PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

: 09/23/08	[X] Consent [] Ordinance] [] Regular] Public Hearing
Submitted By: Submitted For:	Palm Beach County ISS Palm Beach County ISS		
	Submitted By:	[] Ordinance Submitted By: Palm Beach County ISS	[] Ordinance [Submitted By: Palm Beach County ISS

Motion and Title: Staff recommends motion to: A) Approve Supplement to IBM Corporation Customer Agreement (ICA) for IBM S/390 software programs and support for the period October 1, 2008 through September 30, 2009, in the amount \$307,815, and; B) authorize the County Administrator or his designee, ISS Director, to increase services, not to exceed 10% of the contract value (\$30,782), to provide for any unforeseen changes to the inventory that could arise during the contract period.

Summary: This Supplement to the IBM ICA (R94-247D) provides for the ongoing annual software license charge for our current mainframe processor and data storage equipment. The configuration of the IBM mainframe system software for the coming contract period has been thoroughly reviewed prior to developing this agreement. The maximum amount is structured in two portions: (1) \$307,815 based on the current inventory of IBM S/390 software and (2) a 10% contingency, \$30,782, to provide for any unforeseen changes to the inventory that could arise during the contract period. This supplement covers the period October 1, 2008 through September 30, 2009. Countywide (PK)

Background and Justification: Palm Beach County continues to use IBM software for the mainframe computer and data storage systems, although we are in the last stages of plans to migrate from this server platform.

Attachments:

- 1) 2 originals of IBM memorandum dated 09/03/2008 regarding S/390 software
- 2) 2 originals of current IBM S/390 software schedule for Palm Beach County for FY 2009
- 3) Copy of IBM Customer Agreement, R94-247D

Recommended by:	Sture Borde (on Department Director	9/10/08
	Department Director	'Date
Approved by:	Save	9/16/2
	County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of F	iscal Impact:				
Fiscal Years Capital Expenditures Operating Costs External Revenues Program Income (County) In-Kind Match (County)	2009 \$338,597	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
NET FISCAL IMPACT	<u>\$338,597</u>				
# ADDITIONAL FTE POSITIONS (Cumulative)	0				
Is item included in tentative	FY 2009 Bud	lget? Yes	<u>X</u>	No	
Budget Account Number:	Fund <u>5020</u>	Agency <u>490</u>	Org. <u>1304</u>	Object <u>3401</u>	_
	Reporting Ca	ategory			
B. Recommended Sources o	of Funds / Sumr	nary of Fiscal I	mpact		
A. OFMB Fiscal and/or Co		IEW COMME		,	
			Λ		
Whillite 9.1	1.08 CN9/10/08	$- \sqrt{\frac{5}{\text{Contra}}}$	act Administra	Javes	-911210P
B. Legal Sufficiency:			This item (County po	complies with cur licies.	rent
Assistant County Att	= 9/16/0 corney	\$			
C. Other Department Review					
Department Director					



IBM Corporation Beacon Square 8051 Congress Ave Boca Raton, Fl. 33487

Sept 3, 2008

Mr. Robert Busch Information Systems Services Palm Beach County 301 N. Olive Avenue, Room 801.8 West Palm Beach, FL 33401

Dear Robert:

IBM is pleased to submit the quote for the current configuration of S/390 and z/OS software installed on the 2096-G01 serial number 30EBD for the County's upcoming fiscal year (October 1, 2008 – September 30, 2009). The configuration and quote for the monthly amount is attached to this letter for your signature as agreement. This quote and the prices are based on the software profile for Palm Beach County and are reflective of a currency analysis snapshot taken on August 9, 2008.

At your request, the billing schedule for monthly licensed software will be billed quarterly. The quarterly charge is \$75,100.08, which will result in an annualized charge of \$300,400.32. In addition, annually licensed software support will be invoiced on October 1, 2008 for a charge of \$7,414. Therefore, the total amount to be invoiced for the upcoming fiscal year for monthly and annually licensed software will be \$307,814.32.

The terms in effect for your S/390 - z/OS software are the standard terms found in the IBM Customer Agreement. The attached quote is valid for 60 days.

If you have any questions, please call me at 561-994-9200 or by email mcmahong@us.ibm.com

Sincerely,

Sorry McMahon

IBM Coverage Software Sales Representative

I concur with the amount specified and for quarterly billing.

Palm Beach County Representative

Date

Palm Beach County ISS C/N 6873206

Fiscal 2008 IBM zSeries Software Budget & Planning Estimate (October 1, 2008 - September 30, 2009)

August 26, 2008

Prepared by:	Jim Gresham & Ed Henderson			
	Leafe & Associates, Inc.	2096-G01/30EBD		
		15 MSUs EWLC	12% Special Bid	
Product Number	Product Name	Monthly List Price	Discount Price	Comment
5648063	ACF/NCP V7	\$1,173	\$1,032.24	
5655G53	Enterprise COBOL for z/OS V3 - Alternate	\$827	\$727.76	
5655M32	AFP Download Plus	\$875	\$770.00	
5655M32	PSF V4 for z/OS	\$1,190	\$1,047.20	
5655N60	InfoPrint Transforms to AFP V2.1	\$250	\$220.00	
5655P19	InfoPrint AFP to PCL Transforms V2.1	\$400	\$352.00	
5655P21	InfoPrint AFP to Postscript Transforms V2.1	\$400	\$352.00	
5655041	ACF/SSP Version 4 MVS	\$635	\$558.80	
5655103	DITTO/ESA for MVS	\$316	\$278.08	
5675DB2	DB2 UDB for z/OS V7	\$4,620	\$4,065.60	
5688190	PPFA/370	\$260	\$228.80	
5688191	OGL/370	\$370	\$325.60	
5694A01	z/OS V1 Base	\$7,635	\$6,718.80	
5694A01	z/OS V1 DFSMS dsshsm	\$1,135	\$998.80	
5694A01	z/OS V1 DFSORT	\$309	\$271.92	
5694A01	z/OS V1 GDDM-PGF	\$273	\$240.24	
5694A01	z/OS V1 Infoprint Server	\$667	\$586.96	
5694A01	z/OS V1 RMF	\$315	\$277.20	
5694A01	z/OS V1 SDSF	\$352	\$309.76	
5694A01	z/OS V1 Security Server	\$497	\$437.36	
5697E93	CICS TS for z/OS V3.1	\$5,327	\$4,687.76	
5740CB1	COBOL Compiler/Library V1	<u>\$621</u>	<u>\$546.48</u>	
	Sub-Total Monthly:	\$28,447	\$25,033.36	
	Extended Annual Sub-total	\$341,364	\$300,400.32	

IPLA Softwa	re Licenses:	Annual Price	
5648D68	DB2 Utilities Suite S&S	\$3,094	26 Value Units
5608870	Tivoli AF/Opertator on z/OS S&S	\$4,320	9 Value Units
	Annual IPLA Sub-total	\$7,414	
	Total Annual - All Charges		107 814 32

Note: This estimate does NOT include the former Princeton Softech program, now IBM Hourglass.

These stated prices are for your information only and are subject to change. Applicable taxes are not shown. Licensed Programs are available only under the IBM Customer Agreement, International Program License Agreement, or any equivalent agreement in effect between the customer and IBM.

Gerry McMahon

IBM Senior Software Coverage Representative

Business Partner

pbcis080826zG01.XLS Page

Leafe & Associates, Inc.

IDM Customer Agreement

R94 247D



Thank you for doing business with us. We are committed to providing you with the highest quality Products and Services. If, at any time, you have any questions or problems, or are not completely satisfied, please let us know. Our goal is to do our best for you.

This IBM Customer Agreement (called the "Agreement") covers the major business transactions we may do with you, including:

- (a) sale of Machines;
- (b) license of Programs; and
- (c) provision of Services.

