

RESOLUTION NO. 25-2008

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, APPROVING AN AGREEMENT BETWEEN SAGEM MORPHO, INC., AND THE CITY OF BENSON FOR FINGERPRINT SYSTEM MAINTENANCE SERVICES.

WHEREAS, the City's Police Department has a computerized fingerprint system; and

WHEREAS, the Police Department must maintain the system and requires support for it; and

WHEREAS, Sagem Morph, Inc., has qualified personnel, supplies and equipment available to maintain the City's fingerprint system; and

WHEREAS, the City wishes to engage Sagem Morpho to provide these services; and

WHEREAS, Sagem Morpho has submitted an Agreement to the City, attached hereto as Exhibit A and incorporated herein by this reference, pursuant to which Sagem Morpho would provide the City with maintenance and support services, and the City would pay the fees for same; and

WHEREAS, the Mayor and Council of the City of Benson have determined that approval of the Agreement is in the best interests of the City and its residents.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Benson, that the City hereby approves the Agreement between Sagem Morpho, Inc., and the City of Benson, and the Mayor is hereby directed to execute said Agreement on behalf of the City of Benson.

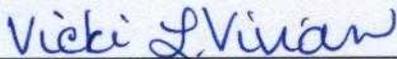
BE IT FURTHER RESOLVED that the staff of the City is hereby directed to take all actions necessary and proper to implement the Agreement and further its purposes.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BENSON, ARIZONA, this 28th day of April, 2008.



MARK M. FENN, Mayor

ATTEST:



VICKI L. VIVIAN, City Clerk

APPROVED AS TO FORM:



for THOMAS A. BENAVIDEZ, City Attorney

Exhibit "A"
Agreement between
Sagem Morpho, Inc., and the City of Benson

MAINTENANCE SERVICES AGREEMENT

This Agreement is made and entered into by and between SAGEM MORPHO, INC., ("MORPHO") and the customer identified below ("Customer"). This Agreement includes, and incorporates by this reference, the Basic Terms and Conditions set forth below, a Description of Supported Equipment and Software, MORPHO's Maintenance Services Agreement Terms and Conditions (the "Agreement"), and attached pricing spreadsheet(s), if relevant.

Customer (or a third party) entered into an Agreement for Purchase and Sale of Hardware and License of Software with MORPHO (the "Base Agreement") dated as of the date set forth below, pursuant to which Customer possesses the Equipment and Software (if the Base Agreement is between MORPHO and a third party, please write the name of such third party here: Arizona Department of Public Safety

Customer hereby orders, and MORPHO hereby agrees to provide, support services for the Equipment and Software during the Term in accordance with the terms of this Agreement. It is understood that if Customer submits a purchase order for the support services which are the subject of this Agreement, such order shall be subject to all terms and conditions of this Agreement with the same force and effect as if they were included on the Customer's purchase order.

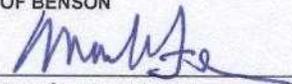
MORPHO may revoke this offer at any time prior to receipt of Customer's signature. Unless otherwise agreed, this offer shall expire if not signed and returned to MORPHO by Customer within thirty (30) days after the date of MORPHO's signature.

BASIC TERMS AND CONDITIONS

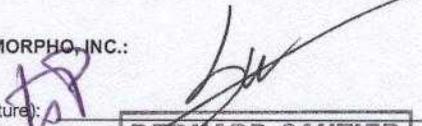
| | |
|---|-------------------------------|
| Base Agreement Date : September 1, 2005 | Effective Date : July 1, 2007 |
| 1. Customer's Site(s): City of Benson Police Department 360 S. Gila Street, Benson, AZ 85602 | |
| 2. Initial Annual Fee: \$1,233.00 for FY 07/08 (subject to 5% escalation fee in each subsequent year) Appendix A | |

Terms defined elsewhere in this Agreement will have the same meanings when used herein. Customer acknowledges that it has received, read, understands and agrees to all of the provisions contained in this Agreement and attachments hereto.

