and conditions:

A.   After one year from the Effective Date, by City for convenience, upon sixty (60) days prior written notice to Granicus; and

B.   By either party if the other party materially defaults or breaches this Agreement and fails to cure such default or breach within sixty (60) days following receipt of written notice from the non-breaching party.

10.3   Rights Upon Termination. Upon any expiration or termination of this Agreement, and unless otherwise expressly provided in an exhibit to this Agreement:

A.   City's right to access or use the Granicus Solution, including Granicus Software, terminates and Granicus has no further obligation to provide any services; and

B.   City has the right to keep any purchased Hardware, provided that City removes and/or uninstalls any Granicus Software on such Hardware; and

C.   City shall immediately return the Granicus Software and all copies thereof to Granicus, and within thirty (30) days of termination, City shall deliver a written certification to Granicus certifying that it no longer has custody of any copies of the Granicus Software.

10.4   Obligations Upon Termination. Upon any termination of this Agreement,

A.   The parties shall remain responsible for any payments that have become due and owing up to the effective date of termination; and

B.   The provisions of Sections 2.1, 2.4, 2.5, 4, 5, 6, 7.2, 7.3, 8, 9.1, 10.4, 11, 12, and 13 hereof, and applicable provisions of the Exhibits intended to survive, shall survive termination of this Agreement and continue in full force and effect; and

C.   Pursuant to the Termination or Expiration Options Regarding Content attached as Exhibit "E," Granicus shall allow the City limited access to the City's Content, including, but not limited to, all video recordings, timestamps, indices, and cross-referenced documentation. City shall also have the option to order hard copies of the Content in the form of compact discs or other equivalent format; and

D.   Granicus has the right to delete Content within sixty (60) days of the expiration or termination of this Agreement.

SECTION 11. PATENT, COPYRIGHT AND TRADE SECRET INFRINGEMENT.

      11.1   Intellectual Property Indemnity. Subject to the terms and conditions of this Agreement, Granicus will defend any suit brought by a third party against City to the extent based on a claim that the Granicus Software infringes any United States patent, copyright, trade secret or trademark, and Granicus shall pay any final judgment rendered on, or settlement agreed to in writing by Granicus with respect to, such claim. These obligations are contingent upon City promptly notifying Granicus in writing of any claims or threatened claims, Granicus having sole control over the defense and all negotiations for settlement of any such claim, and City giving all reasonable assistance to Granicus in the defense and settlement of the claim. These obligations are further subject to City being in compliance with its payment obligations under this Agreement. Granicus will not be responsible for any settlement it does not approve in writing. THE FOREGOING IS IN LIEU OF ANY WARRANTIES OF NONINFRINGEMENT, WHICH ARE DISCLAIMED.

      11.2   Granicus's Options. If the Granicus Software becomes, or in Granicus's opinion is likely to become, the subject of an infringement claim, Granicus may, at its option and sole discretion, (i) obtain for City the right to continue to use the Granicus Software as provided in this Agreement; (ii) replace the Granicus Software with another software product that provides similar functionality; or (iii) if Granicus determines that neither of the foregoing options are reasonably available, Granicus may cease providing the applicable services or require that City cease use of and destroy the Granicus Software. In that event, and provided that City returns or destroys (and certify to such destruction of) all copies of the Granicus Software in City's possession or control, if any, Granicus will refund to City all license fees paid by City under the current Agreement.

      11.3   Limitations of Indemnity. Granicus's obligations under Section 11 do not apply to any claims, damages or liabilities arising out of or relating to any of the following ("Excluded Claims"): (i) the combination of the Granicus Software with any other software, products, hardware, component, process or material not obtained from Granicus; (ii) any modification to the Granicus Software (unless made by Granicus) if the alleged infringement arises from such modification; (iii) use of the Granicus Software in a manner not permitted by or in breach of this Agreement; (iv) City's failure to use replacement or modified Granicus Software that provides substantially similar functionality as the original Granicus Software and the replacement or modified Granicus Software would have rendered the Granicus Software noninfringing; or (v) Granicus's compliance with City's instructions, specifications or requirements. City will indemnify and hold harmless Granicus with respect to any and all Excluded Claims.

