

**AMENDMENT 1 TO AGREEMENT # 14234**

This Amendment relates to Lake County Agreement # 14234 between the County of Lake (“**County**”) and Tyler Technologies (“**Tyler**”) dated July 20, 2015, and shall become effective when both of the parties have signed it.

**RECITALS**

**Whereas:**

- i. The County and Tyler entered into a “License and Services Agreement” on July 20, 2015 (“**Agreement**”).
- ii. In the provisions of the Agreement that are relevant here, Tyler agreed to provide the County with a Property Tax Administration System as described and identified in the Tax Investment Summary of the Agreement, which will replace the County’s existing tax system.
- iii. After July 2015, Tyler and the County (the “**Parties**”) initially projected that the new Tax Administration System would be functional—that it would “go live”—in December 2017.
- iv. The Parties acknowledge and agree that the December 2017 deadline cannot be realized, which requires the Parties to negotiate the terms under which the project moves forward.

**In light of the foregoing, the Parties now agree to amend the Agreement as follows:**

**1. Recitals; Definitions & References.**

The recitals above are incorporated into this Amendment, as if set forth here. The “Contract Documents” and “Definitions” used in the Parties’ underlying Agreement apply to and are referenced in this Amendment.

**2. Date for Implementation (Go Live), Project Schedule, and Resourcing.**

- 2.1 The Parties intend the Tax Administration System to be implemented and in use by the County by **December 1, 2018 (“Go Live Date”)**. “Implemented” means that Tyler has successfully completed the following Milestones (M1–M13), which are derived from the “Base Implementation Fees” and Milestones contained in Exhibit A, Schedule 2 of the Agreement:

Milestone	Implementation Project Milestones	Estimated Bill Date
M1	Acceptance of 100% of Core Modification BRDs	Oct-2017
M2	Acceptance of 100% of Interface BRDs	Oct-2017
M3	Acceptance of 100% of Report BRDs	Mar-2018
M4	Acceptance of RELEASE 2017.4	Dec-2017
M5	Acceptance of RELEASE 2018.1	Mar-2018
M6	Acceptance of RELEASE 2018.2	Jun-2018
M7	Acceptance of RELEASE 2018.3	Sep-2018
M8	Acceptance of CAMA/AA Data Conversion	May-2018
M9	Acceptance of Tax Data Conversion	May-2018
M10	Acceptance of UAT	Oct-2018
M11	Acceptance of On-Site Training 10 Weeks	Dec-2018
M12	Acceptance of iasWorld System in Production	Dec-2018
M13	Acceptance of Post Go-Live On-Site Support 4 weeks	Jan-2019

- 2.2 To achieve the December 1, 2018 Go-Live Date, Tyler has prepared three documents intended to outline the process and resources necessary to go live on schedule: (1) a Gantt Chart; (2) a list of deliverables; and (3) a Resource Roster. The Gantt Chart and list of deliverables are made a part of this Amendment as **Exhibit 1**. The Resource Roster is made a part of this Amendment as **Exhibit 2**.
- 2.3 The Parties agree to use the Gantt Chart and Resource Roster to measure progress of the Tax Administration System implementation project on a regular basis between the date of this Amendment and the Go Live Date. The Parties agree that, under the provision of the underlying Agreement defining “Key Personnel,” (Section B, Definitions), the individuals listed in the Resource Roster at Exhibit 2 are “Key Personnel” and that Tyler may not remove them without the County’s written consent. Any adjustments to the Resource Roster must otherwise be conducted in accordance with the relevant language in Agreement §D (9), which states as follows:

Once the Tyler Project team is assembled and County counterparts have been identified, both parties agree that they will not remove that staff and personnel from their assigned Project roles without reasonable advance notice and good cause, and that they will work together to mitigate project impacts after any such removal. The parties will also work together to manage the Project impact resulting from the temporary unavailability of Project staff from either party. In the event Tyler's personnel is/are not providing services consistent with Tyler's services warranty, County will notify Tyler of that deficiency and give Tyler a reasonable opportunity to correct it. In the event the deficiency persists, Tyler will replace that Project member, upon written request and demonstration of good cause. Replacement staff will be assigned following the same processes set forth above, shall have at minimum the reasonably equivalent experience as the person being replaced, and shall be nonbillable to County for the first two weeks of their Project assignment (whether their services are being provided onsite or remotely, with only travel expenses being billable to County in the event they must appear onsite), allowing the individual to come up to speed and to diminish the impact to the Project.