CUSTOMER: CITY OF BENSON

By (Signature): 
 Printed Name: Mark M. Fenn
 Title: Mayor
 Address: 120 W. 6th Street
Benson, AZ 85602
 Date Signed: 5-1-08

SAGEM MORPHO, INC.:

By (Signature): 
 Printed Name: BERNARD GAUTIER
 Title: PRESIDENT/CEO
 Address: 1145 Broadway Plaza, Suite 200
Tacoma, Washington 98402
 Date Signed: 5/28/08

DESCRIPTION OF SUPPORTED EQUIPMENT AND SOFTWARE

The Equipment shall consist of:
See details of Appendix A

The Software shall consist of:
See details of Appendix A

MAINTENANCE SERVICES AGREEMENT
TERMS AND CONDITIONS

These Maintenance Services Agreement Terms and Conditions are part of the Maintenance Services Agreement ("Agreement") between SAGEM MORPHO, Inc. ("MORPHO") and the customer identified on cover sheet of this Agreement ("Customer"). MORPHO and Customer agree as follows:

SECTION 1. DEFINITIONS

"Annual Fee" means the annual fee payable for Basic Services. The Annual Fee payable during the initial Support Year is specified on the cover sheet of this Agreement. MORPHO may change the Annual Fee for any subsequent Support Year by giving Customer written notice of the change at least thirty (30) days prior to the beginning of the applicable Support Year. In addition, as provided below, MORPHO may increase the Annual Fee in any given Support Year as provided in Section 2.7 below.

"Basic Service" means the services described as Basic Service in Section 2.

"Business Days" means Monday through Friday, exclusive of Customer's business holidays.

"Business Hours" means 8:00 a.m. to 5:00 p.m., Local Time on Business Days.

"Effective Date" means the Effective Date specified on the cover sheet of this Agreement.

"Confidential Information" means any trade secret, proprietary, or confidential information of MORPHO's disclosed to Customer that, upon or promptly after disclosure by MORPHO, is marked or otherwise identified as proprietary or confidential, or which Customer otherwise knows or has reason to know is proprietary or confidential. Without limiting the generality of the foregoing, the parties hereby specifically agree that the following items constitute Confidential Information: (i) the Software and any Enhancements or updates thereto; (ii) the CAXI, FCP, FIP and MORPHO processor boards and image compression boards (collectively, the "Boards"), if any, along with any Enhancements to the same; and (iii) any technical information, data, or documents related to the Equipment, Software, or any Enhancements provided by MORPHO to Customer.

"Customer's Site" means Customer's place of business which is specified as Customer's Site on the cover sheet of this Agreement or such other location as may be agreed upon in writing by the parties.

"Enhancements" means any alterations, additions, improvements, or modifications of the Equipment or Software, maintenance of which would increase the cost to MORPHO of providing the Basic Service by more than 5% of the then-current Annual Fee.

"Equipment" means the equipment included in the Description of Supported Equipment and Software attached to the cover sheet of this Agreement, together with any repairs, replacements or corrections furnished by MORPHO (other than Enhancements) during the Term pursuant to this Agreement or any other agreement between the parties.

"Local Time" means local time at Customer's Site.

"MORPHO's Standard Charges" means MORPHO's then current standard rates and charges (including, without limitation, provisions for the reimbursement of travel, parts, and other expenses).

"MORPHO User Documentation" means any user manual, instructions, and/or other printed documentation furnished by MORPHO for Customer's use of the Equipment or Software, as the same may be revised, updated, or replaced by MORPHO from time to time during the Term.

"Software" means the computer programs and other software included in the Description of Supported Equipment and Software attached to the cover sheet of this Agreement, together with any corrections or updates of such computer programs (other than Enhancements) as may be furnished by MORPHO during the Term pursuant to this Agreement or any other agreement between the parties.

"Supplemental Services" means any services performed by MORPHO under this Agreement other than the Basic Service.

"Support Year" means any period of one year beginning with the Effective Date or any anniversary of the Effective Date.

"Term" means the term of this Agreement as specified in Section 6.

"Time & Material" means support, technical, or other service provided by MORPHO to Customer that is not included in the Basic Service and Agreement as described herein. Time & Material service shall only be charged to those Customers who elect the limited nine (9) Business Hours, five (5) Business Days service coverage. Time & Material service shall not apply to Customers who elect the comprehensive twenty-four (24) hours, seven (7) days per week coverage. Time & Material service shall be charged to Customer in addition to the costs and prices as stated in this Agreement. Time & Material service shall be charged at a premium rate of \$150.00 per hour during regular Business Hours, and at a premium rate of \$250.00 per hour for all applicable evening, weekend, and holidays' service requests, with a required minimum of four (4) hours for each Time & Material service call and/or request placed by Customer to MORPHO. Customer shall be liable for all Time & Material services charged to Customer's account with MORPHO.

SECTION 2. BASIC SERVICE

During the Term, MORPHO will make available the following as Basic Service under this Agreement:

2.1 Service Requests. Upon Customer's request, MORPHO shall advise Customer of the name, telephone number, and location of MORPHO personnel authorized to receive Basic Service requests from Customer. MORPHO will use commercially reasonable efforts to ensure that such personnel will be available during Business Hours to provide Basic Service to Customer as set forth in this Agreement.

