

**BOARD OF EDUCATION OF THE CITY OF CHICAGO
POS EQUIPMENT AND SERVICES AGREEMENT
WITH HEARTLAND PAYMENT SYSTEMS, INC.**

This POS EQUIPMENT AND SERVICES AGREEMENT (the "Agreement") is entered into as of June 5th, 2013 (the "Effective Date") by and between the Board of Education of the City of Chicago, a body politic and corporate commonly known as the Chicago Public Schools (the "Board" or "CPS") and Heartland Payment Systems, Inc., a Delaware corporation (the "Vendor").

RECITALS:

WHEREAS, the Vendor desires to provide certain point-of-sale equipment, software and support services to the Board, and the Board desires to purchase and/or license such point-of-sale equipment, software and support services pursuant to the terms and conditions that follow; and

WHEREAS, the Vendor has demonstrated that it has the requisite knowledge, skill, experience and other resources necessary to provide such point-of-sale equipment, software and support services to the Board;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the parties hereby agree as follows:

1. Incorporation of Recitals: The foregoing recitals are hereby incorporated into and made a part of this Agreement.

2. Definitions:

A. "Documentation" means all operator's and user's manuals, training materials, guides, commentary, listings and other materials for use in conjunction with the Software.

B. "Hosting Services" means the Services defined in Subsection 7G of this Agreement.

C. "POS Equipment" means the items of equipment, related hardware, servers and any other materials, all as more particularly described in Exhibit B to be delivered by the Vendor to the Board pursuant to this Agreement.

D. "Professional Development Documentation and Information" means any and all Documentation and information that instructs teachers and school administrators in how to use the Services described in Exhibit A through Exhibit J, in the manner recommended by the Vendor.

E. "Service Level Agreement" means the Services and Service Level Agreement attached hereto as Exhibit A.

F. "Services" means all of the services, deliverables, duties and responsibilities of Vendor described in Exhibit A through Exhibit J to this Agreement, including, without limitation, the Hosting Services and the Vendor's license of the Software and Documentation pursuant to the terms hereof, and all work necessary to complete them or carry them out fully and to the standard of performance required in this Agreement.

G. "Software" means the software described in Exhibit A through Exhibit J (including the service packs, patches and any other upgrades thereto), which is hosted and maintained by Vendor and accessible to the Board via the Internet pursuant to the terms of this Agreement.

3. Term of Agreement: This Agreement is for a term (the "Initial Term") commencing on the Effective Date and ending on five (5) years thereafter (unless earlier terminated as provided herein), with three (3) options to renew this Agreement for periods of one year each, in each case under the same terms and conditions as this Agreement (each, a "Renewal Term"; and together with the Initial Term, collectively, the "Term").

4. Product Specifications; Scope of Services: The Vendor shall provide the POS Equipment and perform the services ("POS Equipment and Services") set forth in the and Service Level Agreement and Product Specifications and Scope of Services attached hereto as Exhibit A through Exhibit J, in each case in accordance with the terms and conditions of this Agreement. The Board has final authority with respect to all decisions related to the use of the POS Equipment and Services. The Board, from time to time, may request changes to the scope of the POS Equipment or Services under this Agreement. Those changes shall be documented by a written amendment to this Agreement signed by both parties and based on their mutual agreement and good faith negotiations.

5. Personnel:

A. Adequate Staffing. The Vendor shall assign and maintain an adequate staff of competent personnel that is fully equipped, licensed as appropriate, available as needed, qualified, and assigned to deliver the POS Equipment and perform the Services. If the Board determines, in its sole discretion, that any employee, subcontractor, or other person delivering POS Equipment or providing Services for the Vendor is not performing in accordance with the performance standards or other requirements of this Agreement, then the Board may direct the Vendor to remove that person from delivering POS Equipment and performing Services.

B. [Reserved].

6. Compensation, Purchase Orders, and Payment:

A. Compensation: The total maximum compensation payable to the Vendor pursuant to this Agreement shall not exceed \$14,000,000 (the "Total Maximum Compensation") in the aggregate, with no reimbursement for expenses. It is understood and agreed that the Total Maximum Compensation referenced above may not be adjusted without the prior written approval of the members of the Board and a written amendment to this Agreement, and such Total Maximum Compensation is a "not-to-exceed amount" rather than a guaranteed payment to Vendor. Compensation shall be based on actual POS Equipment delivered and accepted and, subject to the term hereof, Services performed pursuant to any relevant Purchase Order(s) executed by the Board during the Term, and the Board shall have no obligation to pay for any POS Equipment, Services or other deliverables that the Board rejects for non-compliance in accordance with Section 6.E of this Agreement. The Vendor is not entitled to any payment, nor is the Board obligated to pay Vendor any amount, solely by virtue of entering into this Agreement. The Vendor agrees to deliver the POS Equipment and provide the Services at the prices set forth in Exhibit A through Exhibit J hereto. In the event of early termination of this Agreement, including, without limitation, pursuant to Section 11, 12 or 15.V, the Board will be obligated to pay only for POS Equipment delivered and accepted and Services actually rendered before the effective date of termination. The Vendor shall promptly refund to the Board any payments received for POS Equipment and Services and that were not provided prior to such effective date of termination or were properly rejected by the Board in accordance with Section 6.E hereof. The Board will not be liable under any circumstances for any cost of any POS Equipment delivered or Services performed on or after the date of termination or expiration of this Agreement.

B. Purchase Orders: The Vendor shall not provide any POS Equipment or Services without a valid purchase order. Each purchase order must be made on the Board's standard purchase order form (a "*Purchase Order*"). The pre-printed terms and conditions on the Purchase Order will apply to the full extent that those terms are not inconsistent with the terms and conditions in this Agreement. If the Vendor delivers any POS Equipment or provides any Services without a valid Purchase Order, then the Vendor will not be entitled to receive any payment for those POS Equipment or Services.

C. Payment: Before the Vendor receives any payment, the Vendor must submit an invoice prepared as required by this Subsection C. All invoices must include (1) a reference to this Agreement, (2) a valid Purchase Order number, (3) an itemized description of the POS Equipment delivered and/or the Services rendered for which payment is requested, (4) the date or time period the Services were rendered, (5) the date or time period the POS Equipment were delivered, (6) the invoice date and (7) the invoice amount. Invoices shall be submitted by the Vendor in a timely manner. The final invoice must be submitted no later than 30 days after the date of expiration or termination of this Agreement. If the Vendor has more than one contract with the Board, then separate invoices must be submitted for each contract. The Board will process a payment in its normal course of business after receipt of a proper invoice and all supporting documentation necessary for the Board to verify the POS Equipment delivered and/or Services rendered under this Agreement, subject to the Local Government Prompt Payment Act (50 ILCS 505). Original invoices must be sent to: Chicago Public Schools, Accounts Payable, P.O. Box 661, Chicago, Illinois 60690-0661.

D. Electronic Payments. Vendor agrees that the Board may, in its sole discretion, make payment electronically to Vendor for any and all amounts due solely with respect to the POS Equipment by means of the Board's procurement charge card account. Vendor recognizes that any charge to the Board's procurement charge card that is in excess of the open remaining amount with respect to the POS Equipment as stipulated in the applicable Purchase Order, or any charge unaccompanied by the requisite documentation and data as required by the Board, shall be deemed invalid and disputed by the Board. Vendor further recognizes that, in the absence of any supporting documentation that may be required by the Board, payments associated with disputed charges shall be rescinded by the Board and deemed not owed by the Board. Vendor shall comply with the rules, procedures and documentation required by the Board's Department of Procurement and Contracts for electronic payment via the Board's procurement charge card account.

E. Inspection And Out-Of-Box Failures: The Board may inspect all POS Equipment and Services upon delivery and may perform any test the Board deems necessary to adequately demonstrate that the POS Equipment and Services meet all of the specifications described in Exhibit A through Exhibit J hereto. POS Equipment or Services which do not conform to such specifications or that are otherwise damaged may, in the Board's sole discretion and subject to the terms of this Agreement, be returned to Vendor (at Vendor's expense) for replacement, or the Board may cancel that portion of the purchase order relating to the non-conforming POS Equipment or Services at no cost or expense to the Board. For any such returned non-conforming POS Equipment or Services, the Board shall, subject to the terms of this Agreement, either (i) reduce any future payments due and owing to Vendor in an amount equal to the cost of such POS Equipment or Services plus any and all costs associated with shipping such POS Equipment or Services, or (ii) request, and Vendor shall promptly pay

upon such request, a refund for such amounts. The warranty period for any POS Equipment or Services repaired or replaced pursuant to this Section shall be the warranty period specified for such POS Equipment or Services in Exhibit A through Exhibit J or, if no warranty period is so specified, one (1) year from the date the repaired or replaced POS Equipment or Services is received by the Board.

7. License, Implementation, Hosting, and Support:

A. License: The Vendor hereby grants to the Board a non-exclusive, worldwide, nontransferable, royalty-free (except for fees specified in this Agreement) license to use the Software and the Documentation. The Board shall not sell, lease, license, or otherwise transfer, use, or dispose of the Software or the Documentation except as expressly provided herein. The Software and Documentation shall at all times remain the sole and exclusive property of the Vendor. The Board shall not copy or knowingly permit the copying by any third party of the Software or Documentation, or distribute, market, sell, rent, lease, license, transfer, sublicense, or assign to any third party any portion of the Software or Documentation. The Board may make a reasonable number of back-up copies of the Software, and the Board may make as many copies of the Documentation, for its own use only, as the Board determines is reasonable and necessary; *provided that*, the Board shall not provide any Documentation or Professional Development Documentation and Information to anyone other than a Board employee. The Board shall not make any alterations, additions, or modifications, create derivative works, decompile, disassemble, or reverse engineer the Software without the prior written consent of the Vendor.

B. Limited Sharing of Reports and Data: The Board and its employees and representatives may share reports and data generated from the POS Equipment or the Services with other vendors of the Board.

C. Implementation of Software: The Vendor shall, subject to the terms of this Agreement, provide network equipment, installation, configuration, and implementation Services for the Software so that it is accessible through the POS Equipment and the Board's computer workstations.

D. Licensed Users: The Vendor shall provide a username and password for each licensed user of the Software.

E. [Reserved].

F. Software Maintenance and Support: The Vendor shall provide the maintenance and support Services to the Board pursuant to the terms of this Agreement.