We also make several Options available to you concerning the Products and Services we provide under this Agreement, such as volume discounts.

This Agreement and its applicable Attachments and Transaction Documents are the complete agreement regarding these transactions, and replace any prior oral or written communications between us.

By signing below for our respective Enterprises, each of us agrees to the terms of this Agreement. Once signed, 1) any reproduction of this Agreement, an Attachment, or Transaction Document made by reliable means (10% example, photocopy or facsimile) is considered an original and 2) all Products and Services you order under this Agreement are subject to it.

Agreed to:

Agreed to: (Enterprise name) Palm Beach County

Name (type or print): Mary McCarty

MAR 0 1 1994

Enterprise Address TOFPH

Enterprise number: 6872933

Name (lype or print): PATILA NESIPUR

International Business Machines Corporation

Date: 12/01/93

Agreement number:

IBM Office address: 1555 Palm Beach Lakes Blvd. alm Beach, Fl 33401

West Palm Beach, FL

Board of County Commissioners

COUMTY ATTURNED

Alter signing, please return a copy of this Agreement to the local "IBM Office address" shown above.

Olive Avenue

IBM Customer Agreement

Table of Contents

Section	Title	Page	Sectio	วท	Title	• .	Pag
Part 1 -	General	3	Part 4	4 - F	rograms	³ ******************	_
1.1 De 1.2 Ag 1.3 De 1.4 Ele 1.5 Pr 1.6 Inv 1.7 Ad 1.8 Tyj 1.9 Pa 1.10 Lin 1.11 Mu 1.12 You	efinitions	3 4 4 24 24 25 25 26 27 27 28 26 27 27 28 26 27 27 28 27 28 28 27 28 28 28 28 28 28 28 28 28 28 28 28 28	4.1 4.2 4.3 4.4 4.5 4.6 4.7 4.8 4.9 4.10	Gra Liç Dis Add Pro Pro Pro Var Lice	ant of License ense Details stributed Feature ditional License ogram Testing ogram Packages ogram Protection ogram Services riable-Charge Protection ense Termination	copies	14 15 15 16 16
1.15 Chi 1.16 Agr 1.17 Geo	A Business Partner anges to the Agree reement Termination ographic Scope	ment Terms .9	5.1 5.2 5.3 5.4	Mai Con Proj On-l	ntenance Service tinuing Support lect Support Service line and Other S	ces Services Vices	17 18 20
Part 2 - W	arranties	10			otions		
21 The 22 Exte	IBM Warranties ent of Warranty as Not Covered by	10	6.2 (Mair Payr	ime Discounts ntenance Servic ment Options cial Options	e Options	22
Part 3 - Mi	achines	12					
3.1 Title 3.2 Risk 3.3 Prod 3.4 Insta	of Lossluction Statuslilation	12	•				

Customer Agreement

Part 1 - General

1.1 Definitions

Customer-set-up Machine is an IBM Machine that you set up according to our instructions.

Date of installation is the following:

- 1. for a Machine
 - a. the business day after the day we install it or, if you defer installation, make it available to you for installation;
 - b. the second business day after the end of a Customer-set-up Machine's standard transit allowance period. We will allocate a reasonable transit allowance period; or
 - c. the second business day after the arrival of a non-IBM Machine.
- 2. for a Program, the latest of
 - a. the day after its testing period ends (this does not apply to Program Packages);
 - b. 10 days after we ship it, or
 - c. the day, specified in a Transaction Document, on which we authorize you to make an Additional License Copy or a copy of a Distributed Feature.

Designated Machine is the machine, that you identify to us by type/model and serial (or plant order) number, on which you intend to use a Program for processing. When we specify that you do not have to provide this identification to us, the term "Designated Machine" means the single machine on which you may use the Program at any one time.

Enterprise is any legal entity (such as a corporation) and the subsidiaries it owns by prore than 50 percent. The term "Enterprise" applies only to the portion of the enterprise located in

Machine is a machine, its features, conversions, upgrades, elements, or accessories, or any combination of them. The term "Machine" includes an IBM Machine and any non-IBM Machine (including other equipment) that we may provide to you.

Materials are work product (such as programs, program listings, programming tools, documentation, reports, and drawings) that we may deliver to you during a project. The term

Product is a Machine or a Programi

Program is the following, including features and any whole or partial copies:

- 1. machine-readable instructions;
- 2. a collection of machine-readable data, such as a data base; and
- 3. related licensed materials, including documentation and listings, in any form.

The term "Program" includes an IBM Program and any non-IBM Program that we may provide to you. The term does not include Licensed Internal Code or Materials.

Service is performance of a task or project, provision of advice and counsel, assistance, or use of a resource (such as access to an information data base) we make available to you.

Specifications is a document that provides information specific to a Product. For a Machine, we call the document "Official Published Specifications." For a Program, we call it "Ucensed Program Specifications" or "License information."

Specified Operating Environment is the Machines and Programs with which a Program is designed to operate, as described in the Program's Specifications.

Agreement Structure

Attachments

Some Products and Services have terms in addition to those we specify in this Agreement We provide the additional terms in documents called "Attachments," which are also part of this Agreement. For example, we describe the additional terms for special projects (such as joint studies) in an Attachment. We make the Attachments available to you for signature.

Transaction Documents

For each business transaction, we will provide to you the appropriate "Transaction Documents" that confirm the details of the transaction. Some Transaction Documents require signature, and others do not. The following are examples of Transaction Documents that must be signed by both of us, with examples of the information they may contain:

- 1. addenda (selected contract-period duration, start date, and total quantity or revenue
- 2. statements of work (scope of Services, responsibilities, deliverables, Completion Criteria,

The following are examples of administrative, unsigned Transaction Documents that confirm the details of a transaction, with examples of the information they may contain:

- 1. exhibits (eligible Products by category, discount schedules, and available contract
- 2. Invoices (item, quantity, price, and amount payable); and
- 3. supplements (Machine quantity and type ordered, price, estimated shipment date, and warranty period). Certain supplements may require signature if requested by either of us.

Conflicting Terms

If there is a conflict among the terms in the various documents, those of an Attachment prevail over those of this Agreement. The terms of a Transaction Document prevail over

Our Acceptance of Your Order

A Product or Service becomes subject to this Agreement when we accept your order. We accept your order by doing any of the following:

- 1. sending you a Transaction Document;
- 2. shipping the Product; or
- 3. providing the Service.

Your Acceptance of Additional Terms

You accept the additional terms in an Attachment or Transaction Document by doing any of

- 1. signing it;
- 2. using the Product or Service, or allowing others to do so; or
- 3. making any payment for the Product or Service.

1.3 Delivery

We will use our best efforts to meet your delivery requirements for Products and Services you order, and will inform you of their status. We pay normal transportation charges for Products

Electronic Communications

Each of us may communicate with the other by electronic means. Each of us agrees to the

- 1. an identification code (called a "USERID") contained in an electronic document is legally sufficient to verify the sender's identity and the document's authenticity;
- 2. an electronic document that contains a USERID is a signed writing; and
- 3. an electronic document, or any computer printout of it, is an original when maintained in

Electronic Data interchange

We may provide Electronic Data Interchange (called "EDI") Options to you. invoicing and electronic payment are examples of these Options. When using EDI Options,

- 1. when a bank is involved, to pay our respective bank charges and to promptly notify the other of any changes to the bank payment process; and
- 2. to promptly notify the other of any changes to the technology, process, or information

We will review with you respective responsibilities for the EDI Option you choose.

1.5 Prices and Price Changes

The following are the bases on which we may require the amount payable for a Product or

- 1. one-time (the price of a Machine);
- 2. recurring (a monthly charge for Maintenance Services); or
- 3. a combination of both (an initial charge and a monthly license charge for a Program).