2.2 Preventive Maintenance. On a schedule mutually agreed upon by the parties, MORPHO will provide preventive maintenance services for the Equipment in accordance with MORPHO's maintenance manual for the Equipment or in accordance with alternative terms agreed upon by and between the parties.

2.3 Repair, Replacement, and Correction. Upon Customer's request, MORPHO will endeavor to promptly repair, replace, or otherwise correct any Equipment or Software that does not operate substantially in accordance with MORPHO specifications. If on-site inspection or work is required to correct any Equipment or Software: (i) for requests received between 8:00 a.m. and 3:00 p.m. Local Time on any Business Day, MORPHO will use commercially reasonable efforts to have an authorized representative of MORPHO at Customer's Site within four (4) hours after receipt of Customer's request; and (ii) for requests received at any other time, MORPHO will use commercially reasonable efforts to have an authorized representative of MORPHO at Customer's Site by 8:00 a.m. Local Time on the next Business Day. The obligations set forth in this paragraph 2.3 do not apply to any exclusion under paragraph 2.6 or to expendable items such as lamps.

(a) If Customer has agreed to and executed a Maintenance Service Agreement for nine (9) Business Hours, five (5) Business Days per week, this subsection shall apply. If on-site inspection or work is required to correct any Equipment or Software: (i) for requests received between 8:00 a.m. and 5:00 p.m. Local Time on any Business Day, MORPHO will use commercially reasonable efforts to have an authorized representative of MORPHO at Customer's Site within four (4) Business Days after receipt of customer's request; and (ii) MORPHO will handle requests for expedited service during other than Business Hours; i.e., between 5:00 p.m. and 8:00 a.m., and requests to schedule service prior to expiration of the four (4) Business Day service window, as stated above, on a Time & Materials basis. The obligations as set forth in this subsection 2.3 do not apply to any exclusion as stated under Section 2.6 or to expendable items such as lamps.

2.4 Documentation Updates. During the Agreement Term, within sixty (60) days after receipt of Customer's written request, MORPHO will make available to Customer any updates to the MORPHO User Documentation made generally available by MORPHO to its customers (e.g., excluding any version customized for particular Customers).

2.5 Supplemental Services. Upon Customer's request, and in addition to the Basic Service, MORPHO will make available to Customer such additional consultation, technical assistance, training, and other services as the parties may agree upon in writing from time to time during the Term.

2.6 Exclusions. Basic Service does not include any repair, replacement, correction, or other support required: (a) with respect to any Enhancements; or (b) as a result of any: (i) breach or default under this Agreement by Customer; (ii) neglect, misuse, or abuse of the Equipment or Software; (iii) operation of the Equipment or Software in any unsuitable environment or for any unintended purposes, as determined by MORPHO in its sole discretion; (iv) loss, casualty, damage, or injury to person or property; (v) alteration, additions, improvements, modifications, relocation, or maintenance to the Equipment or Software not performed or authorized by MORPHO; (vi) use or combination of the Equipment or Software with any other products, goods, services, or other items furnished by anyone other than MORPHO; or (vii) failure by Customer to use the latest versions of the Equipment and Software provided to it by MORPHO. Further, Basic Service does not include any service which is provided, upon Customer's request, either: (a) on any day other than a Business Day, (b) at MORPHO's facility after Business Hours, or (c) at Customer's Site between 5:00 p.m. and 8:00 a.m. Local Time; provided, that Basic Service may include services provided between 5:00 p.m. and 7:00 p.m. Local Time if Customer has placed a service order between 1:00 p.m. and 3:00 p.m. Local Time pursuant to Section 2.3 above, if Customer makes its equipment and personnel available to MORPHO's authorized representative during such hours.

2.7 Enhancements. Any maintenance services required with respect to any Enhancements shall be the subject of a separate written agreement between the parties.

SECTION 3. PERFORMANCE OF SERVICES

3.1 Maintenance Parts. MORPHO shall provide all Equipment maintenance parts required in connection with the Basic Service at no cost to Customer. Parts removed from the Equipment in the performance of the Basic Service shall become the property of MORPHO. Parts installed in the Equipment shall become the property of Customer.

3.2 Replacement or Repair. In performing the Basic Service, MORPHO shall determine in its reasonable discretion whether to repair or replace any defective Equipment parts.

