

AGREEMENT

BETWEEN

Clancy Systems International, Inc.
2250 S. Oneida #308
Denver, Colorado 80224

and

City of Jonesboro
410 W. Washington St.
Jonesboro, AR 72401

This Agreement made and entered into this 1st day of August, 2007, by and between the City of Jonesboro, AR, hereinafter referred to as "City" and Clancy Systems International, Inc., hereinafter referred to as the "Company".

WITNESSETH

WHEREAS, City has determined that computerizing and monitoring some of its installation will be of benefit; and

WHEREAS, the Company is in the business of providing a computerized parking control and enforcement systems that may prove to be effective and compliment City parking operations; and

WHEREAS, the Company has evidenced a willingness to install and implement its system for City on a service contract basis.

NOW, THEREFORE, in consideration of mutual covenants, promises and agreements herein set forth, it is agreed as follows:

1. PORTABLE DATA ENTRY EQUIPMENT

The Company will provide all portable data entry terminals and accompanying printers for use by the Parking Enforcement personnel in the field.

2. OFFICE COMPUTERS AND OTHER EQUIPMENT

The Company will provide a computer and printer, storage and charging racks, and all equipment needed to support the office data acquisition and data processing tasks.

3. SUPPLIES

The Company will procure all preprinted citation forms, payment envelopes, and batteries.

4. EQUIPMENT WARRANTY

The Company unconditionally warrants all equipment. At any time during the contract, or any renewal thereof, Company will provide for repair or replacement of equipment regardless of the reason for malfunction, even if from misuse, without cost. On site spares will be provided in addition to the required number of portable data entry units with printers during the term of the contract and any renewal thereof.

City recognizes that the field units are computers and printers, and, although ruggedized for portable use, do require care to ensure the integrity of same. The user shall take required measures to protect from frequent drops, exposure to extreme weather conditions and at all times treat the equipment with respect. The Company will provide special mounts, mounting materials and plastic covers upon the request of City.

5. INSTALLATION

The Company will install the System (System is defined herein as all hardware described above or listed on any exhibit and all custom software for ticket issuance, processing and management). The initial installation and training period shall include a Company representative on site at City for 2 business days.

6. SOFTWARE

The Company will produce all custom programming and procedures for both the office computers and data entry terminals to reflect City requirements. Company personnel will devote such time as is necessary to familiarize themselves with City protocol for citation generation and the general geography and logistics of City.

The Company will provide ticket management software including ticket management reports, complaint generation, notices, permit information management, as well as other reports as required.

The Company shall put forth best efforts to deliver the initial system software and any additional software provided to, or developed for City in error free form. Company shall promptly debug and correct any deficiencies upon notice of defect from City.

7. SITE LICENSE

By execution of this contract and any extensions thereof, City is granted a site license to use the system software and any modifications or customization thereof to operate its computerized parking citation issuance and management operations.

This software is protected by both United States copyright law and international treaty provisions. Clancy grants City the right to make archival copies of the software for sole purpose of backing up and protecting your data from hazard or loss. You may not give copies to another person, City, organization or duplicate the software by any other means including electronic transmission.

The statements in this section of the contract shall be construed, interpreted and governed by the laws of the state of Colorado.

8. CONSULTING SERVICES

The Company agrees to be immediately available for consultation by telephone when required. With 5 business days notice, a representative can be available at City for consultation if/when required.

9. UPDATES

The Company will provide updating and improvements to the system as needs arise and as new technology becomes available. Such updates shall include hardware upgrades, software updates and software enhancements and will be provided at no additional cost to City. Software updates and enhancements shall be delivered by diskette or be loaded directly on-line via FTP site.

10. TRAINING

The Company will provide training for operators who will be using the ticket issuance devices in the field and for all personnel who will work on system management on the PC computer(s).

11. SUPPORT

The Company shall provide ongoing system support for the term of the contract and any renewal period thereof. Support shall include telephone support, on-line support, overnight delivery of critical materials, and on-site visits as required.

12. ACCESS

City will provide the Company with reasonable and appropriate access to both the operators writing parking tickets and to data processing personnel who will be using the computer systems.

13. INTERNET PAYMENT PROCESSING

The Company shall, at the election of City, create and host a web site for payment by credit card (Visa and Mastercard) and checks for citations, permits and other services as desired by City. There will be no charge to City for this service. A \$2.50 handling fee is added to the remitter's costs.

The funds shall be transferred to City either once each month. Payment shall be made by check to the agency or direct ACH transfer into the agency's bank. A spread sheet of detail (transaction number, ticket number and payment amount) shall be provided with each settlement for verification.

14. PAYMENT

City agrees to pay \$100 per month for each field unit and \$150 per month system support for each computer node on which system operates (under this fee we provide PC's and printers) City agrees to pay ten (\$.10) cents for each ticket form purchased (this includes envelopes for remittance). In addition, the Company will be reimbursed for actual travel costs for installation and training not to exceed \$2500.