Additional bases for Services, such as Project Support Services, are time-and-materials,

We will specify the amount and basis for the particular Product or Service.

Price Increases

We may increase recurring charges, and Hourly Services rates and minimums for Project Support Services, by giving you three months' written notice. An increase applies on the first day of the applicable invoice period on or after the effective date we specify in the notice.

We may increase one-time charges and hourly rates (for other than Project Support Services) without notice. However, an increase to one-time charges does not apply to you if 1) we receive your order before the announcement date of the increase and 2) one of the following occurs within three months after the announcement: 1. We ship you the Product;

- 2. with our authorization, you make an Additional License Copy of a Program or a copy of a
- 3. a Program's group-upgrade charge becomes due.

Price Decreases

You receive the benefit of a decrease in charges for amounts which become due on or after

1.6 Invoicing, Payment, and Taxes

We invoice:

- 1. recurring charges (other than usage charges) for a Program and for Maintenance Services in advance for the applicable invoice period;
- Project Support Services charges monthly as the work progresses (unless specified otherwise in the Statement of Work). Invoices include, as applicable, actual hours expended, and actual travel and living expenses;
- 3. usage charges following the period in which you incur them; and
- 4. all other charges when or after you incur them.

For a Product with a one-time charge, payment is due on its Date of Installation. Recurring charges for a Product begin on its Date of Installation.

Amounts due are payable as we specify in the invoice. You agree to pay accordingly. You also agree to pay amounts equal to any applicable taxes resulting from any transaction under this Agreement. This does not include taxes based on our net income. You are responsible for personal property taxes for each Product from the date we ship it to you.

1.7 Additional Charges

Depending on the particular Product, Service, or circumstances, additional charges may apply. We charge extra if, for example, 1) we are required to use other than private automobile or scheduled public transportation to provide Maintenance Services to you or 2) we respond to your request for service of a Machine outside its standard service period. We will notify you in advance if these charges apply.

1.8 Types of Service for Machines

We provide certain types of service for a Machine to keep it in, or restore it to, good working order. The following terms apply to warranty service, Maintenance Services, and other applicable Services.

Depending on the Machine, the service may be 1) a "Repair" service at your location (called "On-site") or at one of our service locations (called "Carry-in") or 2) an "Exchange" service, either On-site or Carry-in. We will inform you of the available types of service for a Machine. You may select the type of service from those available for the Machine. We require that a Machine and its features have the same type of service.

Under warranty and Maintenance Services, we offer On-site types of service 24 hours a day, seven days a week. For certain Machines, however, this service period may vary. Carry-in types of service are available during the normal business hours of our service locations.

Under Carry-in service, you may deliver the failing Machine, or ship it (prepaid, unless we specify otherwise, and suitably packaged), to a location we designate. After we have repaired or exchanged the Machine, we will return it to you at our expense.

Under On-site Exchange service, depending on the nature of the failure, we may repair the failing Machine at your site instead of exchanging it

When a type of service involves the exchange of a Machine or part, the item we replace becomes our property and the replacement becomes yours. The replacement may not be new, but will be in good working order and at least functionally equivalent to the item replaced.

We are responsible for loss of, or damage to, your Machine while it is 1) in our possession or 2) in transit in those cases where we are responsible for the transportation charges.

You agree to:

- 1. obtain authorization from the owner to have us service a Machine that you do not own;
- 2. where applicable, before we provide service
 - a. follow the problem determination, problem analysis, and service-request procedures
 - b. secure all programs, data, and funds contained in a Machine.
 - c. Inform us of changes in a Machine's location, and
 - d. for a Machine with Exchange service, remove all features, parts, options, alterations, and attachments not under our service. You also agree to ensure that the Machine is free of any legal obligations or restrictions that prevent its exchange;
- 3. be responsible for loss of, or damage to, a Machine in transit in those cases where you are responsible for the transportation charges; and
- 4. on completion of Carry-in Repair service, connect a repaired Machine and verify its

1.9 Patents and Copyrights

For purposes of this Section only, the term "Product" includes Materials alone or in combination with Products we provide to you as a system.

If a third party claims that a Product we provide to you infringes that party's patent or copyright, we will defend you against that claim at our expense and pay all costs, damages, and attorney's fees that a court finally awards, provided that you:

- 1. promptly notify us in writing of the claim; and
- 2. allow us to control, and cooperate with us in, the defense and any related settlement

If such a claim is made or appears likely to be made, you agree to permit us to enable you to continue to use the Product, or to modify it, or replace it with one that is at least functionally equivalent. If we determine that none of these alternatives is reasonably available, you agree to return the Product to us on our written request. We will then give you a credit equal to your net book value for the Product, provided you have followed generally-accepted

This is our entire obligation to you regarding any claim of infringement.

Claims for Which We are Not Responsible

We have no obligation regarding any claim based on any of the following:

- 1. your modification of a Product, or a Program's use in other than its Specified Operating
- 2. the combination, operation, or use of a Product with any product, data, or apparatus that
- 3. Infringement by a non-IBM Product alone, as opposed to its combination with Products we

1.10 Limitation of Liability

Circumstances may arise where, because of a default on our part or other liability, you are entitled to recover damages from us. In each such instance, regardless of the basis on which you are entitled to claim damages from us, we are liable only for.

1. payments referred to in our patent and copyright terms described above;

- 2. bodily injury (including death), and damage to real property and tangible personal property; and
- 3. the amount of any other actual loss or damage, up to the greater of \$100,000 or the charges (if recurring, 12 months' charges apply) for the Product or Service that is the subject of the claim.

This limit also applies to any of our subcontractors and Program developers. It is the maximum for which we are collectively responsible.

Items for Which We are Not Liable

Under no circumstances are we, our subcontractors, or Program developers liable for any of the following:

- 1. third-party claims against you for losses or damages (other than those under the first two items listed above);
- 2. loss of, or damage to, your records or data; or
- economic consequential damages (including lost profits or savings) or incidental damages, even if we are informed of their possibility.

1.11 Mutual Responsibilities

Each of us agrees that under this Agreement:

- 1. neither of us grants the other the right to use its trademarks, trade names, or other designations in any promotion or publication:
- 2. all information exchanged is nonconfidential. If either of us requires the exchange of confidential information, it will be made under a signed confidentiality agreement;
- 3. each is free to enter into similar agreements with others;
- 4. each grants the other only the licenses specified. No other licenses (including licenses under patents) are granted;
- 5. each will promptly notify the other if it becomes aware of any unsafe conditions or hazardous materials to which the other's personnel would be exposed at any of its facilities;
- each will allow the other reasonable opportunity to comply before it claims that the other has not met its obligations; and
- 7. neither of us will bring a legal action more than two years after the cause of action arose.

1.12 Your Other Responsibilities

You agree:

- not to assign, or otherwise transfer, this Agreement or your rights under it, delegate your obligations, or resell any Service, without prior written consent. Any attempt to do so is void;
- to acquire Machines with the intent to use them within your Enterprise and not for reselling, leasing, or transferring to a third party, unless either of the following applies
 - a. you are arranging lease-back financing for the Machines, or
 - b. you purchase them without any discount or allowance, and do not remarket them in competition with our authorized remarketers;
- to allow us to install mandatory engineering changes (such as those required for safety)
 on a Machine. Any parts we remove become our property;
- 4. that you are responsible for the results obtained from the Products and Services;
- 5. to comply with all applicable government export laws and regulations; and

6. to provide us with sufficient, free, and safe access to your facilities for us to fulfill our obligations.