3.3 Inventory. In order to facilitate the performance of the Basic Services, MORPHO shall use commercially reasonable efforts to maintain a reasonable inventory of Equipment spare parts at a location designated by MORPHO in its sole discretion.

SECTION 4. CUSTOMER RESPONSIBILITIES

4.1 Use and Operation. Customer will use the Equipment and Software (as well as any Enhancements) only for the purposes specified in the MORPHO User Documentation. Customer will not use or permit the use of the Equipment or Software or any Enhancements for any other purpose. Customer will operate the Equipment, Software, and any Enhancements in strict accordance with the MORPHO User Documentation for all Equipment, Software, or Enhancements. Throughout the Term, Customer will provide suitable space, air conditioning (e.g., heating, cooling, circulation and filtering), utilities (e.g., electric power), and other requirements for installation and operation of the Equipment, Software, and any Enhancements at Customer's Site in accordance with the MORPHO User Documentation.

4.2 Location. MORPHO may immediately terminate this Agreement if Customer at any time during the Term does not keep the Equipment and Software in its sole possession and control at Customer's Site and in accordance with the MORPHO Equipment and Software License. Customer shall provide MORPHO with not less than ninety (90) days prior written notice of any relocation of the Equipment or Software to any location other than the location in which the Equipment and Software were originally installed by MORPHO or the location identified and listed in the MORPHO Equipment and Software License. MORPHO may immediately terminate this Agreement if the new location is determined by MORPHO in its sole discretion to be unsuitable for any reason (including, without limitation, environmental conditions, inaccessibility, legal issues, or any other reason).

(a) For ILS2 P250M Livescan: This portable device requires no notice of relocation.

4.3 Modifications. Customer will not make or permit any alterations, additions, improvements, or modifications to the Equipment or Software without the prior written consent of MORPHO. In the event MORPHO becomes aware of any such unauthorized alterations, additions, improvements, or modifications to the Equipment or Software, MORPHO may, in its sole discretion, terminate this Agreement.

4.4 Risk of Loss. Customer will protect the Equipment, Software, and any Enhancements from loss, casualty, damage, and/or injury. Customer assumes all risk of loss, casualty, damage, and/or injury relating to the Equipment, Software, or Enhancements.

4.5 Customer Contact. Throughout the Term, Customer will provide at least one (1) contact in Customer's organization with whom MORPHO may discuss issues related to the maintenance and support of the Equipment and Software and the rights and obligations of the parties hereunder, and who will be authorized to make decisions relating to the same on behalf of Customer.

4.6 Diagnostic Software. Upon MORPHO's request, Customer will allow MORPHO to install on Customer's system such diagnostic software as MORPHO reasonably deems necessary to perform its obligations hereunder.

4.7 Log Entries. Customer shall promptly notify MORPHO of any failures, malfunctions, problems, or defects in the Equipment or Software. Customer shall maintain detailed logs of all Equipment and Software failures, malfunctions, problems, and defects. Upon request, Customer will make such logs available to MORPHO for use in connection with performance of its obligations hereunder. MORPHO reserves the right to share the log entries created, generated, and produced by Customer with any related or reasonably identifiable third party, manufacturer, or supplier. MORPHO may utilize the information contained in the Customer's log entries to limit MORPHO's liability and to properly direct primary and sole liability upon another third party, manufacturer, or supplier.

4.8 Facilities. Customer will provide safe and sufficient access to the Equipment and Software at Customer's Site as reasonably required for MORPHO to perform its obligations and exercise its rights under this Agreement. Furthermore, Customer shall, at no charge to MORPHO: (i) provide access to such machines, communications facilities, and other equipment as are reasonably necessary to provide maintenance and support services; provided that, MORPHO shall be responsible for any toll calls made by MORPHO or its representatives from Customer's Site; and (ii) make available to MORPHO a storage space within reasonable proximity of Customer's Site which MORPHO may use for spare parts and other items required by MORPHO in performance of maintenance and support services. Such storage space shall include adequate heat, light, ventilation, electrical supply, and telephone access. Customer shall exercise reasonable care to ensure the physical security of all MORPHO property stored at such storage space, and shall provide adequate fireproof storage for all MORPHO documentation.

SECTION 5. COMPENSATION

5.1 Annual Fee. For each month during the Term, Customer shall pay MORPHO one-twelfth (1/12th) of the applicable Annual Fee (prorated for any partial months). MORPHO may issue its invoice for the Annual Fee installment for each month on or about the first day of such month. Customer may make an annual prepayment of the Annual Fee at the beginning of any Support Year. Pricing is subject to a five (5) percent annual escalation rate per Support Year.