G. Hosting of the Software and Board Data: Subject to, and in accordance with, the terms and conditions of this Agreement, the Vendor shall provide the Board with (1) storage space on, and access to, a computer system with the capability of making the Software accessible by the Board through a secure online means set forth by the Vendor and approved by the Board's Chief Information Officer and (2) related materials, facilities, and Services necessary to host the Software and the Board Data (as further described in Exhibit A through Exhibit J hereto) and to otherwise make the Software and the Board Data accessible on demand by the Board's designated users (collectively the "*Hosting Services*"). The Hosting Services are part of the Services.

H. Compatibility and Data Flow: The Vendor shall ensure that the Hosting Services allow data to flow properly between the POS Equipment, the Board's computer workstations and the hosted Software. The Vendor must ensure that any other resources that are provided by the

Vendor to the Board, incorporated by the Vendor, or approved or recommended by the Vendor for use by the Board in connection with the POS Equipment or Services are fully compatible with and do not materially and adversely affect or be materially and adversely affected by each other or the other hardware, software, equipment, network components, systems, services, and other resources that are owned or leased by, or licensed to, the Board (collectively the "Board Resources"). At all times, the Vendor must cooperate and work as requested with the other service providers of the Board to coordinate the development and the provision of POS Equipment and Services with the services and systems of such other service providers. Such coordination shall include:

- i. Facilitating with such other relevant service providers the timely resolution of all problems that may arise and impact the POS Equipment or Services, regardless of the actual or suspected root-cause of such problems, and using all commercially reasonable efforts to obtain and maintain the active participation, cooperation, and involvement of such other service providers as is required for such problem resolution;
- ii. Providing information concerning any or all of the Board Resources of the data, computing environment, and technology direction used in implementing and the Software and Services;
- iii. Working with the Board's other service providers in the implementation and integration of the POS Equipment and Services with the Board Resources in the Board's environment and the integration and interfacing of the services of such other service providers with the POS Equipment and Services;
- iv. Providing reasonable access to and use of the Board Resources; and
- v. Performing other reasonable necessary tasks in connection with the POS Equipment and Services in order to accomplish the foregoing activities described in this section.

If a dispute arises between the Board and the Vendor as to whether a particular service or function falls within the scope of the services provided by the Board's other service providers (or by the Board itself) or within the scope of the POS Equipment or Services provided by the Vendor, then that particular service or function will be considered to be a part of the POS Equipment and Services if it is consistent with, and reasonably inferable to be within, the scope of the POS Equipment and Services as set forth in this Agreement and it more reasonably would be associated with the scope of the POS Equipment and Services than within the scope of services to be provided by other service providers. If any of the foregoing requires the disclosure of any proprietary information or confidential information of the Vendor to any third party, then that third party will be required to enter into a reasonable confidentiality agreement with Board with terms substantially equivalent to those of this Agreement regarding the protection of Confidential Information as defined in this Agreement.

8. Standards of Performance: Vendor shall deliver the POS Equipment and perform all Services required of it under this Agreement with that degree of skill, care and diligence normally shown by a vendor delivering the POS Equipment and performing services of a scope, purpose and magnitude comparable with the types of POS Equipment and Services to be provided under this Agreement. Vendor shall ensure that all POS Equipment and Services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed as required by law. Vendor acknowledges and agrees that, if in the course of delivering the POS Equipment and/or providing the Services hereunder, it is entrusted with or has access to valuable and

confidential information and records of the Board, Vendor shall maintain the confidentiality of such confidential information in accordance with Section 14 of this Agreement.

Any review, approval, or acceptance of the POS Equipment or Services by the Board, or payment for any of the POS Equipment or Services by the Board, does not relieve Vendor of its liability for defects in the POS Equipment or Services to the extent they do not perform in accordance with (i) the functional specifications contained in Exhibit A through Exhibit J, or (ii) the professional skill, care, and technical accuracy which is standard in the industry for professionals rendering POS Equipment and services substantially similar to the POS Equipment and Services rendered by Vendor under this Agreement. This provision in no way limits the Board's rights against Vendor under this Agreement, at law or in equity. Vendor shall remain responsible for the POS Equipment delivered and for the professional and technical accuracy of all Services, including any deliverables furnished, whether by Vendor or its subcontractors or others on its behalf.

A. The Vendor shall devote, and shall cause all of its staff and subcontractors, if any, to devote, the amount of their time, attention, best skills, best judgment, knowledge, and professional ability as is necessary to supply all POS Equipment and Services effectively, efficiently, and consistent with the best interests of the Board and to the satisfaction of the Chief Procurement Officer.

B. The Vendor shall retain and utilize sufficient staff to assure the most effective and efficient supply of POS Equipment and Services and shall utilize, as required by law or by this Agreement, professionals licensed to practice in the State of Illinois in the applicable profession.

C. The Vendor shall use efficient business administration methods and supply the POS Equipment and Services in the best way and in the most expeditious and economical manner consistent with the best interests of the Board, so as to assure, among other things, that the POS Equipment and Services are supplied at a reasonable cost to the Board and that POS Equipment and Services supplied by other entities or persons in connection with this Agreement are efficiently and cost-effectively delivered.

D. The Vendor acknowledges that, if in the course of providing POS Equipment and Services hereunder, it is entrusted with or has access to valuable or confidential information or records of the Board, that with respect to that information, the Vendor agrees to be held to the standard of care of a fiduciary.

E. The Vendor shall promptly correct any failure of the POS Equipment or Services to perform in accordance with this Agreement, the current specifications and Documentation, and in all cases the failure shall be remedied within five business days.

9. Non-Appropriation: Expenditures not appropriated by the Board in its current fiscal year budget are deemed to be contingent liabilities only and are subject to appropriation in subsequent fiscal year budgets. If no funds or insufficient funds are appropriated and budgeted in any subsequent fiscal period by the Board for performance under this Agreement, then the Board shall notify Vendor and this Agreement shall terminate on the earlier of the last day of the fiscal period for which sufficient appropriation was made or whenever the funds appropriated for payment under this Agreement are exhausted. Payments for POS Equipment delivered and Services completed to the date of notification will be made to the Vendor except that no payment will be made or due to the Vendor beyond those amounts appropriated and budgeted by the Board to fund payments under this Agreement.

10. Events of Default: Events of default ("*Events of Default*") include, but are not limited to, any of the following:

- A. Any material misrepresentation by the Vendor in the inducement of this Agreement or the provision of Services;
- B. Breach of any agreement, representation, or warranty made by the Vendor in this Agreement;
- C. Default by the Vendor under any other agreement the Vendor may have with the Board;
- D. Assignment by the Vendor for the benefit of creditors or consent by the Vendor to the appointment of a trustee or receiver or the filing by or against the Vendor of any petition or proceeding under any bankruptcy, insolvency or similar law; or
- E. Failure of the Vendor to deliver any POS Equipment or provide any of the Services in accordance with the terms and conditions of the Agreement, including, but not limited to, the following:
 - i. Action or failure to act which affects the safety or welfare of students or Board staff;
 - ii. Failure to perform in accordance with terms, conditions, and specifications of this Agreement;
 - iii. Failure to supply or perform any portion of the POS Equipment or Services at the time fixed for performance and in the manner specified herein;
 - iv. Failure to supply or perform the POS Equipment or Services with sufficient personnel and equipment or with sufficient material to ensure the supply of POS Equipment or Services;
 - v. Failure to supply or perform the POS Equipment or Services in a manner satisfactory to the Board, or inability to supply the POS Equipment or Services satisfactorily as a result of insolvency or filing for bankruptcy;
 - vi. Failure to promptly re-supply or re-perform the POS Equipment or Services that were determined by the Board to be defective or failing to meet the scope of POS Equipment or Services within a reasonable time;
 - vii. Discontinuance of the supply or performance of the POS Equipment or Services not authorized by this Agreement; or
 - viii. Failure to comply with any term of this Agreement, including but not limited to, the provisions concerning insurance and nondiscrimination, and any other acts specifically and expressly stated in this Agreement constituting an event of default.

11. Remedies: The occurrence of any Event of Default that the Vendor fails to cure within 15 calendar days after receipt of notice given in accordance with the terms of this Agreement and specifying the Event of Default or which, if that Event of Default cannot be reasonably cured within 15 calendar days after notice, the Vendor fails to commence and continue diligent efforts to cure (as determined in the sole discretion of the Board), is grounds for the Board to declare the Vendor in default of this Agreement. The decision whether to declare the Vendor in default is within the sole discretion of the Board's Chief Procurement Officer. If the Board declares the Vendor in default, then the Board will give the Vendor written notice of default, which will be effective on the day it is received by the Vendor. Upon the giving of that notice, the Board may take any or all of the following actions:

- A. Take over and complete the delivery of the POS Equipment and performance of Services or any part thereof, by contract or otherwise either directly or through others. Any

This Agreement will be posted on the CPS Internet Website

amount due to the Vendor under this Agreement or any other agreement the Vendor may have with the Board may be offset against amounts claimed due by the Board.

- B. Terminate this Agreement in whole or in part as to any or all of the POS Equipment or Services yet to be supplied, effective on a day specified by the Board.
- C. Suspend the delivery of the POS Equipment and/or performance of the Services until the Vendor has cured all Events of Default, and then reinstate the delivery of POS Equipment and performance of Services, charging the Vendor for cost incurred during the period of suspension due to the Vendor's default.
- D. Seek specific performance, an injunction, or any other appropriate equitable remedy.
- E. Charge the Vendor for any and all actual damages incurred by the Board as a result or in consequence of the default.
- F. Seek money damages against the Vendor in an amount not to exceed actual damages incurred by the Board.
- G. Withhold all or part of the Vendor's compensation under this Agreement.
- H. Use the default as a basis to deem the Vendor non-responsible in future contracts to be awarded by the Board.

The Board may elect not to declare the Vendor in default or not to terminate this Agreement. The Vendor acknowledges that this provision is solely for the benefit of the Board and that if the Board permits the Vendor to continue to supply the POS Equipment and perform the Services despite one or more Events of Default, then Vendor nevertheless will in no way be relieved of any responsibilities, duties, or obligations under this Agreement and the Board will not have waived or relinquished any of its rights under this Agreement, under applicable law, or at law or in equity.