1.13 Your Additional Rights

You may have additional rights under certain laws (such as consumer laws) that do not allow the exclusion of implied warranties, or the exclusion or limitation of certain damages. If these laws apply, our exclusions or limitations may not apply to you.

1.14 IBM Business Partners

We have signed agreements with certain organizations (called "IBM Business Partners") to promote, market, and support some of our Products and Services. We have chosen these organizations because of their skills and experience in a particular field.

When you order our Products or Services (marketed to you by these organizations) under this Agreement, we confirm that we are responsible for providing them to you under the warranties and other terms of this Agreement. We are not responsible for 1) the actions of these organizations, 2) any additional obligations they may have to you, or 3) any products or services that they (and not us) may supply to you.

1.15 Changes to the Agreement Terms

In order to maintain flexibility in our Products, Services, and Options, we may change the terms of this Agreement by giving you three months' written notice. However, these changes are not retroactive. They apply, as of the effective date we specify in the notice, only to new orders (those we receive on or after the date of the notice) and to on-going transactions, such as licenses and Services.

Otherwise, for a change to be valid, both of us must sign it. Additional or different terms in any order or written communication from you are void.

1.16 Agreement Termination

You may terminate this Agreement on written notice to us following the expiration or termination of all your obligations.

Either of us may terminate this Agreement if the other does not comply with any of its terms, provided the one who is not complying is given written notice and reasonable time to comply.

Any terms of this Agreement which by their nature extend beyond its termination remain in effect until fulfilled, and apply to respective successors and assignees.

1.17 Geographic Scope

All your rights, all our obligations, and all licenses (except for Licensed Internal Code and as specifically granted) are valid only in the United States and Puerto Rico.

1.18 Governing Law

The laws of the State of New York govern this Agreement.

LE Customer Agreement

Part 2 - Warranties

2.1 The IBM Warranties

Wattanty for IBM Machines

For each IBM Machine, we warrant that it

- 1. Is free from defects in materials and workmanship; and
- 2. conforms to its Specifications.

The warranty period for a Machine is a specified, fixed period. We calculate its expiration from the Machine's Date of installation.

During the warranty period, we provide warranty service under the type of service we designate for the Machine or under the alternative service you select under Maintenance Services.

For us to provide warranty service for a feature, conversion, or upgrade, we require that the Machine on which it is installed be 1) the designated, serial-numbered Machine and 2) at an engineering-change level compatible with the feature, conversion, or upgrade.

During the warranty period, we manage and install engineering changes that apply to the Machine.

If a Machine does not function as warranted during the warranty period, we will repair or replace it with one that is at least functionally equivalent, without charge. If we are unable to do so, you may return it to us and we will refund your money.

Warranty for IBM Programs

For each warranted IBM Program, we warrant that:

- 1. we have the right to license it; and
- 2. It conforms to its Specifications.

The warranty period for a Program expires when its Program Services are no longer available.

During the warranty period, we provide warranty service, without charge, for a Program through Program Services. Program Services are available for a warranted Program for at least one year following its general availability. Therefore, the duration of warranty service depends on when you obtain your license.

If a Program does not function as warranted during the first year after you obtain your license and we are unable to make it do so, you may return the Program to us and we will refund your money. To be eligible, you must have acquired the Program while Program Services (regardless of the remaining duration) were available for it.

Warranty for IBM Services

For each IBM Service, we warrant that we perform it:

- 1. In a workmanlike manner, and
- 2. according to its current description (including any Completion Criteria) contained in this Agreement, an Atlachment, or a Transaction Document.

Warranty for Systems

Where we provide Products to you as a system (for example, when we provide Machines and Programs according to our marketing proposal or when we deliver them during a Services engagement), we warrant that they are compatible and will operate with one another. This warranty is in addition to our other applicable warranties.

Warranty for Integrated Systems

For each integrated system we deliver to you under a Statement of Work for Systems integration Services, we warrant that the integrated system (including any Materials, IBM products and constant products are constant in Constant products. Products, and non-IBM Products contained in it) meets its Completion Criteria as specified in the Statement of Work. This warranty is in addition to our other applicable warranties.

The warranty period for an integrated system is a fixed period as specified in the Statement of Work, it begins on the date we deliver the integrated system to you.

During the warranty period, we manage the individual warranties and Maintenance Services, if any, for the components (including non-IBM Products) of the integrated system.

If an integrated system does not function as warranted during the warranty period, we will correct the deficiency without charge. If we are unable to do so, you may return the

2.2 Extent of Warranty

If a Machine is subject to federal or state consumer warranty laws, our statement of limited warranty included with the Machine applies in place of these Machine warranties.

Misuse, accident, modification, unsuitable physical or operating environment, operation in other than the Specified Operating Environment, improper maintenance by you, or failure caused by a product for which we are not responsible, may void the warranties.

THESE WARRANTIES REPLACE ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PLIPPOSE

Items Not Covered by Warranty 2.3

We do not warrant uninterrupted or error-free operation of a Product or Service,

We will identify IBM Products that we do not warrant.

Unless we specify otherwise (for example, in our warranty for integrated systems), we provide Materials, non-IBM Products, and non-IBM Services on an "AS IS" basis. However, non-IBM manufacturers, suppliers, or publishers may provide their own warranties to you.

IDM Customer Agreement

Part 3 - Machines

3.1 Title

When we accept your order, we agree to sell you the Machine described in a Transaction Document. We transfer title to you or, if you choose, your lessor when we ship the Machine. However, we reserve a purchase money security interest in the Machine until we receive the amounts due. For a feature, conversion, or upgrade involving the removal of parts which become our property, we reserve the security interest until we receive the amounts due and the removed parts. You agree to sign an appropriate document to permit us to perfect our purchase money security interest.

3.2 Risk of Loss

We bear the risk of loss for the Machine through its Date of Installation. Thereafter, you assume the risk.

3.3 Production Status

Each Machine is manufactured from new parts, or new and serviceable used parts (which perform like new parts). In some cases, the Machine may not be new and may have been previously installed. Regardless of the Machine's production status, our warranty terms apply.

3.4 Installation

For the Machine to function properly, it must be installed in a suitable physical environment. You agree to provide an environment meeting our specified requirements for the Machine.

We design our standard installation procedures to ensure that each Machine we install is in good working order and meets its Specifications. We will successfully complete these procedures before we consider the Machine Installed.

You are responsible for setting up a Customer-set-up Machine (we provide instructions to enable you to do so) and for the installation of a non-IBM Machine.

Machine Features, Conversions, and Upgrades

We sell features, conversions, and upgrades for installation only on designated, serial-numbered Machines. You represent that you have the permission of the owner (If you are not the owner of the Machine) and any lien holders to 1) install features, conversions, and upgrades and 2) transfer removed parts to us.

Some of these transactions (called "Net-Priced" transactions) include associated replacement parts. We provide these parts on an exchange basis. All removed parts in a Net-Priced transaction become our property. For a Net-Priced transaction, you agree to allow us to install it within 30 days of its delivery and to recover the removed parts. Otherwise, we may your expense.

Licensed Internal Code

Certain Machines we specify (called "Specific Machines") use Licensed internal Code (called "Code"). We own copyrights in Code. We own all copies of Code, including all copies made from them.

We will identify each Specific Machine in a Transaction Document. If you are the rightful possessor of a Specific Machine, we grant you a license to use the Code (or any replacement we provide) on, or in conjunction with, only the Specific Machine, designated by serial number, for which the Code is provided. We license the Code to only one rightful possessor

Under each license, we authorize you to do only the following:

- 1. execute the Code to enable the Specific Machine to function according to its
- 2. make a backup or archival copy of the Code (unless we make one available for your use). provided you reproduce the copyright notice and any other legend of ownership on the copy. You may use the copy only to replace the original, when necessary, and
- 3. execute and display the Code as necessary to maintain the Specific Machine.