5.2 Supplemental Services. Unless otherwise agreed by the parties, Customer will pay MORPHO for any Supplemental Services in accordance with MORPHO's Standard Charges. Unless otherwise agreed by the parties or provided for in MORPHO's Standard Charges, MORPHO will issue its invoices for any Supplemental Services on a periodic basis as such Supplemental Services are provided.

5.3 Payment. Customer shall pay each MORPHO invoice within thirty (30) days after the date of invoice. Any amount not paid when due will be subject to a finance charge equal to one and one-half percent (1.5%) per month or the highest rate allowable by applicable law, whichever is less, and said finance charge shall be determined and compounded daily from the date due until the date paid. Payment of such finance charges will not excuse or cure Customer's breach or default for late payment. Further, Customer will reimburse any costs or expenses (including, but not limited to, reasonable attorneys' fees) incurred by MORPHO to collect any amount which is not paid when due. MORPHO may accept any payment in any amount without prejudice to MORPHO's right to recover the entire balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any payment or in any letter accompanying said payment will be construed as an accord or satisfaction. Unless otherwise clearly specified or implied, all amounts payable under this Agreement are denominated in United States Dollars, and Customer shall pay all such amounts in lawful money of the United States.

5.4 Taxes. MORPHO shall bear the cost of all duties and similar fees payable on any replacement parts provided under this Agreement. Unless otherwise clearly specified, the fees and other amounts specified in this Agreement do not include any sales, use, or similar taxes. Customer shall pay or reimburse MORPHO for all such taxes or shall provide MORPHO with an exemption certificate satisfactory to MORPHO.

SECTION 6. TERM

6.1 General. The Term will commence upon the Effective Date and will continue until the fourth year anniversary of the Effective Date unless earlier terminated in accordance with paragraph 6.2, 6.3 or 6.4.

6.2 Anniversary Date. Either party may terminate the Term effective as of the end of any Support Year by giving the other party written notice of such termination at least ninety (90) days prior to the end of such Support Year.

6.3 Termination by MORPHO. MORPHO may terminate the Term by giving Customer written notice of such termination if: (i) Customer fails to make any payment when due, MORPHO gives Customer written notice of such failure and such failure is not cured within ten (10) days (or such longer period as may be permitted by MORPHO) after Customer's receipt of MORPHO's notice of the failure; (ii) Customer makes or permits any unauthorized use or disclosure of any Confidential Information; (iii) Customer commits a material non-monetary breach or default as defined under this Agreement, MORPHO gives Customer written notice of such breach or default, and the breach or default is not cured within thirty (30) days (or such longer period as may be permitted by MORPHO) after Customer's receipt of MORPHO's notice of the breach or default; or (iv) Customer files or has filed against it a petition to have Customer adjudged bankrupt or for reorganization or arrangement of Customer under any bankruptcy, moratorium, insolvency, reorganization, liquidation, conservatorship, or other debtor relief law, Customer makes any general assignment for the benefit of its creditors under any debtor relief law, a trustee or receiver is appointed to take possession of all or substantially all of Customer's assets under any debtor relief law, all or substantially all of Customer's assets are attached or seized, or Customer dissolves, liquidates, or adopts any plan or dissolution or liquidation.

6.4 Termination by Customer. Customer may terminate the Term by giving MORPHO written notice of such termination if: (i) MORPHO commits a material breach or default as defined under this Agreement, Customer gives MORPHO written notice of the breach or default, and the breach or default is not cured within thirty (30) days (or such longer period as may be permitted by Customer) after MORPHO's receipt of Customer's notice of the breach or default; or (ii) MORPHO files or has filed against it a petition to have MORPHO adjudged bankrupt or for reorganization or arrangement of MORPHO under any bankruptcy, moratorium, insolvency, reorganization, liquidation, conservatorship, or other debtor relief law, MORPHO makes any general assignment for the benefit of its creditors under any debtor relief law, a trustee or receiver is appointed to take possession of all or substantially all of MORPHO's assets under any debtor relief law, all or substantially all of MORPHO's assets are attached or seized, or MORPHO dissolves, liquidates, or adopts any plan or dissolution or liquidation.

6.5 Effect of Termination. MORPHO will not be obligated to provide any service, repair, correction, updates, or other support as defined under this Agreement after the expiration or termination of the Term. If Customer terminates the Term pursuant to paragraph 6.4, MORPHO will refund to Customer that portion of the fees paid by Customer for the balance of the month of termination (or, if Customer has prepaid the fees for the then-current Support Year, for the balance of such Support Year as determined by the date

of Customer's termination), prorated on a daily basis. Customer will not be entitled to any refund in the event of a termination pursuant to paragraph 6.2 or 6.3. Sections 5, 7, and 8 of this Agreement, together with all other provisions of this Agreement which may reasonably be interpreted or construed as surviving the termination of the Term, shall survive any termination of the Term.