The phrase "reasonable opportunity" shall be construed in accordance with the procedures set forth in the Project Escalation Path referenced in § 5 of this Amendment.

- 2.4 If an individual on the Resource Roster ceases working for Tyler (meaning that the person is no longer working for Tyler either as an employee or an outside contractor), then Tyler agrees to replace that person, as provided above, as soon as practicable, but in no case longer than within two weeks.

**3. Amendment to the Annualized SaaS Fees in Agreement Exhibit A, Schedule 2.**

The Agreement sets forth "Annualized SaaS Fees" as part of its Exhibit A, Schedule 2. The Parties hereby amend that table in years three, four, and five, so that the SaaS Fees will be discounted by 50% for payments 10–20. Accordingly, the table listing the Annualized SaaS Fees for the initial five-year SaaS Services term, as amended, encompasses the following payments:

	<b>In original Agreement:</b>	<b>Amended Amount:</b>
<b>Upon Contract Signing</b>	\$185,885.00	\$185,885.00
Payment 2	\$185,885.00	\$185,885.00
Payment 3	\$185,885.00	\$185,885.00
Payment 4	\$185,885.00	\$185,885.00
<b>Year 1 SaaS Total</b>	<b>\$743,540.00</b>	<b>\$743,540.00</b>
Payment 5	\$185,885.00	\$185,885.00
Payment 6	\$185,885.00	\$185,885.00
Payment 7	\$185,885.00	\$185,885.00
Payment 8	\$185,885.00	\$185,885.00
<b>Year 2 SaaS Total</b>	<b>\$743,540.00</b>	<b>\$743,540.00</b>
Payment 9	\$185,885.00	\$185,885.00
Payment 10	\$185,885.00	\$92,942.50
Payment 11	\$185,885.00	\$92,942.50
Payment 12	\$185,885.00	\$92,942.50
<b>Year 3 SaaS Total</b>	<b>\$743,540.00</b>	<b>\$464,712.50</b>
Payment 13	\$195,178.75	\$97,589.50
Payment 14	\$195,178.75	\$97,589.50
Payment 15	\$195,178.75	\$97,589.50
Payment 16	\$195,178.75	\$97,589.50
<b>Year 4 SaaS Total</b>	<b>\$780,715.00</b>	<b>\$390,358.00</b>
Payment 17	\$204,937.50	\$102,469
Payment 18	\$204,937.50	\$102,469
Payment 19	\$204,937.50	\$102,469
Payment 20	\$204,937.50	\$102,469
<b>Year 5 SaaS Total</b>	<b>\$819,750.00</b>	<b>\$409,876.00</b>
<b>Modified Initial 5 Year SaaS Cost:</b>		<b>\$2,752,026.50</b>

50%  
reduction

Renewal of SaaS Services following the initial five year term shall be at Tyler's then-current, non-discounted SaaS Fees rates.

#### 4. **Target Date Payments Upon Achieving Key Dates.**

Time is of the essence with regards to the Go Live Date, because the County will incur further additional licensing fees for its legacy system if that Go Live Date is not met. In recognition of the importance of that date and the months following it, during which tax rates must be calculated, tax bills produced, and tax payments collected, the County agrees to pay Tyler the following amounts, not to exceed \$400,000, if the following target dates are met:

- 4.1 The County will pay Tyler \$150,000 on Feb. 1, 2019, contingent on Tyler having achieved the December 1, 2018 Go Live Date, and the Tax Administration System performing in a manner sufficient to allow the County to cease using its legacy system. If the system is not performing in a manner sufficient to allow the County to cease using its legacy system, then Tyler shall not be entitled to the \$150,000 Target Date Payment.
- 4.2 The County will pay Tyler \$250,000 on July 1, 2019, contingent on the Tax Administration System functioning as warranted in Section C(2.1) of the Agreement with respect to (a) the 2018 tax rates calculations; (b) the generation of 2018 tax bills; (c) receipt of payments from taxpayers up to the first installment deadline in June; and (d) balancing the distributions in May and June 2019 to collections. If the Tax Administration System does not function as warranted, then Tyler shall not be entitled to the \$250,000 Target Date Payment.