You agree to acquire any replacement for, or additional copy of, Code directly from us in accordance with our standard policies and practices. You also agree to use that Code under

You may transfer possession of the Code to another party only with the transfer of the Specific Machine. If you do so, you must 1) destroy all your copies of the Code that were not provided by us, 2) either give the other party all your IBM-provided copies of the Code or destroy them. destroy them, and 3) give the other party at your tom-provided copies of the destroy them, and 3) give the other party a copy of this page with the Specific Machine's identification information filled in below. We license the other party when it accepts these terms by initial use of the Code. These terms apply to all Code you acquire from any source.

Your license terminates when you no longer rightfully possess the Specific Machine.

Actions You May Not Take

You agree to use the Code only as authorized above. You may not do, for example, any of

- 1. otherwise copy, display, transfer, adapt, modify, or distribute the Code (electronically or otherwise), except as we may authorize in the Specific Machine's Specifications or in
- 2. reverse assemble, reverse compile, or otherwise translate the Code;
- 3. sublicense or assign the license for the Code; or
- 4. lease the Code or any copy of it.

INFORMATION FOR SUBSEQUENT LICENSEE OF LICENSED INTERNAL CODE

This page is copied from the IBM Customer Agreement and is provided to the subsequent licensee when Code is transferred.

The Specific Machine being transferred is identified as:

Turn - 10'4	is idelitilled as:	
Type/Model	Serial Number	
Collowin - L -	Serial Number	

The following definitions are provided for the subsequent licensee of the Code:

- 1. "We" means international Business Machines Corporation (IBM);
- 2. "Transaction Document" does not apply to you. The above Type/Model and Serial Number identify the Specific Machine to you;
- 3. "You" means the subsequent licensee of the Code; and
- 4. "Specifications" means IBM's Official Published Specifications.

IBM Customer Agreement

Part 4 - Programs

4.1 Grant of License

When we accept your order, we grant you a license for the Program. F copyrighted and licensed (not sold). We do not transfer title to Programs to you. Programs are

4.2 License Details

Under each license, we authorize you to:

- 1. use the Program's machine-readable portion on only the Designated Machine, unless
 - a. the Designated Machine is inoperable. You may then use the Program on a backup
 - b. the Designated Machine cannot assemble or compile the Program. You may then assemble or compile it on another Machine,
 - c. we grant an "Installation License." You may then use the Program on any other Machine in the same or adjoining rooms as the Designated Machine, or
 - d. we grant a "Location License." You may then use the Program on any other Machine in the same building with the same mailing address as the Designated Machine.

If you change the Designated Machine, you agree to notify us of the change and its date;

- 2. store the Program's machine-readable portion in, transmit it through, and display it on, Machines associated with the Designated Machine:
- 3. do the following to support your authorized use as described above
 - a. modify the Program's machine-readable instructions or data, or merge them into
 - b. make copies of the Program, provided you reproduce the copyright notice and any other legend of ownership on each copy or partial copy; and
- 4. use any portion of the Program we mark restricted (for example, "Restricted Materials of
 - a. resolve problems related to the use of the Program, and
 - b. modify the Program so that it will work together with other products.

You agree to comply with any additional terms (for example, a usage restriction) that a Program's Specifications may contain. We provide the Specifications to you with the Program. For an "AS IS" Program, any additional terms are contained in a document called

Actions You May Not Take

You agree not to do any of the following:

- 1. sublicense, assign, or transfer the license for any Program;
- 2. distribute any Program to any third party; or
- 3. reverse assemble, reverse compile, or otherwise translate any Program.

4.3 Distributed Features

- Some Programs have features (called "Distributed Features") that are designed to work with those Programs (called "Associated Programs"). After we accept your order for a Distributed
 - 1. make a copy of the Distributed Feature and its documentation; and
 - 2. distribute the copy to, and use it on, a Machine other than the Designated Machine of the Associated Program. You may use the copy on only one Machine at a time. Persons using a Machine outside of your Enterprise may use the copy only to access the Associated Program.

Additional License Copies

You may order additional licenses for Programs. If you prefer, for each license we grant, rather than shipping you another copy of the Program, we will authorize you to make an

For some Programs, you may make a copy under a Distributed System License Option (called a "DSLO" (Icense). We charge less for a DSLO (Icense than we do for the original license (called the "Basic" (Icense). In return for the lesser charge, you agree to do the following while licensed under a DSLO:

- 2. provide problem documentation and receive Program Services (if any) only through the
- 3. distribute to, and install on, the DSLO's Designated Machine, any release, correction, or

4.5 Program Testing

We provide a testing period for certain Programs to help you evaluate if they meet your needs. The testing period for a Program starts 1) 10 days after we ship it or 2) on the day we authorize you to make an Additional License Copy. We will inform you of the duration of the

For the first order for each Distributed Feature, the testing period is the same as its

We do not provide a testing period for a Program under a DSLO license.

Program Packages 4.6

We provide certain Programs logether with their own license agreements. These Programs (called "Program Packages") are licensed under the terms of the agreements provided with them. This Agreement's patent and copyright terms apply to IBM Program Packages.

For a Program Package, we may specify that:

- 1. Additional License Copies apply. If so, 1) these copies are subject to the terms of the Program Package's agreement, except that you may not transfer them, and 2) you may copy all of the Program Package's printed documentation; and
- 2. a lesting period applies. If so, and you return the Program Package to us before the end

If a Program Package has Distributed Features, this Agreement's terms regarding Distributed

Program Protection

For each Program, you agree to:

- 1. ensure that anyone who uses it (accessed either locally or remotely) does so only for your authorized use and complies with our terms regarding Programs;
- 2. maintain a record of all copies; and
- 3. If it is a licensed data base, allow access to the information contained in it only to your employees, agents, or subcontractors, and only in support of their work for you.

4.8 Program Services

We provide Program Services for warranted Programs and for selected other Programs. If we can reproduce your reported problem in the Specified Operating Environment, we will issue defect correction information, a restriction, or a bypass. We provide Program Services for only the unmodified portion of a current release of a Program.

We provide Program Services 1) on an on-going basis (with at least six months' written notice before we terminate services for a Program), 2) until the date we specify, or 3) for a period we specify.

4.9 Variable-Charge Programs

We may place a Machine in a Machine group. The charges for some Program licenses depend on the group of the Designated Machine. We call these Programs "Variable-Charge" Programs. Variable charges include graduated charges and processor-based charges. We will specify the group for a Machine and will inform you of any changes.

For these licenses, the following apply:

- 1. If you change (including upgrade or downgrade) a Designated Machine to a Machine in another group, you may incur a group-upgrade charge or a changed recurring charge. You agree to promptly notify us of the date of such a change;
- 2. If we reassign a Designated Machine to a Machine group with different charges, Program licenses with one-time charges due or paid before the reassignment are not affected.
- 3. If a change or reassignment results in a lower charge, we do not give credits or refunds

4.10 License Termination

You may terminate the license for a Program on one month's written notice or at any time during the Program's testing period. For some Programs, if you terminate the license and replace that Program with another we specify, we only require you to pay an upgrade charge.

We may terminate any license we grant in this Part if you do not meet your obligations

You agree to destroy all copies of the Program within three months after license termination. However, you may keep a copy in your archives.

20

正列 Customer Agreement

Part 5 - Services

5.1 Maintenance Services

You may select the type of service from those available for the Machine. When we accept your order, we agree to service the Machine described in a Transaction Document: Based on the type of service, we will restore the Machine to good working order or exchange it. We may also perform preventive maintenance, including lubrication, adjustments, and replacement of parts. We manage and install engineering changes that apply to the Machine. We provide Maintenance Services for selected non-IBM Machines only when they are

We will inform you of the date on which Maintenance Services begin. We may inspect the Machine within one month following that date. If the Machine is not in an acceptable condition for service, you may 1) have us restore it for a charge or 2) withdraw your request for Maintenance Services and we will refund any amounts you have paid to us for its service.