SECTION 12. MISCELLANEOUS.

      12.1   Export Restrictions. The Parties will comply with all applicable laws, rules and regulations, including export laws, in its performance under this Agreement. In particular, City acknowledges and agrees that the Granicus Software and other materials provided by Granicus are subject to regulation by U.S. Government agencies and other governmental authorities, and City agrees not to directly or indirectly export, re-export or import any such materials without first obtaining all required licenses and permissions.

12.2   Assignment; Successors and Assigns. Neither this Agreement nor any rights or obligations herein may be assigned by either Party, by operation of law or otherwise, without the written consent of the other party; provided, however, that, without the consent of City, Granicus may assign this Agreement in connection with a merger, consolidation, assignment, sale or other disposition of the majority of Granicus's stock or substantially all of the assets or business relating to the portion of Granicus's operations that is the subject of this Agreement. This Agreement shall be binding on and inure to the benefit of the Parties and their heirs, legal representatives, successors and permitted assigns.

12.3   Amendment and Waiver. This Agreement may be amended, modified, waived or canceled only in writing signed by each of the Parties hereto or, in the case of a waiver, by the Party waiving compliance. Any failure by either Party to strictly enforce any provision of this Agreement will not be a waiver of that provision or any further default.

12.4   Governing Law. The laws of the State of California shall govern the validity, construction, and performance of this Agreement, without regard to its conflict of law principles. .

12.5   Construction and Severability. Wherever possible, each provision of this Agreement shall be interpreted so that it is valid under applicable law. If any provision of this Agreement is held illegal or unenforceable, that provision will be reformed only to the extent necessary to make the provision legal and enforceable; all remaining provisions continue in full force and effect.

12.6   Independent Contractors. The Parties are independent contractors, and no other relationship is intended by this Agreement.

12.7   Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute one and the same instrument.

12.8   Entire Agreement. This Agreement, including the Proposal attached as Exhibit "A," and other applicable exhibits (which may include the Contact Information attached as Exhibit "B," the Hardware Exhibit attached as Exhibit "C," the Trademark Information listed in Exhibit "D," and the Termination or Expiration Options Regarding Content provided in Exhibit "E"), is the entire agreement and replaces any other understandings or agreements (whether oral or written) between the Parties regarding the subject matter of this Agreement.

12.9   Notices. All notices and other communications required or permitted under this Agreement must be in writing and hand delivered or sent by registered first-class mail, postage prepaid or by overnight courier service. Such notices or other communications shall be effective upon receipt if hand delivered, and ten (10) business days after mailing (or, for overnight courier, the number indicated in the mailing instructions) if sent, in the case of City, to the address set forth below and, in the case of Granicus, to its principal executive offices to the attention of the Chief Executive Officer, or at such other address for a party as may be specified by like notice.

12.10   Force Majeure. Other than payment obligations, neither Party is responsible for

any delay or failure in performance if caused by any event outside the reasonable control of the Party, including without limitation acts of God, government regulations, shortage of supplies, act of war, act of terrorism, earthquake, or electrical, internet or telecommunications outage.

SECTION 13. DEFINITIONS.

In addition to the capitalized terms otherwise defined herein, the following additional capitalized terms shall have the meanings set forth below:

13.1   "Agreement" shall mean this Service Agreement.

13.2   "City" shall mean the City of Redlands.

13.3   "City Use" shall mean any public streaming, document posting, podcasting, or internal streaming that is not for system testing or validation purposes by City.

13.4   "Confidential Information" shall mean all proprietary or confidential information disclosed or made available by the other |Party pursuant to this Agreement that is identified as confidential or proprietary at the time of disclosure or is of a nature that should reasonably be considered to be confidential, and includes but is not limited to the terms and conditions of this Agreement, and all business, technical and other information (including without limitation, all product, services, financial, marketing, engineering, research and development information, product specifications, technical data, data sheets, software, inventions, processes, training manuals, know-how and any other information or material), disclosed from time to time by the disclosing party to the receiving party, directly or indirectly in any manner whatsoever (including without limitation, in writing, orally, electronically, or by inspection); provided, however, that Confidential Information shall not include the Content that is to be published on the website(s) of City.