**5. Amendment to the Dispute Resolution Provision in Agreement § L(3.1).**

To address issues regarding the progress of the Tax Administration System implementation only, Tyler has proposed a “Project Escalation Path” that is attached to this Amendment as **Exhibit 3**. The Parties agree to adhere to the procedure set forth in that Project Escalation Path with respect to the Tax Administration System implementation.

Accordingly, Section L(3.1) is hereby deleted in its entirety and replaced by the following new provision:

3.1.1 (Amended) General Dispute Resolution. Except for disputes described in Section 3.1.2 below, disputes arising out of, or relating to, this Agreement, other than invoice disputes subject to Section H(2), shall first be discussed by the relevant Project Managers. Unless a different time period is agreed to by the Project Managers, the Project Managers will have ten (10) business days to resolve the dispute, such ten-day period being measured from the date the non-disputing party received the notice of dispute. If the dispute cannot be resolved within that timeframe, it shall be referred to the County Purchasing Agent and the Chief Operating Officer of the appropriate division of Tyler, or their designee(s) (the “Intermediary Dispute Level”). If the dispute cannot be resolved at that Intermediary Dispute Level, then the parties shall follow the applicable provisions of Section 9-103 of the Lake County Purchasing Ordinance. Thereafter, either party may resort to a court of competent jurisdiction.

3.1.2 Tax Administration System Dispute Resolution. Disputes brought by the County arising out of, or related to, the implementation of the Tax Administration System, other than invoice disputes subject to Section H(2), shall first be addressed as provided in Exhibit 3 of *Amendment 1 to Agreement # 14234*. If the dispute cannot be resolved through the procedures in Exhibit 3, either party may file a lawsuit in a court of competent jurisdiction as described in Section § L(20) of the Agreement).

3.1.3 Any negotiations pursuant to this Section L(3.1) (Amended) are confidential and shall be treated as compromise and settlement negotiations for purposes of the applicable rules of evidence. Nothing in this section shall prevent County or Tyler

from seeking necessary injunctive and/or equitable relief during the dispute resolution procedures.

**6. Additional Provisions.**

**6.1 Reservation of Rights.**

By signing this Amendment, the Parties reserve their rights to seek additional redress for future damages they may incur if the milestones and target dates set forth in this Amendment are not met. Moreover, the rights and remedies stated in this Amendment shall be in addition to and not in limitation of any rights and remedies of the County granted in the Agreement or at law or equity.

**6.2 Effective Date.**

This Agreement will become effective when all of the parties have signed it, and the date this Agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature) will be deemed the "Effective Date" of this Agreement. If a party signs but fails to date a signature, the date that the other party receives the signing party's signature will be deemed to be the date that the signing party signed this agreement, and the other party may inscribe that date as the date associated with the signing party's signature.

**6.3 Agreement/Conflict.**

Where a portion of the Agreement is modified or deleted by the terms of this Amendment, the unaltered portions of the Agreement shall remain in effect. To the extent there is a conflict or inconsistency between the terms of this Amendment and the Agreement, the terms of this Amendment shall prevail and control in all respects.

**6.4 Counterparts.**

The parties may sign this agreement in several counterparts, each of which will be deemed an original but all of which together will constitute one instrument. Each party represents and warrants that the individual signing below is duly authorized to execute this agreement on its behalf.

**6.5 Confirmation of Agreement.** Except as amended by this Amendment, the Parties' Agreement otherwise remains in full force and effect.

**Signed:**

**TYLER TECHNOLOGIES, INC.**

By \_\_\_\_\_  
**Abigail Diaz**  
Its Chief Legal Officer

Date: \_\_\_\_\_

**COUNTY OF LAKE**

By: \_\_\_\_\_  
**RuthAnne K. Hall**  
Its Purchasing Agent

Date: \_\_\_\_\_

**Exhibit 1**  
**Gantt Chart & List of Deliverables**

**Exhibit 2**  
**Resource Roster**

**Exhibit 3**  
**Project Escalation Path**