SECTION 7. CONFIDENTIAL INFORMATION

7.1 Confidential Information. Except as otherwise authorized by MORPHO in writing, Customer will: (i) use the Confidential Information solely for the purposes for which it is disclosed by MORPHO; (ii) not make any copies of any Confidential Information without MORPHO's prior written approval; (iii) take all necessary steps to protect Confidential Information from any unauthorized use or disclosure (including, without limitation, any steps reasonably requested by MORPHO to protect any Confidential Information); and (iv) not disclose or furnish any Confidential Information to any third party other than employees of Customer who have a need to know the information and a written obligation to maintain the confidentiality of such information.

7.2 Access Limitation. Customer shall not reverse engineer, modify, disassemble, or decompile all or any part of the Software or the Boards provided by MORPHO; or otherwise attempt to discover any source code or trade secrets related to the Software, the Boards, or any other Confidential Information supplied or created by MORPHO. If MORPHO terminates this Agreement but the Base Agreement continues in force, Customer shall be entitled to engage a third party to maintain the Software and Equipment; provided that such third party: (i) is not a competitor of MORPHO, and (ii) enters into a Confidentiality Agreement satisfactory to MORPHO, as determined in MORPHO's sole discretion. MORPHO shall provide such third party with information with respect to the Software and Boards as is necessary to maintain and support the Software and Equipment.

7.3 Equitable Relief. Customer acknowledges that unauthorized disclosure or use of the Confidential Information could cause irreparable harm to MORPHO for which monetary damages may be difficult to ascertain. Accordingly, Customer agrees that MORPHO shall have the right, in addition to any other rights or remedies available to MORPHO as defined under this Agreement or as defined by applicable law, to seek and obtain judicial injunctive and other equitable relief to prevent or stop any unauthorized disclosure or use of any Confidential Information.

7.4 Ownership. MORPHO reserves all rights, titles, and interests in and to all Confidential Information that may or may not be shared with Customer. MORPHO further reserves all rights, titles, and interests in any and all patents, copyrights, trade secrets, trademarks, and other proprietary rights associated with any and all confidential information that may be shared or communicated to Customer. No ownership or title to any Confidential Information or any other associated proprietary right(s) are or may be transferred to Customer under this Agreement.

7.5 Exceptions. The confidentiality obligations of Customer under this Section 7 shall not apply to any Confidential Information that Customer can conclusively prove that: (i) was in or entered the public domain through no fault of Customer; (ii) was known to Customer before the disclosure by MORPHO; (iii) was received by Customer from a third party legally entitled to make an unrestricted disclosure; or (iv) was required to be disclosed by applicable law, regulation, or order by a governmental authority having appropriate subject matter jurisdiction; provided, however, that in the event of any disclosure under this subparagraph (iv), Customer shall provide MORPHO with reasonable notice prior to any additional disclosure and provide such assistance as MORPHO may reasonably request to challenge or narrow the scope of such disclosure.

SECTION 8. MISCELLANEOUS

8.1 Disclaimer. THIS IS A SERVICES AGREEMENT. MORPHO DOES NOT MAKE, AND HEREBY DISCLAIMS, ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY REPAIR, REPLACEMENT, CORRECTION, UPDATE, UPGRADE, SERVICE OR OTHER ITEM FURNISHED BY OR ON BEHALF OF MORPHO UNDER THIS AGREEMENT (INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE.)



8.2 Excused Performance. MORPHO will not be responsible for or be considered to be in breach or default under this Agreement on account of any cause beyond MORPHO's reasonable control or not occasioned by MORPHO's fault or gross negligence (including, but not limited to, MORPHO's inability, after due and timely diligence, to procure materials, parts, equipment, or services to Customer) that precludes, interrupts, disrupts, or terminates MORPHO's performance as defined under this Agreement. Thus, MORPHO's complete performance as stated in this Agreement shall be excused.