13.5   "Content" shall mean any and all, documents, graphics, video, audio, images, sounds and other content that is streamed or otherwise transmitted or provided by, or on behalf of City to Granicus.

13.6   "Customer Website" shall mean the City's existing website

13.7   "Granicus" shall mean Granicus, Inc.

13.8   "Granicus Solution" shall mean the Solution detailed in the Proposal, which may include Granicus Software, Installation and Training, Managed Services, and Hardware, as specified in Exhibit "A."

13.9   "Granicus Software" shall mean all software included with the Granicus Solution as specified in the attached Proposal that may include but is not limited to: MediaManager™ (includes Uploader, Software Development Kit, CD Creator, and Podcasting Services), MinutesMaker™ (includes LiveManager), MobileEncoder™, VotingSystem™ (includes Public Vote Display and MeetingMember), OutCast™ Encoder (includes Meeting Server),

StreamReplicator™, and MediaVault™.

13.10 "Hardware" shall mean the equipment components of the Granicus Solution, as listed in Exhibit "A."

13.11 Install" shall mean a single instance in which the software is set up and prepared for use with the Granicus Solution.

13.12 "License Fee" shall mean the total cost of the Granicus Software product, as specified in Exhibit "A."

13.13 "Managed Services" shall mean the services provided by Granicus to City for bandwidth usage associated with live and archived Internet streaming, data storage, and Granicus Solution maintenance, upgrades, parts, customer support services, and system monitoring, as detailed in the Proposal attached as Exhibit "A."

13.14 "Managed Services Fee" shall mean the monthly cost of the Managed Services, as specified in Exhibit "A."

13.15 Meeting Body" shall mean a unique board, commission, agency, or council body comprised of appointed or elected officials that meet in a public capacity with the objective of performing decisions through a democratic voting process (typically following Robert's Rules of Order). Two or more Meeting Bodies may be comprised of some or all of the same members or officials but may still be considered separate and unique Meeting Bodies at Granicus' sole discretion. For example, committees, subcommittees, city councils, planning commissions, parks and recreation departments, boards of supervisors, school boards/districts, and redevelopment agencies may be considered separate and unique individual Meeting Bodies at Granicus's sole discretion.

13.16 "Professional Services" shall mean the installation, design, website and template integration, and training obligations as detailed in the Proposal.

13.17 "Representatives" shall mean the officers, directors, employees, agents, attorneys, accountants, financial advisors and other representatives of a Party.

13.18 "Site" shall mean an organization that is governed by a single set of policy and budgetary restraints. For example, a city and its school district are considered separate Sites. Exceptions may be granted at Granicus's sole discretion.

13.19 "Trademarks" shall mean all trademarks, trade names and logos of City listed on Exhibit "D" attached hereto, and any other trademarks, trade names and logos that City may specify in writing to Granicus from time to time.
This Agreement consists of this Service Agreement as well as the following exhibits, as indicated:

      Exhibit A: Proposal
      Exhibit B: Support Information

Exhibit C: Hardware Exhibit
Exhibit D: Trademark Information
Exhibit E: Termination or Expiration Options Regarding Content

GRANICUS, INC.

By: _____
           Thomas A. Spengler
Its: Chief Executive Officer

Address:
           568 Howard Street, Suite 300
           San Francisco, CA 94105

CITY OF REDLANDS

By: _____
           Mayor

Attest:

_____
City Clerk

PROPOSAL

EXHIBIT B

SUPPORT INFORMATION

1.   Contact Information. The support staff at Granicus may be contacted by the City at its mailing address, general and support-only telephone numbers, and via e-mail or the Internet.

        (a)   Mailing Address. Mail may be sent to the support staff at Granicus headquarters, located at 568 Howard Street, Suite 300, San Francisco, California, 94105.

        (b)   Telephone Numbers. Office staff may be reached from 8:00 AM to 7:00 PM Pacific time at (415) 357-3618 or toll-free at (877) 889-5495. The technical support staff may be reached at (415) 655-2400 from 8:00 AM to 7:00 PM Pacific time. After hours or in case of a technical support emergency, the support staff may be reached at (415) 655-2414, twenty-four (24) hours a day, seven (7) days a week.