For a Machine under a usage plan, you agree to provide us with the meter reading as of the last working day of the period that the minimum maintenance charge covers.

Maintenance Services do not cover accessories and certain parts, such as frames and covers. in addition, Maintenance Services do not cover service of a Machine damaged by misuse, accident, modification, unsuitable physical or operating environment, improper maintenance by you, or failure caused by a product for which we are not responsible.

Alternative Service During Warranty

For certain Machines, at any time during the warranty period, you may select a different type of service from that which we designate for the Machine. For example, if you prefer On-site service to Carry-in, it may be available. We will inform you of the available types of service for the Machine and the available alternative service periods. We provide the alternative type of service for an additional charge. When the alternative service ends, we will continue Maintenance Services for the Machine under the same type of service you selected.

Maintenance Services Termination

You may terminate Maintenance Services for a Machine on one month's written notice to us under any of the following circumstances:

- 1. after it has been under Maintenance Services for at least six months;
- 2. If you permanently remove it from productive use within your Enterprise;
- 3. as of the effective date of an increase in Maintenance Services charges; or
- 4. If you terminate coverage for a Maintenance Service Option under our terms for 1) removal of a Machine type from eligibility or 2) increased total adjusted charges for

We may terminate Maintenance Services for a Machine on three months' written notice, provided it has been under Maintenance Services for at least one year.

Either of us may terminate service for any Machine If the other does not meet its obligations concerning Maintenance Services. On termination of service for a Machine, we will give you

5.2 Continuing Support Services

We provide Continuing Support Services on a contract-period basis to assist you in such areas as improving the availability of your systems and improving your productivity.

provide the terms specific to a Service in an Atlachment. If we make a change to the terms of an Attachment that 1) affects your current contract period and 2) you consider unfavorable, on your request, we will defer it until the end of that contract period.

We will specify the eligible Products, applicable prerequisites and minimum commitments, exit-option percents, and available contract periods for a Service. We will also inform you periodically of any changes. These changes apply only to orders that we confirm on or after

When we accept your order, we will confirm the specific details of the Service in a Transaction Document. You may select a start date for the Service that is within three months following the effective date we specify in the Transaction Document.

During a contract period, we may increase charges. An increase becomes effective on the next anniversary of the start of a contract period, following the effective date we specify in the notice. When an increase results in a change to your total monthly charge for a Service of more than the exit-option percent we specify, you may terminate that Service on the effective date of the increase. Adjustment or termination charges do not apply in this case.

You may request a change to the Services you have selected on one month's notice. If we agree, we will confirm the change to you with applicable adjustments in charges.

Each of us agrees to notify the other (before your current contract period expires) if they do

Continuing Support Services Termination

You may terminate a Continuing Support Service by providing us one month's written notice upon fulfillment of any minimum commitments.

The termination of Services with contract periods longer than one year results in adjustment charges. In this case, you agree to pay the lesser of:

- 1. the difference between the total charges you paid through the termination date and those you would have paid for the shorter contract period;
- 2. the monthly charge multiplied by the applicable adjustment charge factor, or
- 3. the total charges remaining to complete the contract period.

5.3 Project Support Services

The Project Support Services we make available to you include providing:

- 1. Consulting Services, such as reengineering business processes, linking business and technology strategies, improving manufacturing processes, and enhancing application development and information processing capabilities;
- 2. Custom Services, such as managing and performing a project to deliver Materials;
- 3. Hourly Services, such as assisting on a technical task; and
- 4. Systems Integration Services, such as acting as a prime contractor to deliver an integrated system that may consist of a combination of Products, Services, Materials, and

We require a separate Statement of Work, signed by both of us; for each Services engagement (including each project). When we accept your order, we agree to provide the

The Statement of Work includes, for example:

- our respective responsibilities;
- 2. the specific conditions (called the "Completion Criteria"), if any, that we are required to

Summary of Project Support Services

The following table summarizes the major Project Support Services we make available to you.

The Statement of Work contains, for example, subject and term of the engagement, IBM engagement
schedule for production of the report (containing our findings an recommendations), charges, payment schedule, and other applicable terms.
We are responsible for managing the engagement.
The Statement of Work contains, for example, acope of Services respective responsibilities, deliverables (including identification of Materials), Completion Criteria, estimated schedule, charges, and other applicable terms.
We are responsible for managing the project, unless specified otherwise in the Statement of Work.
The Statement of Work contains, for example, a description of the assistance tasks, estimated schedule, hourly rate, and estimated number of hours. The estimate is not a fixed-price commitment. Charges — (hours x rate) + expenses.
You are responsible for managing the project and for any results
Services end when the first of the following occurs: 1) you advise us, in writing, that further Services are not required, 2) we provide the specified number of hours, or 3) the estimated end date expires. You may authorize, in writing, additional hours or extension of the end date.
The Statement of Work contains, for example, scope of Services, warranty period, our responsibilities (such as designing, developing, delivering, installing, and supporting the integrated system), your responsibilities, deliverables (including Products and identification, of Materials), Completion Criteria, estimated schedule, charges, and other applicable terms.

5.4 On-line and Other Services

On-line Services

We make on-line Services available to you, including access to certain of our information data bases. These Services may be available only through selected telecommunications service providers. We provide the terms specific to an on-line Service in an Attachment.

Other Services

We make other Services available to you that are not associated with the Services described in this Part. For these Services, we provide all the additional terms in Attachments.

- 3. an estimated schedule that we provide for planning purposes; and
- 4. applicable charges (not including taxes) and any other terms.

Each of us agrees to make reasonable efforts to carry out our respective resultance according to the estimated schedule. If the Statement of Work contains Completic we will inform you when we meet each of them. You then have 10 days to inform the believe that we have not met those criteria. The project is complete when we recompletion Criteria.

Changes to the Statement of Work

When both of us agree to change a Statement of Work, we will prepare a written descriptly of the change (called a "Change Authorization"), which both of us must sign. The terms of the Change Authorization prevail over those of the Statement of Work and any of its previous Change Authorizations.

Any change in the Statement of Work may affect the charges, estimated schedule, or other terms. Depending on the scope of the requested change, we may charge you for our effort to analyze it. We will then give you a written estimate of the charges for the analysis. We will perform the analysis only on your written authorization.

Personnel

Each of us will authorize a person to represent us during the project. Each will 1) address all notices to the other's representative and 2) promptly notify the other in writing if this person is replaced. Each of us is responsible for supervising and controlling only our own personnel:

We will try to honor your requests regarding the assignment of our personnel to your project. However, we reserve the right to determine the assignment of our personnel.

Ownership and License

The Statement of Work will specify if Materials are to be delivered during the project. It will identify them as being "Type I Materials," "Type II Materials," or otherwise as we both agree.

Type I Materials are those, created during the project, in which you will have all right, title, and interest (including ownership of copyright). We will retain one copy of the Materials. You grant us 1) an irrevocable, nonexclusive, worldwide, paid-up license to use, execute, reproduce, display, perform, distribute (internally and externally) copies of, and prepare derivative works based on Type I Materials and 2) the right to authorize others to do any of the former.

Type II Materials are those, created during the project or otherwise (such as those that preexist the project), in which we or third parties have all right, title, and interest (including ownership of copyright). We will deliver one copy of the Materials to you. We grant you an interest perform, and distribute (internally only) copies of Type II Materials.

Each of us agrees to reproduce the copyright notice and any other legend of ownership on any copies made under the licenses granted in this Part.