8.3 LIMITATIONS OF LIABILITY. MORPHO'S LIABILITY (WHETHER IN CONTRACT, TORT, OR OTHERWISE, AND NOTWITHSTANDING ANY FAULT, NEGLIGENCE, STRICT LIABILITY, OR PRODUCT LIABILITY OF MORPHO) WITH REGARD TO ANY REPAIR, REPLACEMENT, CORRECTION, UPDATE, UPGRADE, SERVICE, OR OTHER ITEM FURNISHED OR TO BE FURNISHED UNDER THIS AGREEMENT SHALL NOT EXCEED THE AMOUNT PAID BY CUSTOMER TO MORPHO FOR SUCH ITEM. FURTHER, MORPHO SHALL NOT IN ANY EVENT BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR INDIRECT DAMAGES, OR LOSS OF REVENUE, LOSS OF BUSINESS, OR OTHER FINANCIAL LOSS, ARISING OUT OF OR IN CONNECTION WITH OR AS CONSEQUENCE OF ANY REPAIR, REPLACEMENT, CORRECTION, UPDATE, UPGRADE, SERVICE, OR OTHER ITEM FURNISHED OR TO BE FURNISHED UNDER THIS AGREEMENT.

8.4 Nonwaiver. Any failure by MORPHO to insist upon or enforce performance by Customer of any of the provisions contained herein or to exercise any right or remedy as defined under this Agreement or applicable law shall not be construed as a waiver or relinquishment of MORPHO's right to assert or rely upon any such provision, right, or remedy in that or any other instance; rather the same shall be and shall remain in full force and effect until the termination of this Agreement.

8.5 Assignment. Customer shall not assign this Agreement or any of its rights hereunder, by operation of law or otherwise, without the prior written consent of MORPHO. No assignment by Customer, with or without MORPHO's consent, will relieve Customer from any of its obligations as defined under this Agreement. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the signatory parties and their respective successors, assigns, and legal representatives.

8.6 Applicable Law and Venue. This Agreement will be interpreted, construed, and enforced in all respects in accordance with the laws of the State of Washington, without reference to its choice of law principles. Customer shall not commence or prosecute any action, suit, proceeding, or claim arising under or by reason of this Agreement other than in the state or federal courts located in King County, Washington. Customer irrevocably consents to the jurisdiction of the courts identified in the preceding sentence in connection with any action, suit, proceeding, or claim arising under or by reason of this Agreement.

8.7 Entire Agreement. This Agreement constitutes the entire agreement, and supersedes any and all prior agreements, between MORPHO and Customer with regard to MORPHO providing maintenance services for Equipment and Software. No amendment, modification, or waiver of this Agreement shall be valid unless set forth in a written instrument signed by the party to be bound and consented to and accepted by MORPHO.

APPENDIX A
MORPHO INTEGRATED LIVESCAN SYSTEM
LIVESCAN MAINTENANCE PRICING
CITY OF BENSON

| ITEM DESCRIPTION | ITEM NO. | UNITS | UNIT PRICE | TOTAL PRICE | INSTALL DATE | FEE START DATE | Maint. Cost Per Mo. | Initial Annual Maint | ANNUAL FEE FY06/07 | ANNUAL FEE FY07/08 | ANNUAL FEE FY08/09 | ANNUAL FEE FY09/10 | ANNUAL FEE FY10/11 | ANNUAL FEE FY11/12 |
|---|-------------------|-------|-----------------|-----------------|--------------|----------------|---------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| TP3800XCH | AZ-TP-3800XCH | 1 | \$38,823 | \$38,823 | 5/1/2006 | 5/1/2007 | \$575.00 | \$6,900 | \$0 | \$1,150 | \$6,938 | \$7,305 | \$7,671 | \$8,054 |
| AZAFIS, TP-COMX-NTMAIL, SMTP Mail Support | AZ-TP-COMX-NTMAIL | 1 | \$500 | \$500 | 5/1/2006 | 5/1/2007 | \$6.25 | \$75 | \$0 | \$13 | \$76 | \$79 | \$83 | \$88 |
| AZAFISTouchPrint Duplex Printer | AZ-TP-PRT-DUP(1) | 1 | \$2,800 | \$2,800 | 5/1/2006 | 5/1/2007 | \$35.00 | \$420 | \$0 | \$70 | \$424 | \$445 | \$467 | \$490 |
| Total | | | \$42,123 | \$42,123 | | | | | \$0 | \$1,233 | \$7,457 | \$7,829 | \$8,221 | \$8,632 |

April 9, 2008

Comander Paul Moncada
Benson Police Department
360 South Gila Street
Benson, AZ 85602

Re: Sagem Morpho, Inc. – Renewal of Annual Maintenance Contract

Dear Comander Moncada:

Sagem Morpho, Inc. is pleased to provide you with an option for annual maintenance service on your Sagem Morpho, Inc. technological equipment. If you choose to sign the Maintenance Services Agreement with us, your maintenance term shall be dated as of July 1, 2007 through June 30, 2008.