        (c)   Internet and E-mail Contact Information. The website for Granicus is http://www.granicus.com.   E-mail   may   be   sent   to   the   support   staff   at support@granicus.com.

2.   Support Policy. When Granicus received notification of an issue from City, a Granicus account manager or technical support engineer will respond directly to the City via phone or e-mail with (a) an assessment of the issue, (b) an estimated time for resolution, and (c) will be actively working to resolve the issue as appropriate for the type of issue. Notification shall be the documented time that Granicus receives the City's call or e-mail notifying Granicus of an issue or the documented time that Granicus notifies City there is an issue. Granicus reserves the right to modify its support and maintenance policies, as applicable to its customers and licensees generally, from time to time, upon reasonable notice.

3.   Scheduled Maintenance. Scheduled maintenance of the Granicus Solution will not be counted as downtime. Granicus will clearly post that the site is down for maintenance and the expected duration of the maintenance. Granicus will provide the City with at least two (2) days prior notice for any scheduled maintenance. All system maintenance will only be performed during these times, except in the case of an emergency. In the case that emergency maintenance is required, the City will be provided as much advance notice, if any, as possible under the circumstances.

4.   Software Enhancements or Modifications. The City may, from time to time, request that Granicus incorporate certain features, enhancements or modifications into the licensed Granicus Software. Subject to the terms and conditions to this exhibit and the Service Agreement, Granicus and City will use commercially reasonable efforts to perform all tasks in the Statement of Work ("**SOW**"). Upon the City's request for such enhancements/modifications, the City shall prepare a SOW for the specific project that

shall define in detail the Services to be performed. Each such SOW signed by both parties is deemed incorporated in this exhibit by reference. Granicus shall submit a cost proposal including all costs pertaining to furnishing the City with the enhancements/modifications.

4.1   Documentation. After the SOW has been executed by each party, a detailed requirements and detailed design document shall be submitted illustrating the complete financial terms that govern the SOW, proposed project staffing, anticipated project schedule, and other information relevant to the project. Such enhancements or modifications shall become part of the licensed Granicus Software.

4.2   Acceptance. City understands that all work contemplated by this exhibit is on a "time-and-materials" basis unless otherwise stated in the SOW. Within ten (10) business days of Granicus's completion of the milestones specified in the SOW and delivery of the applicable enhancement/modification to City, City will provide City with written notice of its acceptance or rejection of the enhancement/modification, based on the acceptance criteria set forth in the SOW. City agrees that it will not reject any enhancement/modification so long as it substantially complies with the acceptance criteria.

4.3   Title to Modifications. All such modifications or enhancements shall be the sole property of the Granicus.

5.   Limitation of Liability; Exclusive Remedy. IN THE EVENT OF ANY INTERRUPTION, GRANICUS'S SOLE OBLIGATION, AND CITY'S EXCLUSIVE REMEDY, SHALL BE FOR GRANICUS TO USE COMMERCIALLY REASONABLE EFFORTS TO RESTORE ACCESS AS SOON AS REASONABLY POSSIBLE.

[End of Support Information]

EXHIBIT C

GRANICUS, INC.

HARDWARE EXHIBIT

THIS HARDWARE EXHIBIT is entered into by Granicus and City, as an attachment to the Service Agreement between Granicus and City, for the use of the hardware components of the Granicus Solution (the "**Hardware**") by Granicus to City. This exhibit is an additional part of the Service Agreement and is incorporated therein by reference. This exhibit does not change any term of the Service Agreement except to the extent it is contrary to the Service Agreement. Capitalized terms used but not defined in this exhibit have the meanings given in the Service Agreement.

1.   **Purchase Price**. The purchase price for the Hardware shall be the price specified in the Proposal.

2.   **Title and Delivery**. Any scheduled ship date quoted is approximate and not the essence of this exhibit. Delivery is F.O.B. Granicus's point of shipment. Granicus will select the shipment method unless otherwise mutually agreed in writing. The risk of loss passes to City upon delivery to the carrier at Granicus's point of shipment. Granicus retains title to the Hardware. Granicus retains title to and ownership of all Granicus Software installed by Granicus on the Hardware, notwithstanding the use of the term "sale" or "purchase."