Project Support Services Termination

You may terminate a project on written notice to us. We may terminate a project if you do not meet your obligations concerning it. Upon termination, we will stop our work in an orderly manner as soon as practical.

You agree to pay us for all Services we provide and any Materials we deliver through the project's termination. Payment includes any charges we incur in terminating subcontracts.

13

IBM Customer Agreement

Part 6 - Options

Volume Discounts 6.1

We provide discounts for certain Products based on the volume of business you agree to do with us (called your "Commitment") during a contract period. You may make a Commitment based on either Product quantity or revenue. Revenue for a Product is its single-unit charge, less any discounts or allowances.

We will specify the eligible Products, their categories, available discount percents and contract periods, upper-limit percents, and adjustment charge factors. We will inform you periodically of any changes. An unfavorable change (and all changes related to it) applies to an existing Commitment only if you accept it in writing. Related changes become effective at the same time. We will also inform you if we withdraw eligible Products from marketing. We then accept orders you place for these Products subject to their availability.

Unless we specify otherwise, we do not discount Program upgrades, Program features ordered separately from Programs, accessories, or field-installed Machine features,

End User Certification

You agree to acquire the Products for use only within your Enterprise and not for remarketing. We call this representation "End User Certification." We provide the discounts to you based

How You May Obtain the Discounts

If you wish to obtain the discounts, you agree to sign an Addendum specifying your Commitment, and selected contract-period start date and duration.

During the contract period, you may increase your Commitment or extend the contract period (subject to our approval) by signing a revised Addendum. If you extend, you agree to increase your Commitment so that the new discount percent is at least equal to your current discount percent. Any increased discount percent applies to all eligible Products for which Date of installation is on or after the date we receive your signed Addendum.

How We Apply the Discounts

We apply the discount to the single-unit charges of eligible Products that you acquire from us during the contract period. The charges are the lesser of 1) those generally available at the time of acquisition or 2) the announced charges in effect on the date we receive the initial Addendum, subject to our price change terms described below.

We count specified Products that you acquire from our authorized remarketers when we receive the required certification. Adjustment charges do not apply to these Products.

We may place some Products in a dependent category with an associated controlling category. To determine the discount percent applicable to either category, we count quantities or revenue for only those Products in the controlling category.

Price Changes

During a contract period, we may increase or decrease charges. We apply your discount to the new charges as follows:

1. we establish a maximum charge (called an "Upper Limit") for each Product in a committed category for each year of a contract period. We determine the Upper Limit by increasing the announced charge in effect, as of the date we receive the initial Addendum,

by a certain amount. We calculate this amount by multiplying that charge by the upper-limit percent we specify at the time of your Commitment;

- 2. for an increase, we apply the discount to either the increased charge or the Upper Limit, whichever is less; and
- 3. for a decrease, we apply the discount to the decreased charge, provided you accept any related changes in terms we may have made after your Commitment. Otherwise, you may select 1) the decreased charge without discount or 2) the discounted charge available to you before the decrease.

Adjustment Charges

If you have not met your Commitment by the end of the contract period, you agree to pay adjustment charges. The adjustment charge for each Product is either:

- 1. the difference between the discounted amount we charged you and the discounted amount which you were entitled to receive; or
- the result of multiplying the adjustment charge factor by the number of discount percentage points between what we gave you and what you were entitled to receive.

We will inform you which method we use for a particular Product.

For a revenue-based Commitment, the lotal of the adjustment charges will not be more than the difference between your Commitment and the actual revenue you attained:

International Discounts

For our international customers, we provide volume discounts based on worldwide Commitments. To allow you to participate in such a Commitment, this Agreement may be modified by a signed international agreement. You, your international enterprise coordinator, and we will sign the relevant Transaction Document, unless the coordinator exempts you from signing. That Transaction Document becomes part of this Agreement.

6.2 Maintenance Service Options

We provide Maintenance Service Options for certain Machines. If you wish to obtain the benefit of lower charges available under an Option, you agree to assume additional, specified responsibilities. We provide the terms specific to an Option in an Altachment.

We will specify the eligible Machine types, eligible types of service, available discount parcents and contract periods, exit-option percents, and notice requirements for termination of each contract period, as applicable to each Option. We will also inform you periodically of any changes. We will defer an unfavorable change (and all changes related to it) until the end of your contract period, if you request it in writing before the effective date of the change.

6.3 Payment Options

Extended Maintenance Option

You may order the Extended Maintenance Option (called the "EMO") for certain Machines. Under EMO, we adjust your Maintenance Services charges based on your prepayment of those charges during an available contract period. We calculate the EMO charge for a Machine using the announced Maintenance Services charges and any applicable discounts in effect for the Machine when coverage begins. EMO charges are not refundable after coverage has started for the Machine.

AMENDMENT TO

IBM CUSTOMER AGREEMENT

Palm Beach County and IBM agree that the following terms and conditions amend the IBM Customer Agreement (Z125-4575-01 3/93) between Palm Beach County and IBM.

Section 1.2 Agreement Structure

Delete items 2 and 3 from the subsection "Your Acceptance of Additional

- Section 1.4 Electronic Communications Delete items 1 and 2 from the first paragraph.
- Section 1.11 Mutual Responsibilities Dalete Item 7.
- Section 3.1 Title Delete the third, fourth and fifth sentences.
- Section 4.5 Program Testing Add "at no additional charge" after "We provide" in the first sentence. Substitute "when you receive it" for "10 days after we ship it" in the second

Section 5.1 Maintenance Services

The subsection "Maintenance Services Termination", replace "applicable credit," with "applicable refund or rebate." H.

Agreed to:

Agreed to:

Corporation

Palm Beach County

i - .. WcCarty

Printed Name:

Title:

CHAIRMAN

MAR 9 1 1994

oved as to form AND LEDAL BUFFICIENCY

International Business Machines

R94

Page I of llast.

Palm Beach County 16%

We will specify the eligible Machine types and available contract periods. We will also inform you periodically of any changes. A change applies only to Machines you add under EMO on or after the effective date of the change.

The Transaction Document will list the Machines covered and the dates of coverage for the contract period you have selected for each Machine.

You may select EMO in addition to other Maintenance Service Options. We then adjust the Machine's EMO charge based on the applicable discounts which you are entitled to receive under those Options. While under this Option, you agree to maintain coverage under all the Services and other Options on which we base the Machine's EMO charge.

For a Machine not yet installed or set up, coverage starts on its Date of installation. For an installed Machine, coverage starts on a mutually-agreed-to date. If applicable, the contract period includes the Machine's warranty period.

Each of us agrees that if a feature, conversion, or upgrade is installed on a Machine while it is under this Option, 1) an additional charge may apply and 2) the feature, conversion, or upgrade is subject to the remaining portion of the contract period.

if we increase the EMO charge, the increase does not apply to a Machine not yet installed or set up, unless we give you at least three months' notice before its scheduled date of shipment. If we decrease the EMO charge before coverage has begun for a Machine, you receive the benefit of the decrease.

We will give you at least three months' notice of a Machine's eligibility for renewal. At the end of your contract period, we will continue Maintenance Services for the Machine (if available), unless you request us not to do so.

If you transfer coverage for a Machine to a third party, you agree to inform that party 1) of the applicable terms of this Agreement and 2) that it must notify us in writing of the transfer, the location of the Machine, and acceptance of coverage. If that party does not wish to maintain coverage under all the Services and other Options on which we base the Machine's EMO charge, you agree to pay the transfer charge that we specify.

. Invoicing Options

We make involcing Options available to you for certain Products and Services to provide flexibility in payment terms. We provide the terms specific to an Option in an Attachment.

We will specify the eligible Products, Services, and charges, and the available contract periods, invoicing schedules, and environments which may be covered by an Option. We will also inform you periodically of any changes.