The remedies under this Agreement are not exclusive of any other remedies the Board may have but, instead, each and every such remedy is cumulative and is in addition to any other remedies existing now or hereafter at law, in equity, or by statute. No delay or omission by the Board to exercise any right or power accruing on any Event of Default is, or may be construed as, a waiver of any Event of Default or acquiescence thereto, and every such right and power may be exercised by the Board from time to time and as often as may be deemed expedient.

12. Early Termination Without Cause: The Board may terminate this Agreement in whole or in part without cause on 30 days written notice to the Vendor. Immediately on receiving a notice of termination, the Vendor must restrict its activities and the activities of its subcontractors to providing basic POS Equipment and Services and to winding down any reports, analyses, or other activities previously begun. The Vendor must cease the delivery of POS Equipment and all Services on the effective date of the termination, and the Board will not be responsible for any costs incurred by the Vendor on or after that effective date.

The Vendor must include in its contracts with subcontractors an early termination without cause provision in form and substance equivalent to this Section 12, to prevent claims against the Board arising from termination of subcontracts after the termination of this Agreement. The Vendor is not entitled to make any early termination claim or action against the Board resulting from any subcontractor's claims against the Vendor or the Board to the extent inconsistent with this provision.

The Board, on 30 calendar day's written notice, may suspend the Vendor's delivery of POS Equipment or performance of Services in whole or part. The Vendor must immediately suspend

its delivery of POS Equipment and performance of Services as of the stated date of suspension. The Board may reinstate the Vendor's POS Equipment and Services at any time. The Vendor shall promptly resume delivering the POS Equipment and supplying Services on written notice from the Board. Responsibility for any additional costs or expenses actually incurred by the Vendor as a result of remobilization shall be determined by mutual agreement of the parties, except that the Vendor will not be entitled to any additional costs or expenses if the suspension of POS Equipment or Services was related to an Event of Default or other act of noncompliance with this Agreement.

13. Binding Effect, No Assignment: This Agreement is binding on the Board and on the Vendor and on their successors and assigns. The Vendor may not assign this Agreement or any right or obligation under this Agreement hereunder without the prior express written consent of the Board.

14. Confidential Information, Dissemination of Information, Ownership, Survival:

A. Confidential Information: In performance of this Agreement, the Vendor may have access to or receive information that is not generally known to others ("*Confidential Information*"). The Vendor shall not use or disclose any Confidential Information or any finished or unfinished, documents, screens, reports, writings, procedural manuals, forms, source code, object code, work flow charts, methods, processes, data, data studies, drawings, maps, files, records, computer printouts, designs, equipment descriptions, or other materials prepared or generated for the Board as required by this Agreement (collectively "*Work Product*") without the prior, express, specific, written consent of the Board. For purposes of this Section 14, the term Work Product does not include any (i) Software, Documentation or Professional Development Documentation and Information, (ii) third party intellectual property, or (iii) pre-existing Vendor intellectual property, including, but not limited to, finished or unfinished documents, screens, reports, writings procedural manuals, forms, source code, object code, work flow charts, methods, processes, data, data studies, drawings, maps, files, records, computer printouts, designs, equipment descriptions or other materials that is delivered to the Board as part of the POS Equipment or Services or is imbedded in any Work Product to be delivered to the Board by the Vendor. The Vendor must use at least the same standard of care in the protection of the Confidential Information of the Board as the Vendor uses to protect its own confidential information, but in any event such Confidential Information shall be protected in at least a commercially reasonable manner. The Vendor shall password protect every laptop and other computer that contains Confidential Information.

B. Highly Confidential Information: "*Highly Confidential Information*" means CPS employee, volunteer, student, or teacher data including without limitation name, address, student identification number, social security number, telephone numbers, e-mail addresses, gender, date of birth, ethnicity, race, foster care status, disabilities, school, grade, grade point average, standardized test scores, ISAT scores, assessment data, after school activities, highest grade completed, discipline history, criminal history, free or reduced lunch qualifications, housing status, income, household income and payroll information. In performance of this Agreement, the Vendor may have access to or receive Highly Confidential Information. The Vendor shall not use or disclose in any manner, to anyone, any Highly Confidential information without the prior, express, specific, written consent of the Board.

C. Transmitting and Storing Highly Confidential Information: When transmitting and storing Highly Confidential Information, the Vendor shall abide by all of the following standards:

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- i. When mailing physical copies of Highly Confidential Information, send the Highly Confidential Information in a tamper-proof, labeled container with a tracking number and a delivery confirmation receipt.
- ii. Send Highly Confidential Information by mail only on electronic media such as CD, DVD, electronic tape, and similar media (collectively "*Electronic Media*") and only if the Highly Confidential Information is encrypted. Encryption must utilize the Advanced Encryption Standard ("*AES*") algorithm with a key of 256 bits or greater ("*Encrypt*"). The Highly Confidential Information must be mailed only in accordance with the provisions of Paragraph i immediately above.
- iii. Encrypt all Highly Confidential Information before transmitting it electronically. The Vendor shall not transmit any unencrypted Highly Confidential Information via e-mail, blackberry, blackjack, instant messages, or any other unencrypted protocols.
- iv. Not include with the Highly Confidential information any password or other information that would allow or potentially lead to decryption of the Highly Confidential Information.
- v. Keep all physical copies and other physical representations of Highly Confidential Information under lock and key, or otherwise have sufficient physical access control measures to prevent unauthorized access. The Vendor must not leave Highly Confidential Information unsecured and unattended at any time.
- vi. Encrypt all Highly Confidential Information stored on Electronic Media, and keep that Electronic Media locked or otherwise under physical access control measures sufficient to prevent unauthorized access. The Vendor must not leave Highly Confidential Information in any electronic format unsecured and unattended at any time.
- vii. Password protect every computer that contains Highly Confidential Information and have the hard drives of those computers fully Encrypted. The Vendor must not leave any computer unattended without enabling a screen-lock or otherwise blocking access to the computer. The Vendor shall ensure that no password or other information sufficient to access a computer containing Highly Confidential Information is attached to or located near the computer at any time.

D. Dissemination of Information: The Vendor shall not issue publicity news releases or grant press interviews related to this Agreement, except as may be required by law or with the prior, express, specific, written consent of the Board. If the Vendor is presented with a request for documents by any court, administrative agency, or other entity, or with a *subpoena duces tecum* regarding any Confidential Information, Work Product, or Highly Confidential Information, or Work Product, then the Vendor shall immediately give notice to the Board and its General Counsel with the understanding that the Board may contest any such process by any means available to it before the Vendor submits or releases any documents to a court or other third party. The Vendor will not be obligated to withhold delivery of documents beyond the time ordered by a court of law or administrative agency unless the time period within which to do so has been extended or the duty to do so has been extinguished. The Vendor shall cause its personnel, staff and subcontractors, if any, to undertake the same obligations regarding confidentiality and dissemination of information as agreed to by Vendor under this Agreement. Any other provision of the Agreement notwithstanding, the Vendor may utilize aggregated anonymous, de-identified, student performance data ("*Aggregated Student Data*") generated from the use of the Software that it receives or that is developed during the course of the

Vendor's provision of the Services for the purposes of (1) improving existing Vendor Services, (2) identifying needs for additional services and developing such additional services, and (3) disclosing information concerning the effectiveness of the POS Equipment and Services in Vendor's marketing, promotional, and sales materials, so long as the Vendor does not use the Board's name or logo and does not identify the Board, Chicago Public Schools, or any individual schools as the source of the Aggregated Student Data in Vendor's marketing, promotional, or sales materials, without prior, express, specific, written consent of the Board.

E. Ownership: The Vendor agrees that, to the extent permitted by law, all Work Product shall exclusively be deemed "works for hire" within the meaning and purview of the United States Copyright Act, 17 U.S.C. 101§ *et seq.* To the extent any Work Product does not qualify as a "work for hire," the Vendor irrevocably grants, assigns, and transfers to the Board all right, title, and interest in and to the Work Product in all media throughout the world in perpetuity and all intellectual property rights therein, free and clear of any liens, claims, or other encumbrances, to the fullest extent permitted by law. All Confidential Information, Work Product, Highly Confidential Information, and all student performance data generated during the course of the Board's use of the Services (including the content, but not the form, of all reports of such data that are generated during the course of the Board's use of the POS Equipment and Services), whether such data constitutes Confidential Information, Work Product, Highly Confidential Information, or information falling within any other category recognized by this Agreement, shall at all times be and remain the property of the Board. The Vendor shall execute all documents and perform all acts that the Board may request to assist the Board in perfecting or protecting its rights in and to the Work Product and all intellectual property rights relating to the Work Product.

F. Use of Confidential Information and Highly Confidential Information: The Vendor warrants and represents that it will not use the Confidential Information, Work Product, or Highly Confidential Information for any purpose not specifically identified in Exhibit A through Exhibit J, including, but not limited to any research project whether internal or external to Vendor. Any use of the Confidential Information, Work Product, Highly Confidential Information, or any Work Product not specifically contemplated in this Agreement shall constitute an Event of Default.

G. Third Party Confidential Information and Proprietary Information; Indemnification of Board: The Vendor must not use, analyze, reverse engineer, or otherwise exploit any third party Confidential Information or proprietary information in delivering the POS Equipment or performing the Services regardless of where the Vendor obtained that information, unless the Vendor has secured the appropriate prior written authorization from the third party. In accordance with the provisions of this Section 14, the Vendor agrees to indemnify and hold harmless the Board against any and all claims arising from the use or misappropriation by Vendor of third party Confidential Information and proprietary information.

H. Return or Destruction of Confidential Information and Highly Confidential Information: The Vendor shall, at the Board's option, destroy or return all Confidential Information and Highly Confidential Information to the Board on demand within ten business days after of that demand. In addition, the Vendor shall, at the Board's option, destroy or return all Confidential Information and Highly Confidential Information to the Board within ten days after the expiration or termination of this Agreement. If the Board elects to have the Vendor destroy the Confidential Information and Highly Confidential Information, then the Vendor shall provide an affidavit attesting to such destruction. Notwithstanding the foregoing, Vendor shall retain that information which is required for audit or by law.