3.   **Acceptance**. Use of the Hardware by City, its agents, employees or licensees, or the failure by Customer to reject the Hardware within fifteen (15) days following delivery of the Hardware, constitutes City's acceptance. Customer may only reject the Hardware if the Hardware does not conform to the applicable written specifications.

4.   **Hardware Warranty**. Granicus will provide to City any warranty provided by the manufacturer with respect to the Hardware. Granicus shall repair or replace any Hardware provided directly from Granicus that fails to function properly due to normal wear and tear, defective workmanship, or defective materials as long as such Hardware is then under the manufacturer's warranty.

5.   **Service Response Time**. For hardware issues requiring replacement, Granicus shall respond (via written or verbal acknowledgment) to the request made by the City within twenty-four (24) hours. Hardware service repair or replacement will occur within seventy-two (72) hours of the request by the City, not including the time it takes for the part to ship and travel to the City. The City shall grant Granicus or its Representatives access to the Hardware for the purpose of repair or replacement at reasonable times. Granicus will keep the City informed regarding the time frame and progress of the repairs or replacements.

6.   **DISCCLAIMER OF WARRANTIES**. NOTWITHSTANDING THE MAINTENANCE PROVIDED UNDER SECTION 5 ABOVE, THE SOLE WARRANTY ON THE HARDWARE IS ANY MANUFACTURER'S WARRANTY AS PROVIDED IN SECTION 4 ABOVE, AND GRANICUS DISCLAIMS ANY AND ALL EXPRESS,

IMPLIED OR STATUTORY WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, OF MERCHANTABILITY AND AGAINST INFRINGEMENT, WITH RESPECT TO THE HARDWARE. NO PERSON IS AUTHORIZED TO MAKE ANY WARRANTY OR REPRESENTATION ON BEHALF OF GRANICUS.

7.   **LIMITATION OF LIABILITY**. GRANICUS SHALL NOT BE LIABLE FOR CONSEQUENTIAL, EXEMPLARY, INDIRECT, SPECIAL, PUNITIVE OR INCIDENTAL DAMAGES ARISING OUT OF OR RELATING TO THIS EXHIBIT INCLUDING WITHOUT LIMITATION LOSS OF PROFIT, WHETHER SUCH LIABILITY ARISES UNDER CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT PRODUCT LIABILITY OR OTHERWISE, EVEN IF GRANICUS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF SUCH DAMAGE COULD HAVE BEEN REASONABLY FORESEEN. IN NO EVENT WILL GRANICUS'S LIABILITY TO CITY ARISING OUT OF OR RELATING TO THIS EXHIBIT EXCEED THE AMOUNT OF THE PURCHASE PRICE PAID TO GRANICUS BY CUSTOMER FOR THE HARDWARE.

[end of Hardware Exhibit]

EXHIBIT D

TRADEMARK INFORMATION

Granicus Registered Trademarks ®

Granicus logo as a mark
Granicus®
MediaVault®
Mobile Encoder®
Outcast Encoder®
StreamReplicator®

Granicus Trademark Names ™

Integrated Public Record™
Intelligent Routing™
LinkedMinutes™
LiveManager™
MediaCenter™
MediaManager™
MeetingMember™
MeetingServer™
Simulcast Encoder™
VoteCast™
VoteCast™ Classic
VoteCast™ Touch

City Trademarks

EXHIBIT E

TERMINATION OR EXPIRATION OPTIONS REGARDING CONTENT

In case of termination by City or expiration of the Service Agreement, Granicus and the City shall work together to provide the City with a copy of its Content. The City shall have the option to choose one (1) of the following methods to obtain a copy of its Content:

- Option 1: Video files on DVR and a compact disc (CD) that contains the index and clip name data in CSV or XML format will be created and sent to the City. This option may result in an additional charge to City.
- Option 2: Provide the Content via download from MediaManager or from a special site created by Granicus. This option shall be provided free of charge.
- Option 3: Granicus shall provide the means to pull the content from the MediaVault in CSV or XML format. This option shall be provided free of charge.

The City and Granicus shall work together and make their best efforts to transfer the Content within the sixty (60) day termination period. Granicus has the right to delete Content from its services after sixty (60) days.