15. OTHER OPTIONAL SERVICES

Mailing of Notice Letters \$.77 each

DMV research through an attorney minimum \$2.50 or what State fees are (i.e. PA is \$4.00)

Service fees for ticket processing \$2 per ticket issued during billing month

NON-DISCRIMINATION CLAUSE

The Company agrees not to discriminate against any employee or applicant for employment because of age, race, creed, color, sex, national origin or ancestry. The Company shall take affirmative action to insure that employees are treated without regard to their age, race, creed, color, national origin, sex or ancestry. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer, of pay or other forms of compensation and selection for training, including apprenticeship.

In the event of the Company's non-compliance with this non-discrimination clause, the contract may be canceled or terminated by City. The Company may be declared by City ineligible for further contracts with City until satisfactory proof of intent to comply shall be made by the Company.

The Company agrees to include this non-discrimination clause in any subcontracts connected with the performance of this agreement.

NOTICE

Any written notice provided for hereto shall be deemed properly mailed and delivered when the same is deposited in the United States mail, postage prepaid and properly addressed to the party to whom such notice is directed. Proper address of the two parties shall be as follows:

City: City of Jonesboro
410 W. Washington
Jonesboro, AR 72401

Company: Clancy Systems International, Inc.
2250 S. Oneida #308
Denver, CO 80224

PROPERTY TAX, SALES TAX, USE TAX, EXCISE TAX, OTHER SPECIAL LICENSES

Any property tax due on the hardware placed on City premises for use by City shall be the responsibility of City in such event that City does not have tax exempt status. Should City fall under tax exempt status provisions, such hardware shall fall under such provisions.

Any applicable sales tax, use tax, excise tax or other special taxes or licensing requirements shall be paid directly by City to the proper taxing agency. The Company shall not be required to collect, file and transmit such taxes on behalf of City.

OWNERSHIP

All hardware, software and source code shall at all times remain the exclusive property of Clancy Systems International, Inc. At the expiration of the contract term, all equipment shall be returned to the Company. Any missing equipment shall be billed to City at depreciated value.

RETURN OF SYSTEM

Subsequent to non-renewal or cancellation of contract, all system hardware and peripherals placed on City premises for use during contract term shall be properly packaged and returned to the Company in good working order.

All software provided for system use during the term of the contract shall no longer be used nor shall any copies of the software be made and transferred to other equipment.

CITY PROVIDED RESPONSIBILITIES

City shall be responsible for providing the following items:

1. Desk or table top space to accommodate field units, chargers, and system computer and printer.
2. A dedicated modem telephone line or network connection for Internet access.
3. A staff person assigned as the system administrator. This person shall be given in depth training, shall be the liaison between the Company and City, and shall have the responsibility of operating the system and providing training to new personnel.
4. Internet connection/service

TERM OF AGREEMENT

The term of this Agreement shall be for twelve months commencing the 1st day of August, 2007, and ending on the 31st day of July, 2008. Thereafter, until a cancellation notice issued in writing, this contract shall automatically renew from year to year. Any exceptions to be made shall be duly acknowledged in writing by the parties and incorporated as an exhibit to the original contract.

It is hereby agreed, that this Contract shall take effect, and remain in force and effect, from the date of the execution hereof, and further this Contract may be terminated at any time, by either party, upon the giving of thirty (30) days notice, in writing to the other party. Charges will be prorated for any portion of a month that equipment is in place should such cancellation occur.

ENTIRE AGREEMENT

It is expressly understood and agreed by the parties hereto that the provisions embodied in this Agreement contain all covenants, agreements, obligations and stipulations agreed upon by the parties and upon execution thereof. This Agreement may be modified or amended at any time by mutual agreement in writing of the parties.

This Agreement shall be executed in multiple counterparts each of which shall be deemed an original.

This Agreement shall inure to the benefit of and shall be binding upon City, the Company and their respective successors and assigns, if such assignment has been approved by both parties.

This agreement shall be governed by and construed in accordance with the laws of the State of Colorado, including its conflict of laws provisions.

In Witness Whereof, the parties have hereunto set their hands and seals.

CLANCY SYSTEMS INTERNATIONAL, INC.

By Stanley Wagon, Pres

Exhibit A

Hardware and Software Schedule

Hardware

- 1 Field units for ticket issuance
- 0 On-site spare units
- 1 Charger/communication cradles (each holds 4 field units)
- 1 PC Computers
- 1 Computer Printers

Software

Ticket Issuance software for field units
Communications software
Ticket processing and management software
Report generation software

Supplies

Citation Forms
Batteries
Cables/connectors
Pre-addressed airbills for shipment of field units for repair