I. Board's Data: All right, title and interest in and to the Board's data shall at all times remain the property of the Board. Vendor shall have the right to use the Board's data (i)

to provide the Board with the Services and (ii) to improve the Software. In its use of the Board's data, Vendor shall not use or disclose any personal information particular to any student. Vendor shall provide the Board with the means to enter/import (or have entered on the Board's behalf) the Board's student data through the Software.

J. Staff and Subcontractors: The Vendor shall cause its personnel, staff, and subcontractors to undertake the same obligations of confidentiality and ownership agreed to herein by the Vendor.

K. Freedom of Information Act: The Vendor acknowledges that this Agreement and all documents submitted to the Board related to this Agreement are public records and are subject to the Illinois Freedom of Information Act (5 ILCS 140/1) and any other comparable state and federal laws and that this Agreement is subject to reporting requirements under 105 ILCS 5/10-20.44. The Vendor further acknowledges that this Agreement shall be posted on the Board's Internet website at <http://www.cps.edu>.

L. Survival: The provisions of this Section 14 survive the termination or expiration of this Agreement.

15. Representations and Warranties and Covenants of Vendor: The Vendor represents and warrants and covenants that the following are true and correct as of the effective date of this Agreement and shall continue to be true and correct during the Term:

A. Compliance with Laws. The Vendor is and shall remain in compliance with all applicable federal, state, county, and municipal, statutes, laws, ordinances, and regulations relating to this Agreement, as amended from time to time, including but not limited to the Prevailing Wage Act, 820 ILCS 130/1 et seq., the Drug-Free Workplace, the Illinois Student Records Act, the Family Educational Rights and Privacy Act, the Protection of Pupil Rights Act and any others relating to non-discrimination. Further, the Vendor is and shall remain in compliance with all Board policies and rules, as may be amended from time to time. Board policies and rules are available at <http://www.cps.edu/>.

B. Good Standing. The Vendor, each of its members if a joint venture or limited liability company, and each of its subcontractors, if any, have not been deemed by the Board's Chief Procurement Officer to be in default under any other agreement with the Board during the five-year period immediately preceding the effective date of this Agreement, and have not been debarred under the Board's Debarment Policy during the three-year period immediately preceding the effective date of this Agreement.

C. Authorization. The Vendor represents that it has taken all action necessary for the approval and execution of this Agreement, and execution by the person signing on behalf of the Vendor is duly authorized by the Vendor and has been made with complete and full authority to commit the Vendor to all terms and conditions of this Agreement which shall constitute valid, binding obligations of the Vendor.

D. Financially Solvent. The Vendor warrants that it is financially solvent, is able to pay all debts as they mature, and is possessed of sufficient working capital to supply all POS Equipment and perform all Services and other obligations under this Agreement.

E. Gratuities. No payment, gratuity, or offer of employment was made to or by the Vendor, any of its members if a limited liability company or joint venture or, to the best of the Vendor's knowledge, to any subcontractors, in relation to this Agreement or as an inducement for award of this Agreement. The Vendor is and shall remain in compliance with all applicable anti-kickback laws and regulations.

F. Contractor's Disclosure Form. The disclosures in the Contractor's Disclosure Form (or any ratification thereof) submitted by the Vendor are true and correct. The Vendor shall promptly notify the Board of any material change in the information set forth therein, including, but not limited to, change in ownership or control, and any such change shall be subject to Board approval, which shall not be unreasonably withheld.

G. Background Investigations and Criminal Background Investigations. The Vendor represents and warrants that, at its own cost and expense, it shall have a complete fingerprint-based criminal history records check ("*Records Check*") conducted on any and all employees, agents, and subcontractors who may have direct, regular contact with CPS students under this Agreement in accordance with the *Illinois School Code*, §105 ILCS 5/34-18.5; the *Sex Offender and Child Murderer Community Notification Law* created under Illinois Public Act 94-219, eff. August 2005; and the *Child Murderer Violent Offender Against Youth Notification Law* created under Public Act 94-945. Such complete Records Check consists of the following:

- fingerprint-based checks through the Illinois State Police (ISP) and the FBI;
- check of the Illinois Sex Offender Registry (IL-SOR); and
- check of the Violent Offender Against Youth Registry (see below).

The purpose of the Records Check is to confirm that none of these persons have been convicted of any of the criminal or drug offenses enumerated in Subsection (c) of §105 ILCS 5/34-18.5 or any offenses enumerated under the *Sex Offender and Child Murderer Community Notification Law* or the *Child Murderer Violent Offender Against Youth Notification Law*, or have been convicted within the past seven years of any other felony under the laws of Illinois or of any offense committed or attempted in any other state or against the laws of the United States that, if committed or attempted in the State of Illinois, would have been punishable as a felony under the laws of Illinois.

The Vendor understands and agrees that it shall not allow employee, agent, or subcontractor to have direct regular contact with a CPS student until a Records Check has been conducted for that person and the results of the Records Check satisfy the requirements of §105 ILCS 34-18.5 and the requirements of the Acts and Laws referenced in the preceding paragraph, as amended from time to time.

If the Vendor is an individual, then the Vendor represents and warrants that the Vendor is in compliance with Section 5/34-18.5 of the Illinois School Code as from time to time amended, and the Vendor has never been convicted of the offenses enumerated therein. Further, the Vendor agrees to submit to Records Checks and any other background investigations and to fully cooperate and provide the Board with all necessary information for the Board to perform all such investigations, all at the Vendor's expense.

Any non-compliance with this Section will constitute an Event of Default, and the Board will have the right to withhold payments due hereunder until the Vendor remedies the default and the right to take any other action or remedy available under this Agreement or by law.

H. Research Activities and Data Requests. The Vendor acknowledges and agrees that if the Vendor seeks to conduct research activities in any CPS school or use CPS student data for research purposes, then the Vendor shall comply with the Board's Research Study and Data Policy adopted on March 25, 2009, as it may be amended from time to time. The Vendor acknowledges and agrees that it may not begin any research activities or obtain data for research purposes without the prior written consent of the Chief Performance Officer or her or his designee.

- I. Ethics. No officer, agent, or employee of the Board is or will be employed by the Vendor or has or will have a financial interest, directly or indirectly, in this Agreement or the compensation to be paid hereunder except as may be permitted in writing by the Board's Ethics Policy (11-0525-PO2), adopted May 25, 2011, as may be amended from time to time, which policy is incorporated herein by reference as if fully set forth herein.
- J. Intellectual Property. In delivering the POS Equipment and performing the Services, the Vendor will not violate or infringe upon any patent, copyright, trademark, trade secret, or other proprietary or intellectual property right of any third party and will not improperly use any third party's confidential information, and the Vendor has or will have, without encumbrance, all ownership, licensing, marketing, and other rights required to furnish all materials and POS Equipment that it furnishes to the Board under the Agreement and can grant or assign all rights granted or assigned to the Board pursuant to the Agreement.
- K. No Legal Actions Preventing Performance. As of the Effective Date, the Vendor has no knowledge of any action, suit, proceeding, or material claim or investigation pending or to its knowledge threatened against it in any court, or by or before any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, or before any arbitrator of any kind, that, if adversely determined, would materially affect the Vendor's ability to perform its obligation under the Agreement.
- L. Assignment of Warranties. The Vendor has the right, title, and ability to assign and shall assign to the Board any third-party warranties which are delivered to the Board as Work Product.
- M. Documentation Warranty. The Vendor shall delivery to the Board a copy of the Documentation which may be copied and given to each licensed user of the Software. All Documentation provided to the Board from the Vendor concerning the Services shall be current with the upgrades of the Services.
- N. Ownership. The Vendor is the owner of the POS Equipment, the Software and other components of the Services or otherwise has the right to convey good and marketable title in the POS Equipment to the Board and grant to the Board the License, in each case without violating any rights of any third party, and there is currently no actual or threatened suit by any such third party based on an alleged violation of such right by the Vendor.
- O. Business Requirements. The Vendor is fully aware of the Board's requirements and intended uses for the Software as contemplated by Exhibit A through Exhibit J hereto, including any set forth in the exhibits, and the Software satisfies those requirements in all material respects, is fit for those intended uses, and is compatible with, and will operate on, the POS Equipment and the Board's computer workstations as described by the Board to the Vendor prior to the Effective Date.
- P. Software Performance. (a) The Software will (1) be provided "AS IS" and will be free from defects in material and workmanship under normal use and, subject to the terms of Exhibit A through Exhibit J, remain in good working order and (2) function properly and in accordance with this Agreement and with the specifications, and Documentation on the POS Equipment, the Board computer workstations and system software in existence as of the Effective Date, including, subject to the terms of Exhibit A through Exhibit J, updates or new releases to such hardware, system software, and other software, and interface with other programs as required. The Documentation and the Professional Development Documentation and Information materially reflect the operation of the Software.

(b) VENDOR MAKES NO OTHER WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, UNDER THIS AGREEMENT, AND, SUBJECT TO THIS SECTION 15, VENDOR EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OF INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. SUBJECT TO THE TERMS OF EXHIBIT A THROUGH EXHIBIT J, VENDOR DOES NOT WARRANT THAT THE PRODUCTS OR SERVICES WILL PERFORM UNINTERRUPTED OR ERROR FREE, OR THAT THE FUNCTIONS OF THE INTERNET TECHNOLOGY WILL MEET THE BOARD'S REQUIREMENTS.

Q. Free of Computer Viruses. The Vendor represents that it will test the Software to determine if the Software contains threats known as software viruses, salamis, time bombs, logic bombs, Trojan horses, trap doors or other malicious computer instructions, intentional devices or techniques that can or were designed to threaten, infect, assault, vandalize, defraud, disrupt, damage, disable or shut down a computer system or any component of such computer system, including its security or user data ("*Disabling Devices*"). The Vendor also shall maintain a master copy of the appropriate versions of the Software, which to its knowledge, after due inquiry, shall be free of computer viruses. Upon the Board's request, the Vendor shall provide the Board a master copy of the Software for comparison with and correction of the Software in the Board's custody or possession.

R. Not Alter Program. The Vendor shall not, directly or through a third party, knowingly remove, alter, change, or interface with the Software or any other program for the purpose or preventing the Board from using the Software or any other program.