Please find enclosed Sagem Morpho, Inc.'s Maintenance Services Agreement which shall provide your agency with comprehensive and continued maintenance support for the next four (4) years on all of your equipment.

With the execution of the Maintenance Services Agreement, Sagem Morpho, Inc. shall continue to service your equipment through our Arizona staff of Customer Service Engineers (CSE's). As you know, all CSE's provide excellent customer service including, but not limited to, on-site customer service, on-site maintenance and repair, and on-site upgrades and training. All of the above-referenced services are included in the renewed Maintenance Services Agreement and are available to you annually; twenty-four (24) hours a day, seven (7) days a week **OR** nine (9) business hours, five (5) business days per week.

Also please find attached to the renewal Maintenance Services Agreement, an annual maintenance pricing schedule detailing the monthly/annual fee associated with the equipment that you currently have at your facility. The spreadsheets are intended to provide you with the exact costs of your annual maintenance so as to ease the task of financial planning and budgeting for the next four (4) years.

If you choose not to select our comprehensive annual maintenance services as defined under the enclosed renewal Maintenance Services Agreement, the only alternative we offer for continued maintenance service is our CSE maintenance provided on a "Time & Material" basis. "Time & Material" maintenance provides support, technical and other maintenance services that you request on an hourly basis; which shall be charged at a premium rate of \$150.00 per hour during standard business hours, and \$250.00 per hour

on all applicable evenings, weekends, and holidays. Note that all Time & Material maintenance requests require a minimum of four (4) hours for each service call and/or



Sagem Morpho Inc.

SAFRAN Group

request placed by you. Furthermore, you shall be liable for all "Time & Material" services charged to your account with Sagem Morpho, Inc. (For more information regarding "Time & Material" service please refer to "*Section 1: Definitions – Time & Material*" on page 2 of 5 of the enclosed Maintenance Services Agreement.)

Sagem Morpho, Inc. strongly recommends that your agency select our continued annual maintenance services. In order to ensure seamless maintenance coverage, please execute both enclosed originals of our Maintenance Services Agreement. In order to ensure efficient processing of the enclosed contracts, please have your authorized representative sign BOTH documents and return both copies to my attention by April 30, 2008. Once we receive and process your maintenance service request, we shall have our CEO sign both contracts and return one (1) completely executed original contract to you for your records.

If you have any questions regarding this agreement or the services provided herein, please contact me at 512-339-1154 x222.

Sagem Morpho, Inc. is committed to providing you with the most comprehensive customer service and maintenance on your equipment. We appreciate and value our past business relationship with you and your agency, and we hope that you choose to continue your comprehensive maintenance coverage through us.

If you have any additional questions, comments, or concerns please do not hesitate to contact me.

I thank you for your time and consideration of this matter and I look forward to our continued business relationship in the future.

Sincerely,

Stephanie M. Rodriguez
Senior Project Coordinator

Sagem Morpho, Inc.
5301 Riata Park Ct.
Bldg. D, Ste. 100
Austin, TX 78727

Toll free: (800) 497-1154 ext. 222
Direct: (512) 339-1154 ext. 222
Fax: (512) 835-6669
stephanier@morpho.com

Enclosure



CORPORATE HEADQUARTERS
1145 Broadway Plaza Suite 200
TACOMA, WASHINGTON 98402
Tel: (253) 383-3617
Fax: (253) 272-2934

June 9, 2008

City of Benson Police Department
ATTN: City Clerk
120 West 6th Street
Benson, Arizona 85602

Re: Maintenance Services Agreement

Dear City Clerk:

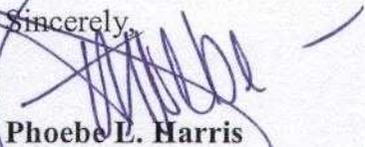
Please find enclosed one (1) completely executed copy of your current Maintenance Services Agreement with Sagem Morpho, Inc. Please retain this original copy for your records. We also have an original of this Agreement on file at our Corporate Headquarters in your client file.

We appreciate this additional opportunity to work with you and to supply you with all of your maintenance needs. We thank you for your cooperation in executing this Agreement.

Please do not hesitate to contact me if you have any further questions or comments regarding this or any other matter.

Thank you.

Sincerely,


Phoebe L. Harris
Attorney - Contracts Administrator
Law Department
(253) 591-8812 (Direct)
(253) 272-2934 (Fax)
phoebe.harris@morpho.com

Enclosures