Together, we will estimate your requirements for the applicable Products and Services. We use this estimate to determine the total charges that we will invoice, distributed according to the schedule you select. These invoiced amounts replace the applicable charges otherwise due. Depending on the Option, the total charges may be subject to adjustments.

The Transaction Document, signed by both of us, will list the date from which we provide the selected Option to you and its other details.

6.4 Special Options

In order to meet your specific requirements, we may provide Special Options to you. Under these Options, we are willing to provide special terms and tallor our processes for you. We will describe our mutual commitments under a Special Option in a Transaction Document.

直ើ Customer Agreement

Attachment for Estimated Billing Option

These terms are in addition to those of the IBM Customer Agreement (or any equivalent agreement signed by both of us) and specifically supplement its invoicing Options terms. You accept these terms by signing the Signature Page for Attachments or using, or making any payment for, the Option

Under the Estimated Billing Option (called "EBO"), we make involcing options available to you for certain Products and Services. These options provide you flexibility in your payment terms. We will specify the Products and Services subject to EBO in a Supplement. 1. Mutual Responsibilities

Both of us agree that:

- 1. we will jointly develop an estimate of 1) your Services requirements for selected locations and Machine types or 2) your requirements for Programs, in selected locations, subject to monthly
- 2. on either party's request, an adjustment will be made if unforeseen events in your business or information system plans occur which, had they been reflected in the estimate, would cumulatively have affected the total charge by ten percent or more. We will adjust the total charge based on a new estimate for the remaining portion of the contract period. The new total charge will be effective as of the date of the event that caused the adjustment.

For Services, we will adjust the total charge if any of the following occurs:

- a. a change in the amount of Services you use which are already subject to EBO;
- b. an increase or decrease in your inventory of selected Machines. However, we will not adjust the total Services charge if you terminate Maintenance Services for a Machine and it remains in productive use within your Enterprise;
- c. an increase or decrease in the amount you use Usage Plan Machines; or
- d. lermination of discount Options.

For Services and Program licenses included in the initial estimate, we will use the charges in effect at the time of the initial estimate to calculate the adjustment. For Program licenses not included in the initial estimate, we will use the charges in effect on the preparation date of the

2. Our Other Responsibilities

- 1. base the total charge for the estimate on current and announced charges that will be in effect during the contract period. We may revise the total charge before the start date of a contract period, unless we receive the signed Supplement for EBO from you within one month following the Supplement preparation date;
- 2. revise the total charge for Estimated Billing of Services to reflect new Services or Options
- 3. delay an unlavorable change to the terms of this Attachment, upon your request, until the

Z125-4116-04 06/93

Page 1 of 2

If we request, you agree to use Programs provided by us for call placement and problem status tracking for Qualified Machines in a network environment. We will provide these Programs at no additional charge. You agree not to modify these Programs. On termination or expiration of coverage, you agree to destroy your copies of the Programs.

Mid-Range System Option

You agree that a Qualified Machine under MRSO is one that meets the following criteria:

- 1. it is an eligible processor type located at a Qualified Location and is under warranty or
- 2. It is an eligible Machine type controlled by such processor and is either a) located at a Qualified Location or b) one for which your network coordinator controls all requests for Maintenance Services. We will describe the role of the network coordinator in a Procedures

Eligible processor and Machine types are specified in an Exhibit

3. Termination

You may terminate, without additional charge, coverage for a Machine only if:

- 1. you give us the required notice (specified in a Supplement);
- 2. you remove it from productive use within your Qualified Location; or
- 3. we remove it from eligibility.

Otherwise, you agree to pay one month's Maintenance Services charges for the Machine.

You may terminate either Option if a change in discount or Maintenance Services charges increases your total adjusted charges by more than the specified exit-option percent in any 12-month period. Termination will occur on the effective date of the change. We will not increase the exit-option percent during a contract period.

If you also wish to terminate Maintenance Services, you must do so under its terms.

TEM Customer Agreement Attachment for CSO and MRSO Options

These terms are in addition to those of the IBM Customer Agreement and specifically supplement its Maintenance Service Options terms. You accept these terms by signing the Signature Page for Allachments or using, or making any payment for, the Options described below.

We provide two Options under which we will reduce Maintenance Services charges for eligible Machines (called "Qualified Machines"), provided you follow the applicable systems management procedures that we specify in a Procedures Exhibit. You may select either the Corporate Service Option (called "CSO") for eligible large system environments or the Mid-Range System Option (called "MRSO") for eligible mid-range system environments. Under these Options, we require that the Qualified Machines be 1) under On-site type of service and 2) located at, or controlled through, locations within your Enterprise which follow our systems management procedures (called "Qualified

The contract period you select applies to all Machines under an Option. Machines which come under an Option after a contract period has started will assume the remaining portion of that contract period.

Each of us agrees to notify the other (before the current contract period expires) if they do not intend to

1. Our Responsibilities

We will:

- 1. confirm in a Supplement your start date, and selected Option and contract period;
- 2. provide On-site type of service for a Qualified Machine under warranty at no additional charge;
- 3. provide you a self-review form, for MRSO, to assist you in obtaining the information we need to determine if a location is a Qualified Location. In order to determine if a location is a Qualified Location for CSO, we may conduct on-site reviews. If we do so, we will inform you of any
- 4. adjust your Maintenance Services charges for Qualified Machines using the applicable discount percents (specified in an Exhibit). For a Qualified Machine subject to an annual charge, we will adjust the charge only for that portion of the annual period which is within a contract period.

2. Your Responsibilities

Corporate Service Option

You agree that a Qualified Machine under CSO is one that meets the following criteria:

- 1. It is an eligible System Machine type, located at a Qualified Location; or
- 2. It is an eligible Network Machine type, controlled through a Qualified Location. You agree to place requests for Maintenance Services only through the Qualified Location.

Eligible System and Network Machine types are specified in an Exhibit.

Customer Agreement Signature Page for Attachments

Attachments which you select the IBM Custo	omer Agreement contain additional terms. Copies of the seppropriate space below) are included with this page. On-line and Other Services.
Products	he appropriate space below) are included with this
ES/Express Preload (Z125-4146-02)	
IBM Entry End User/370 License (Z125-4378-02)	FASTService Services (Z125-8287-02)
Licensed Program Support (Z125-3820-04)	Multiple Vendor Services (Z125-4150-03) K-12 Personal Computer Installation
Trial or Loan of Amelian	41 7 Cas (4125-6002-001
Rental of IBM Machines (Z125-4301-01)	lechnical Telephone Sender
Trade-ins (2125-4134-02)	(K- 12 Customers) (Z125-4896-00) Service of Non-IBM Machines (Z125-4990-00)
Court	Options
Continuing Support Services	Central Facility Maintenance Service
Business Recovery Services (Z125-8308-04)	
	X CSO and MRSO Options (Z125-3927-04)
End User Support Services (Z125-4301-02)	The second pilling Uplion /second
(Z125-1290-01)	(Z125-3777-02)
Problem Management But	System Services Availability
123-4912-001	(2,27,633,63)
System XIra Services (7:25 tage)	Miscellaneous
SoftwareXcel Services (Z125-4298-05)	Special Projects (Z125-4855-00)
(~ (~) 420-429	Educational Allowance (Z125-3083-03) IDNX* Licensed internal Code
- IDNX is a registered trademark of Network Equipme	State & Local Government (Z125-4205-02)
Name (type or print): Mary McCarty Date: MAR 0 1 1994 Enterprise address: 301 N 014	west Palm Beach, FL 33401
Aller signing, please return a control in	R94 247D
Aller signing, please return a copy of this page to	the local "IBM Office address" shown above
	The state of the s