S. No Disabling Device. The Vendor shall not knowingly cause any Disabling Device to be incorporated into the Software.

T. Prohibited Acts. Within the three years prior to the Effective Date, the Vendor or any of its members if a joint venture or a limited liability company, or any of its or their respective officers, directors, shareholders, members, managers, other officials, agents or employees (i) have not been convicted of bribery or attempting to bribe a public officer or employee of any public entity and (ii) have not been convicted of agreeing or colluding among contractors or prospective contractors in restraint of trade, including bid-rigging or bid-rotating, as those terms are defined under the Illinois Criminal Code.

U. Warranty of Title. The POS Equipment is free and clear from all liens, contracts, chattel mortgages or other encumbrances and the Vendor has the lawful right to dispose of and sell the POS Equipment and the Vendor shall defend its title against all claims.

All warranties will survive inspection, acceptance, payment, and expiration or termination of this Agreement. Nothing in the foregoing warranties will be construed to limit any other rights or remedies available to the Board under the law and the Agreement.

V. Infringement. In the event that the Software or any portion thereof is held by a court of competent jurisdiction to constitute an infringement and its use is enjoined, Vendor shall, at its own cost and expense, (i) modify the infringing Software without impairing in any material respect, the functionality or performance of such Software, such that after giving effect to such modification, such Software is non-infringing, (ii) procure for the Board the legally valid and enforceable right to continue to use the infringing Software, or (iii) replace such Software with equally suitable, non-infringing software. If none of the foregoing alternatives are available to Vendor, (x) this Agreement shall automatically terminate and (y) Vendor shall refund to the Board (1) any payments received for POS Equipment and Services and that were not provided and/or performed prior to the effective date of such termination and (2) the fees, if any, paid by the Board for the Initial Implementation as more specifically described in Exhibit A through

Exhibit J hereto. The Vendor shall reasonably cooperate with the Board's efforts to arrange for the continuation of the obligations performed by the Vendor hereunder and shall promptly cause to be taken, executed, acknowledged or delivered, at the sole cost and expense of Vendor, all such further acts, conveyances, documents and assurances as the Board may, from time to time, reasonably request in order to carry out more effectively the intent and purposes of this Section 15.V.

W. Interruption of Access. The Vendor shall, subject to the terms of this Agreement, use all reasonable efforts to:

i. in the event of unscheduled interruption of access to data, restore the Board's access to data as soon as it is within the Vendor's control to do so; and

ii. provide the Board with reasonable and competent customer service support and assistance to assist the Board to use the Software as contemplated hereby.

16. Independent Contractor: The relationship of the Vendor to the Board is only be that of an independent contractor and neither the Vendor nor any of its staff shall be entitled to receive Board employee benefits. The Board will not be responsible for, nor incur any liability for, any state or federal withholding or other taxes or for FICA or State unemployment insurance for the Vendor or its agents, employees, or subcontractors, and the payment of any such taxes incurred or due by the Vendor shall be the sole responsibility of the Vendor. The Vendor agrees that neither the Vendor nor its Staff shall represent themselves as employees or agents of the Board. The Vendor shall provide the Board with a valid taxpayer identification number as defined by the United States Internal Revenue Code, including, but not limited to, a Social Security Number or a Federal Employer Identification Number.

17. Indemnification: The Vendor shall indemnify and hold harmless the Board, and its members, employees, agents, officers, and officials, from and against any and all liabilities, taxes, tax penalties, interest, losses, penalties, damages, and expenses of every kind, nature, and character, including without limitation costs and attorney fees, arising out of or relating to any and all claims, liens, damages, obligations, actions, suits, judgments, settlements or causes of action of every kind, nature, and character in connection with or arising solely and exclusively out of the negligence or willful misconduct of the Vendor or its staff.

In addition, the Vendor shall indemnify, hold harmless, and defend the Board from any claim, demand, cause of action, debt or liability (including attorneys' fees and expenses) that the POS Equipment or Services infringe, misappropriate, or otherwise violate any intellectual property (patent, copyright, trade secret, or trademark) rights of a third party.

The Board shall have the right, at its own expense, to participate in the defense of any suit, without relieving the Vendor of any of its obligations hereunder. The Board retains final approval of any and all settlements or legal strategies which involve the interest of the Board.

If the Vendor, after receiving notice of any such proceeding, fails to promptly begin the defense of such claim or action, the Board, with notice to Vendor, may retain counsel and undertake the defense, compromise, or settlement of such claim or action at the expense of the Vendor, subject to the right of the Vendor to assume the defense of such claim or action at any time prior to settlement, compromise, or final determination thereof. The cost and expense of counsel retained by the Board in these circumstances shall be borne by the Vendor and the Vendor shall be bound by, and shall pay the amount of any settlement, compromise, final determination, or judgment

reached while the Board was represented by counsel retained by the Board pursuant to this paragraph, or while Vendor was conducting the defense.

The indemnities set forth herein shall survive the expiration or termination of this Agreement.

18. Limitation of Liability and Non-Liability of Board Officials: VENDOR'S LIABILITY TO THE BOARD ON ACCOUNT OF ANY ACTS OR OMISSIONS RELATING TO THIS AGREEMENT SHALL BE LIMITED TO ACTUAL DAMAGES.

NEITHER VENDOR NOR THE BOARD SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, RELIANCE, PUNITIVE OR SPECIAL DAMAGES, INCLUDING , WITHOUT LIMITATION, DAMAGES FOR HARM TO BUSINESS, LOST PROFITS, LOST SAVINGS OR LOST REVENUES, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; *PROVIDED HOWEVER*, THAT NOTHING CONTAINED IN THIS CLAUSE (I) SHALL, SUBJECT TO THE TERMS HEREOF, LIMIT THE BOARD'S LIABILITY TO PAY ANY CHARGES, FEES AND/OR AMOUNTS DUE HEREUNDER FOR POS EQUIPMENT AND SERVICES ACTUALLY PROVIDED AND/OR PERFORMED BY VENDOR TO THE BOARD PURSUANT TO THE TERMS HEREOF AND (II) SHALL LIMIT EITHER PARTY'S LIABILITY FOR BREACH OF CONFIDENTIALITY PROVISIONS HEREIN, PERSONAL PROPERTY DAMAGE, INTELLECTUAL PROPERTY INFRINGEMENT OR PERSONAL INJURY OR DEATH DUE TO ITS NEGLIGENCE OR WILLFUL MISCONDUCT.

THESE LIMITATIONS OF LIABILITY SHALL APPLY REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY OR TORT, INCLUDING WITHOUT LIMITATION, NEGLIGENCE OF ANY KIND, WHETHER ACTIVE OR PASSIVE, AND SHALL SURVIVE FAILURE OF AN EXCLUSIVE REMEDY.

VENDOR SHALL NOT BE LIABLE FOR (A) SERVICE IMPAIRMENTS CAUSED BY ACTS SOLELY AND EXCLUSIVELY WITHIN THE CONTROL OF THE BOARD, ITS EMPLOYEES, AGENTS, SUBCONTRACTORS, SUPPLIERS OR LICENSEES OR (B) INTEROPERABILITY OF THE SPECIAL BOARD APPLICATIONS NOT OTHERWISE ATTRIBUTABLE TO ANY ACT OR OMISSION OF THE VENDOR.

The Vendor agrees that no Board member, employee, agent, officer, or official shall be personally charged by the Vendor, or its members if a joint venture or any subcontractors, with any liability or expense under this Agreement or be held personally liable under this Agreement to the Vendor or its members if a joint venture or any subcontractors.

19. Board Not Subject to Taxes: The federal excise tax does not apply to the Board by virtue of Exemption Certificate No. 36-600584, and the State of Illinois sales tax does not apply to the Board by virtue of Exemption No. E9997-7109. The amounts to be paid to the Vendor hereunder are inclusive of all other taxes that may be levied or based on this Agreement, including without limitation sales, use, nonresident, value-added, excise, and similar taxes levied or imposed on the Services to be provided under this Agreement, but excluding taxes levied or imposed on the income or business privileges of the Vendor. The Vendor is responsible for all taxes levied or imposed on the income or business privileges of the Vendor.²⁶

20. Insurance Requirements: Vendor, at its own expense, shall procure and maintain insurance covering all operations under this Agreement, whether performed by Vendor or by subcontractors. All insurers shall be licensed by the State of Illinois and rated A-VII or better by A.M. Best or a comparable rating service. Vendor shall submit to the Board satisfactory evidence of insurance coverage and upon request, shall promptly provide a certified copy of any

applicable policy of insurance. Minimum insurance requirements include the coverage set forth below and any additional coverage which may be specified by the Board:

A. **Workers' Compensation and Employers' Liability Insurance.** Workers' Compensation Insurance affording workers' compensation benefits for all employees as required by law and Employers' Liability Insurance covering all employees who are to deliver POS Equipment and provide Services under this Agreement with limits of not less than Five Hundred Thousand Dollars (\$500,000.00) per occurrence. The workers' compensation policy must contain a waiver of subrogation clause.

B. **Commercial General Liability Insurance (Primary and Umbrella).** Commercial General Liability Insurance or equivalent with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate for bodily injury, personal injury and property damage liability. Coverage shall include, but not be limited to: all operations, contractual liability, independent contractors, equipment/completed operations (for a minimum of two (2) years following completion), and defense.

C. **Automobile Liability Insurance.** Automobile Liability Insurance when any motor vehicle (whether owned, non-owned or hired) is used in connection with POS Equipment to be delivered and Services to be performed, with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage.

D. **Umbrella/Excess Liability Insurance.** Umbrella or Excess Liability Insurance with limits not less than Two Million Dollars (\$2,000,000.00) per occurrence, which will provide additional limits for employers' general and automobile liability insurance and shall cover the Board and its employees, subject to that of the primary coverage.

E. **Additional Insured.** Vendor shall have its General and Automobile Liability Insurance policies endorsed to provide that "the Board of Education of the City of Chicago, a body politic and corporate, and its members, employees and agents, and any other entity as may be designated by the Board are named as additional insured on a primary basis without recourse or right of contribution from the Board".

The insurance company, or its representative, shall submit an insurance certificate evidencing all coverage as required hereunder and indicating the Additional Insured status as required above. The Board will not pay Vendor for any POS Equipment or Services if satisfactory proof of insurance is not provided by Vendor prior to the delivery of any POS Equipment or performance of any Services. The Certificate must provide thirty (30) days prior written notice of material change, cancellation, or non-renewal be given to:

Risk Management
Board of Education of the City of Chicago
125 S. Clark Street, 7th Floor
Chicago, Illinois 60603

Any failure of the Board to demand or receive proof of insurance coverage shall not constitute a waiver of Vendor's obligation to obtain the required insurance. The receipt of any certificate does not constitute agreement by the Board that the insurance requirements in this Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. Vendor's failure to carry or document required insurance shall

This Agreement will be posted on the CPS Internet Website

constitute a breach of the Vendor's Agreement with the Board. In the event Vendor fails to fulfill the insurance requirements of this Agreement, the Board reserves the right to stop the delivery of the POS Equipment and performance of the Services until proper evidence of insurance is provided, or this Agreement may be terminated.

Any deductibles or self-insured retentions on referenced insurance coverage must be borne by Vendor. Any insurance or self-insurance programs maintained by the Board of Education do not contribute with insurance provided by the Vendor under this Agreement.

All subcontractors are subject to the same insurance requirements of Vendor unless otherwise specified in this Agreement. The Vendor shall require any subcontractors under this Agreement to maintain comparable insurance naming the Vendor, the Board inclusive of its members, employees and agents, and any other entity designated by the Board, as Additional Insureds. The Vendor will maintain a file of subcontractor's insurance certificates evidencing compliance with these requirements.

The coverages and limits furnished by Vendor in no way limit the Vendor's liabilities and responsibilities specified within this Agreement or by law. The required insurance is not limited by any limitations expressed in the indemnification language in this Agreement, if any, or any limitation that might be placed on the indemnity in this Agreement given as a matter of law.

The Vendor agrees that insurers waive their rights of subrogation against the Board.

Vendor must register with the insurance certificate monitoring company designated by the Board and must maintain a current insurance certificate on file during the entire time of providing services to the Board. The initial certificate monitoring company designated by Board is identified below. Vendor shall register and pay the annual monitoring fee to the insurance certificate monitoring company prior to performing services for the Board. The **initial** annual monitoring fee is currently Twelve 00/100 Dollars (\$12.00) per year, but is subject to change.

Each year, Vendor will be notified 30 to 45 days prior to the expiration date of their required insurance coverage (highlighted on their latest submitted insurance certificate on file) that they shall submit an updated insurance certificate with the insurance certificate monitoring company. Insurance certificate submissions and related annual fees are required to be made online at the dedicated website established by the certificate monitoring company identified below. Questions on submissions and payment options should be directed to the certificate monitoring company.

Certificate Monitoring Company:
Topiary Communications Inc.
676 N. LaSalle - Suite 230
Chicago, IL 60654
Phone - (312) 494-5709
Email - dans@topiarycomm.net

Website for online registration, insurance certificate submissions and annual fee payments: URL -<http://www.cpsvendorcert.com>.

21. Audit and Document Retention:

A. Audit: The Vendor shall furnish the Board with such information as may be requested relative to the progress, execution and costs of supplying the POS Equipment and performing

the Services. The Vendor shall permit and cooperate in a periodic audit by Board staff or Board-appointed auditors for compliance by Vendor with this Agreement. If, at any time, the Board determines, in its sole and absolute discretion, that the Vendor has received any payments from the Board in an amount greater than the amount to which the Vendor is entitled under the terms of this Contract, the Vendor shall, upon demand, promptly return such excess amount to the Board.

Failure of the Vendor to comply in full and cooperate with the requests of the Board or its agents shall give the Board, in addition to all other rights and remedies hereunder, the right to charge the Vendor for the cost of such audit.

B. Document Retention: The Vendor shall maintain all records, correspondence, receipts, vouchers, memoranda, and other documents and data ("*Records*") relating to the Vendor's supplying the POS Equipment and performing the Services under this Agreement. All of the Records shall be retained for six years after delivery of the POS Equipment and performance of the Services and shall be subject to inspection and audit by the Board. The Vendor shall include, in all subcontractor contracts for the POS Equipment and Services, provisions requiring subcontractors to maintain the above-described records and allowing the Board the same right to inspect and audit said records as set forth herein.

22. Notices: All notices required under this Agreement shall be in writing and sent to the addresses and persons set forth below, or to such other addresses as may be designated by a party in writing. All notices shall be deemed received when (i) delivered personally, or (ii) sent by confirmed facsimile (followed by the actual document), or (iii) one day after deposit with a commercial express courier specifying next day delivery, with written verification of receipt. Refusal to accept delivery has the same effect as receipt.

If to the Board:
Leslie Fowler
125 South Clark Street, 16th Floor
Chicago, IL 60603
Email: lafowler@cps.edu

If to the Vendor:
Michael A. Lawler
570 Devall Dr., Suite 202
Auburn, AL 36832
Fax: _____

with a copy to:
General Counsel
125 South Clark Street, Suite 700
Chicago, IL 60603
Fax: 773.553.1701

with a copy to:
General Counsel
90 Nassau Street
Princeton, NJ 08542

23. Right of Entry: The Vendor and any of its staff supplying POS Equipment and performing Services shall be permitted to enter upon a school site in connection with the supply of the POS Equipment and performance of the Services hereunder, subject to the terms and conditions contained herein and those rules established by the Board. The Vendor shall provide advance notice to the Board, whenever possible, of any intended entry. Consent to enter upon a school site given by the Board shall not create, nor be deemed to imply, the creation of any additional responsibilities on the part of the Board. The Vendor shall use, and shall cause each of its staff to use, the highest degree of care when entering upon any property owned by the Board in connection with the supply of the POS Equipment and performance of the Services. In the case of any property owned by the Board, or property owned by and leased from the Board, the Vendor shall comply and shall cause each of its staff to comply with any and all instructions and requirements of Board or authorized Board representative for the use of such property. Any and all claims, suits or judgments, costs, or expenses, including, but not limited to, attorneys'

fees, arising from, by reason of, or in connection with any such entries shall be treated in accordance with the applicable terms and conditions of this Agreement including without limitation the indemnification provisions contained in this Agreement.

24. Non-Discrimination: It shall be an unlawful employment practice for the Vendor or any of its subcontractors to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to compensation, or other terms, conditions, or privileges of employment, because of such individual's race, color, ancestry, religion, sex, sexual orientation, age, disability, marital status, parental status, military discharge status or national origin; or to limit, segregate, or classify employees or applicants for employment in any way that would deprive or tend to deprive any individual from equal employment opportunities or otherwise adversely affect an individual's status as an employee because of such individual's race, color, ancestry, religion, sex, sexual orientation, age, disability, marital status, parental status, military discharge status or national origin. At all times, the Vendor shall remain in compliance with, but not limited to: the Civil Rights Act of 1964, 42 U.S.C.A. §2000a, *et seq.*, as amended; the Age Discrimination in Employment Act, 29 U.S.C.A. §621, *et seq.*; Section 504 of the Rehabilitation Act of 1973, 29 U.S.C.A. §701, *et seq.*; as amended; the Americans with Disabilities Act, 42 U.S.C.A. §12101, *et seq.*; the Individuals with Disabilities Education Act, 20 U.S.C.A. §1400 *et seq.*, as amended; the IL Human Rights Act, 775 ILCS 5/1-101, *et seq.* as amended; the IL School Code, 105 ILCS 5/1-1 *et seq.*; the IL Public Works Employment Discrimination Act, 775 ILCS 10/0.01 *et seq.*; and the Chicago Human Rights Ordinance, ch. 2-160 of the Municipal Code of Chicago, and all other applicable federal statutes, regulations and other laws.

25. Entire Agreement and Amendment: This Agreement, including the exhibits attached to it and incorporated into it, constitutes the entire agreement of the parties with respect to the matters contained herein. All attached exhibits are incorporated into and made a part of this Agreement. No modification of or amendment to this Agreement shall be effective unless such modification or amendment is in writing and signed by both parties hereto. Any prior agreements or representations, either written or oral, relating to the subject matter of this Agreement are of no force or effect.

26. Governing Law: This Agreement shall be governed as to performance and interpretation in accordance with the laws of the State of Illinois. The Vendor irrevocably submits itself to the original jurisdiction of those courts located in the County of Cook, State of Illinois, with regard to any controversy arising out, or relating to, or in any way concerning the execution or performance of this Agreement. The Vendor agrees that service of process on the Vendor may be made, at the option of the Board, by either registered or certified mail to the address and to the person set forth in the Notice Provision of this Agreement, to such other address or person as may be designated by Vendor in writing, to the office actually maintained by the Vendor or by personal delivery on any officer, director or managing or general agent of the Vendor. If any action is brought by the Vendor against the Board concerning this Agreement, the action shall only be brought in those courts located within the County of Cook, State of Illinois.

27. Continuing Obligation To Perform: In the event of any dispute between the Vendor and the Board, the Vendor shall expeditiously and diligently proceed with the performance of all of its obligations under this Agreement with a reservation of all rights and remedies it may have under or pursuant to this Agreement at law or in equity.

28. Conflict Of Interest: This Agreement is not legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3, which restricts the employment of, or the

letting of contracts to, former Board members within a one-year period after expiration or other termination of their office.

29. Indebtedness: The Vendor agrees to comply with the Board's Indebtedness Policy (96-0626-PO3) as may be amended from time to time, which is hereby incorporated by reference into and made a part of this Agreement as fully set forth herein.

30. Inspector General: Each party to this Agreement hereby acknowledges that in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

31. Waiver: No delay or omission by the Board to exercise any right hereunder shall be construed as a waiver of any such right and the Board reserves the right to exercise any such right from time to time and as often as may be deemed expedient.

32. M/WBE Program: The Vendor acknowledges that it is familiar with the requirements of the Board's Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts and agrees to comply with the provisions of such program.

33. Survival Severability: All express warranties, representations and indemnifications given in this Agreement, which by their nature should reasonably survive, shall survive the supply of POS Equipment and performance of the Services by the Vendor or the termination of this Agreement. In the event that any one or more of the provisions contained herein will for any reason be held to be unenforceable or illegal, such provision will be severed; and the entire Agreement will not fail, but the balance of this Agreement will continue in full force and effect. In such event, the parties agree to negotiate in good faith a substitute enforceable and legal provision that most nearly effects the intent of the parties in entering into this Agreement.

34. Uniform Commercial Code: In the absence of a governing provision under this Agreement or should any provision of this Agreement be construed by a court of competent jurisdiction as vague, unenforceable or illegal and the parties are unable to agree on a substitute enforceable and legal provision, the corresponding provision of the Uniform Commercial Code, Article 2, shall apply.

35. Joint and Several Liability: If the Vendor or its successors or assigns, if any, is comprised of more than one individual or other legal entity (or a combination thereof); then each and every obligation or undertaking herein stated to be fulfilled or performed by the Vendor shall be the joint and several obligation or undertaking of each such individual or other legal entity.

36. Debarment Policy: The Vendor acknowledges that, in supplying POS Equipment and performing the Services for the Board, the Vendor may not use any firms that have been debarred from doing business with the Board under the Board's Debarment Policy and Procedures, 08-1217-PO1, as amended from time to time. If the Vendor has engaged any firm to supply POS Equipment and Services that is later debarred, then the Vendor must sever its relationship with that firm with respect to supplying POS Equipment and performing the Services.

37. Favored Nation: The Vendor shall furnish the POS Equipment and perform the Services to the Board at the lowest price that the Vendor charges to other similarly situated parties. If the Vendor overcharges for POS Equipment or Services, then, in addition to all other remedies, the Board shall be entitled to a refund in the amount of the overcharge, plus interest at the rate of 1% per month from the date the overcharge was paid by the Board until the date

refund is made. The Board has the right to offset any overcharge against any amounts due to Vendor under this or any other Agreement between Vendor and the Board.

38. Further Assurances: The Vendor shall promptly cause to be taken, executed, acknowledged or delivered, at the sole cost and expense of Vendor, all such further acts, conveyances, documents and assurances as the Board may, from time to time, reasonably request in order to carry out more effectively the intent and purposes of this Agreement.

39. Severability: Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

40. Reproduction of Documents. This Agreement, all documents constituting an Appendix, Schedule or Exhibit hereto, and all documents relating hereto received by a party hereto, including, without limitation: (a) consents, waivers and modifications that may hereafter be executed; (b) documents received by Board in connection with the supply of POS Equipment and the performance of Services hereunder; and (c) certificates, and other information previously or hereafter furnished to the Board may be reproduced by the Board by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties hereto agree and stipulate that, to the extent permitted by law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such party in the regular course of business) and that, to the extent permitted by law, any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

41. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument

IN WITNESS WHEREOF, the Board and the Vendor have caused this Agreement to be executed by their duly authorized representatives as of the latest date signed below.

**THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO**

HEARTLAND PAYMENT SYSTEMS, INC.

By: David J. Vitale
David J. Vitale, President

By: [Signature]
Title: Vice Chairman

Attest:
By: Estela G. Beltran
Estela G. Beltran, Secretary

By: Manuela Rueda
Title: Chief Financial Officer

Date: 6/5/13

Date: May 30, 2013

Board Report No. 13-0424-PR12-1
Date: April 24, 2013

Approved as to legal form:

[Signature]
James L. Bebley, General Counsel

[Signature]

Attachments:

- Exhibit A: Services and Service Level Agreement**
- Exhibit B: Remote Hosted & POS Equipment Specifications**
- Exhibit C: Networking Installation Specifications**
- Exhibit D: Measuring Hosted Service Delivery**
- Exhibit E: Disaster Recovery Location & Equipment Specifications**
- Exhibit F: Regression & Performance Testing Scope of Services**
- Exhibit G: Data Integration**
- Exhibit H: Monitoring of the Hosted Solution**
- Exhibit I: Monitoring of the Hosted Solution**
- Exhibit J: Scope of Services**

EXHIBIT A — SERVICES AND SERVICE LEVEL AGREEMENT

1. SERVICE LEVEL DEFINITIONS

Unless otherwise defined in the scope of services Exhibits A-I are complementary to the Scope of Services. Unless otherwise identified, the products and services described in Exhibits A-I shall mean the total environment proposed by Heartland, both SAAS and locally hosted services.

1.1 PRIMARY HOURS OF OPERATION (PHO)

Shall mean the hours during which the HEARTLAND's Application Support desk is staffed and are from Monday through Friday 6:00am Central Time to 6:00pm Central time, excluding HEARTLAND's standard official holidays, with on-call availability for after hours. HEARTLAND's standard official holidays are the federally recognized holidays for New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Thanksgiving Friday, and Christmas Day.

1.2 PRODUCTION SYSTEM UPTIME

Shall mean the total time, out of any period of 6am-6pm Central Time business days, measured on a monthly basis, during which the Board actually has the ability to access the Services.

1.3 SCHEDULED DOWNTIME

Shall mean the time during which the Board is not able to access the Software due to planned system maintenance. Generally, the Production systems are available 6am-6pm Central Time business days, but the scheduled maintenance windows are set forth below to allow for maintenance of HEARTLAND's system. HEARTLAND reserves the right to change or extend the Scheduled Downtime from time to time with prior notice and mutual agreement of any such change by the Board. HEARTLAND will accommodate a Board request to postpone a Scheduled Downtime, if HEARTLAND determines that the Scheduled Downtime is not system critical and a Production critical process required by the Board is in conflict.

PERIOD	DESCRIPTION	MAX DURATION
Nightly as needed	Nightly System Maintenance	4 hrs
Weekend as needed	System, Database, and Application Maintenance	25 hrs

Any system unavailability that occurs as a result of extended maintenance will result in Service Credits to the Board as provided in Sections 6.1 and 6.2 of this Exhibit A.

1.4 UNSCHEDULED DOWNTIME

Shall mean the total time during which the Board is not able to access the Service or a Production status application due to unanticipated or unscheduled service interruptions other than Scheduled Downtime as defined above. In the event of exceptional circumstances it may be necessary to perform essential unscheduled maintenance during PHO. Such unscheduled maintenance will be undertaken only when, in HEARTLAND's sole reasonable discretion, it is deemed necessary to prevent loss of the Services or system availability, harm to HEARTLAND's computer system, or other adverse consequences. Whenever possible, HEARTLAND shall endeavor to provide at least 2 hours advance notice to the Board of such unscheduled maintenance.

1.5 SYSTEM AVAILABILITY PERFORMANCE

Shall mean the percentage calculated by dividing the Production Status Uptime minus Scheduled Downtime minus Unscheduled Downtime by Production Status Uptime less Scheduled Downtime, for a given measurement month.

1.6 PRODUCTION STATUS

Shall mean the state of the operation of the Software for access and use by the Board. For purposes of this Agreement the term "Production" means an operational IT environment used by the Board in the operation of its food service business.

1.8 MEASUREMENT PERIOD

Shall mean the month that measures System Availability Performance.

1.9 BACK-UPS

Shall mean the copying of files, databases, applications, and/or operating systems of the Board's installation and current database image.

1.10 SERVICE CREDITS AND MAXIMUM MONTHLY SERVICE AND OTHER CREDITS

The maximum monthly aggregate credit in any month is 50% of the monthly Hosting Fee.

1.11 SPECIAL PROJECTS

Shall mean requests for technical or functional support services not provided elsewhere in the agreement. HEARTLAND will provide the Board with an estimate of hours and receive approval for the Special Project prior to commencing work.

2. RESPONSIBILITIES OF THE BOARD

2.1 NETWORK AND BOARD EQUIPMENT

Provisioning, security, support, and maintenance of the Board's Local Area Network and all network equipment, network connections, printers, computing devices, and all Software and other hardware operating on such equipment are the responsibility of the Board, with the exception of the network equipment and services that are provisioned by HEARTLAND on behalf of the Board as specified in Exhibit-B (Remote Hosted and POS equipment and Specifications), and Exhibit-C (networking installation specifications). The Board is also responsible for correctly configuring and maintaining the desktop environment used by Users to access BOH Software hosted by HEARTLAND. The Board's responsibility includes the Board's network router and firewall, which must also be in place and properly configured to allow data to flow between the Board's network and HEARTLAND in a secure manner. HEARTLAND BOH applications, using non-POS equipment requires that desktops or network computing devices accessing the Service have one of the following web browser configurations (supporting 128-bit encryption for SSL):

- Microsoft Explorer 8 or greater
- Chrome

2.2 FILE TRANSFER OR INTERFACES

Unless otherwise agreed within this Agreement, the Board is responsible for the execution of third-party interface programs. Using standard and secure file transfer protocol, HEARTLAND will provide the ability for the Board to retrieve interface data from HEARTLAND or post interface data for HEARTLAND processing.

3. CONTINGENCY, BACKUP AND DISASTER RECOVERY

3.1 SYSTEM REDUNDANCY

HEARTLAND provides full hardware and network redundancy with no single point of failure within its data center to the Point of Demarcation to the Internet.

3.2 BACKUP FREQUENCY AND TYPE

HEARTLAND performs the following back-up operations as scheduled:

TYPE	DESCRIPTION	TIMING
Baseline	Pre-Production Image	Once
Daily Incremental Files	Data changes during the period all tiers all environments	Daily
Full Data Files	All resident data files all tiers all environments	Weekly (weekend)
Applications	All application files (full data files including cold backups)	Monthly
Operating System	All O/S configuration files – all tiers all environments	Monthly
Database	All database – all tiers all environments.	Weekly (weekend)
Fall Back Copy	At request of the Board when a change is made to a the Board system a copy will be made before the change. This is at a Level-1 charge. Typically a fall back copy would require 30 minutes to one hour.	As Needed

3.3 BACK-UP RETENTION

HEARTLAND will retain Back-Up copies of the Board's data and other files locally and at a secure offsite location as follows:

DESCRIPTION	RETENTION PERIOD
Baseline	Until first annual + 1 month
Daily	6 days
Weekly	4 weeks
Monthly	11 months
Annual	8years

The Board may request back-up copies of the Board's data and other files from HEARTLAND in the HEARTLAND format, at the Board's own expense. HEARTLAND will test the recovery of backup media twice during the first year of this Agreement, and once per year in all subsequent years, and submit a fully tested backup of all data to CPS on determined media.

3.4 DATA RECOVERY

The time to restore a the Board's data files from a Back-Up copy will vary substantially depending on a number of factors including, but not limited to, the severity of the corruption and whether the back-up tapes are on site or have to be retrieved. HEARTLAND will restore the Board's Production files within 4-48 hours for non-emergencies and 4-12 hours for critical services. HEARTLAND will restore the Board's test or other non-Production files within 24-48 hours. Failure to restore within these timeframes will be subject to performance penalties as follows:

3.4.1 If HEARTLAND fails to restore a Production environment within 4-8 hours of receiving and validating the request, then HEARTLAND will credit 5% of the next monthly Base Hosting Fee for each such occurrence in a calendar month. For all data must also be restored to the Production environment within 12 hours.

3.4.2 If HEARTLAND fails to restore a non-Production environment within 4-48 hours of receiving and validating the request, then HEARTLAND will credit 5% of the next monthly Base Hosting Fee for each such occurrence in a calendar month.

3.5 DISASTER RECOVERY

In the case of a total disaster and a complete loss of access to the Services, HEARTLAND will use commercially reasonable efforts to restore Production operations at the same or a different location within 59 minutes for all sites, fully functional production environment at no more than a 50% degraded

performance, as measured by the established baseline measures for POS and BOH applications (See Exhibit I). HEARTLAND will utilize a disaster recovery Hot Site as described in Exhibit-E (DR location and Equipment specifications) to provide this service, and will comply with the procedures provided in the HEARTLAND Customer Support Manual, a copy of which has been provided to the Board. Recovery will include the Production MOSAIC environment, and full capabilities for online access, the generation of interfaces files, the reestablishment and completion of batch processing schedules, and data transfer activities. The Board acknowledges and agrees that such an event may result in partial or degraded service when restored. Pre-disaster level of Service shall be restored as soon as commercially practicable.

3.5.1 Any system unavailability that occurs as a result of a disaster situation will result in Service Credits to the Board as provided in sections 6.1 and 6.2 that follow.

3.5.2 HEARTLAND will work with the Board to test Disaster Recovery (DR) procedures prior to the Board going live with their first module of Software in Production. Following the initial DR test, HEARTLAND will complete a DR test for the Board during each subsequent year of this Agreement.

4. SECURITY

HEARTLAND shall take commercially reasonable steps to secure its data center and systems from intrusion, hacking, and unauthorized access to the Board's database. CPS will also have access to annual third party security audit reports of the Mosaic Hosted environment. Heartland will remedy critical exposures within 30 days.

4.1 If the Board's hosted Mosaic system is subjected to unauthorized access or other security breach that is the result of HEARTLAND failure to follow its published security procedures, or is due to other HEARTLAND non-compliance with accepted industry standards, then HEARTLAND will credit 100% of the monthly Hosting Fee as described in the scope document

5. SUPPORT AND HELP DESK SERVICES

The HEARTLAND Customer Support Team will provide support for the Board's SAAS, and local POS hardware, Operating Systems, database, and networking, as described in this here:

Environment	Hardware	Software	Collaborative
Hosted Environment (SaaS)	All hardware issues	Operating Systems Database Management System Monitoring Software Application Software All custom integrations developed and deployed by Heartland	AD Authentication and Authorization, Data Movement

Environment	Hardware	Software	Collaborative
School Manager's PC	Hardware RMAs (hardware purchased from Heartland)	Mosaic Application Software Custom Programs developed and deployed by Heartland *During Project Full Term: Operating System Viruses AD Configuration Network Configuration Printer Configuration	Change Management-Patch Management, Application Updates Deployment of OS and Services Requirements
School POS Terminals Handheld Terminals	Hardware RMAs (hardware purchased from Heartland)	Mosaic Application Software Custom Programs developed and deployed by Heartland *During Project Full Term: Operating System Viruses AD Configuration Network Configuration Printer Configuration	Change Management-Patch Management, Application Updates Deployment of OS and Services Requirements Mobile Management
Central Office PCs	Hardware RMAs (hardware purchased from Heartland)	Mosaic Application Software Custom Programs developed and deployed by Heartland	Change Management-Patch Management, Application Updates Deployment of OS and Services Requirements
Hardware (hardware NOT purchased from Heartland)	Not supported	Not supported	

* CPS will provide antivirus software, AD, network and printer configuration and related software.

5.1 STANDARD SUPPORT AND HELP DESK SERVICES

The Board is responsible for providing the first level of help desk support ("**First Level Support**") for the Services. Users of the Services must first notify a designated service contact within the Board's organization of any Service related problems. The Board's designated service contact will determine if the User problem is procedural or system/operations related. If the determination is that the problem is system/operations related, the designated service contact will complete an incident notification form directly at the HEARTLAND help desk website, by a softcopy email version, or via the HEARTLAND toll free number. HEARTLAND will provide the Board designated service contact with a tracking number used until the incident report is closed. Incident reports are characterized, tracked and responded to as

follows:

Severity 1	Critical Service Impact	15 minutes	8 hours
Severity 2	Significant Service or Implementation Impact	15 minutes	12 hours
Severity 3	Low	4 hours	36 hours
Severity 4	Low	24 hours	Issue prioritized in development queue

Severity	Description	Response Time
Severity 1 <i>Critical Service Impact</i>	Issue critically affects the primary business service, major application, or mission critical system. We will work with district IT outside of business hours to resolve critical issues. Some examples of a Severity 1 issues are: <ul style="list-style-type: none"> • Business service is not operational • Data integrity at risk • POS is non-operational • Cashier terminals are non-operational • Degraded performance of SAAS 	Within 15 minutes of reported incident. Immediate engagement of technical resources (including development) will continue until issue is resolved in 8 hours.
Severity 2 <i>Significant Service or Implementation Impact</i>	The business service is seriously affected. No acceptable workaround is available. Some examples of Severity 2 issues are: <ul style="list-style-type: none"> • Application Errors • Data Sync Failures 	Within 15 minutes of reported incident. Immediate engagement of technical resources until the issue is resolved in 12 hours.
Severity 3 <i>Moderate Service Impact</i>	The business service or system is moderately impacted, no data has been lost, and the business service or system is still functioning. The issue may be temporarily circumvented using an available workaround. Some examples of Severity 3 issues are: <ul style="list-style-type: none"> • Updates not applied appropriately 	Within 4 hours of reported incident. Technical resources engaged until issue resolution is identified, development prioritized as high in 36 hours.
Severity 4 <i>No Service Impact</i>	Non-critical issues, general questions, enhancement requests, or documentation issues	Within 24 hours of reported incident. Issue prioritized in development queue.

If the Board enters an issue which is reasonably clear to HEARTLAND is a request for First Level Support, HEARTLAND will place ticket in pending status until the ticket is approved to be worked by an employee of the Board authorized to grant such approval. Three hours of support service each month (up to 36 hours cumulative maximum, if unused within a contractual year) is available at no additional charge in the event that the Board requests functional or First Level Support.

5.2 ESCALATION PROCESS

Issues that are not resolved through standard support and help desk services, as described in Section 5.1, may be escalated by the Board to the HEARTLAND Account Manager assigned to the Board. If the Board believes it is not getting the response it is looking for from the Account Manager, the Board may escalate the issue to the Director of Client Service or Executive Director of School Solutions.

5.3 BOARD TRAINING REQUIREMENTS

Heartland is required to provide its End Users with application training and use of the browser and other Software required to use and access the Software and the Services. At the Board's request, HEARTLAND will recommend training options. The Board will provide training facilities and expects training to be tracked via CPS University.

5.4 HELP DESK REPORTING

The Board will have real time access to reports detailing the Board's help desk requests for service and the timing and resolution of those requests by the CPS help desk and HEARTLAND's Customer Support Team. CPS expects Heartland's assistance in integrating help-desk data between the CPS and Heartland help-desk systems, via data movement, or e-mail sync's.

6. SERVICE PERFORMANCE AND SERVICE CREDITS

6.1 THE BOARD'S SOLE AND EXCLUSIVE REMEDY

THIS SECTION 6 STATES THE BOARD'S SOLE AND EXCLUSIVE REMEDY FOR SERVICE UNAVAILABILITY OR FAILURE BY HEARTLAND TO PROVIDE SERVICES.

6.2 SYSTEM AVAILABILITY PERFORMANCE CREDITS

The Board understands and acknowledges that unplanned service losses will occasionally occur. HEARTLAND shall provide a minimum System Availability Performance of 99.9% per month measured on a 12 hours a day 5 week days a week basis as described in Section 1.6 above. The 99.9% System Availability Performance shall not include time attributable to performance issues (including Unscheduled Downtime) that resulted from (i) the Board's equipment and/or third-party equipment or actions not within the sole control of HEARTLAND and which are outside the Point of Demarcation; or (ii) the action or inaction of the Board or any individual or entity to which the Board has given access, or (iii) Mosaic application errors ("bugs") in the Software (iv) stopping and starting of the Application servers and Web Servers by Board personnel. Further, Board personnel will notify HEARTLAND in advance of stopping or starting Application and Web Servers.

6.3 PERFORMANCE CREDIT TABLE

Failure by HEARTLAND to meet the minimum System Availability Performance as defined in this Section 6 and including the exclusions described in section 6.2 shall result in Service Credit(s) toward the next monthly Hosting Fee as described in the schedule set forth below. These credits will not apply if the entirety of a given service level disruption occurs between 6pm and 5am during school serving days, or from 6pm Friday night to 5am Monday morning, except for Heartland SAAS services needed for data integration.

SYSTEM AVAILABILITY PERFORMANCE	% SERVICE CREDIT TOWARD NEXT MONTHLY HOSTING FEE
99.9% or above	0%
Less than 99.9%	10%

Less than 99.5%	20%
Less than 99.3%	30%
Less than 99.0%	50%

(A) AVAILABILITY CREDITS FOR MULTIPLE SYSTEMS

If the Board has more than one Mosaic Production Database system, but at least one experiences non-availability for a period of time, the Service Credit calculated under this Section 6.3 shall be adjusted to reflect the impacted system's relative contribution to the Fees paid under this Agreement. This prorated contribution is as follows:

- MOSAIC Production System -- 50%
- BOH modules -- 50%

6.4 MONITORING

Monitoring of System Availability will be a part of the Production environment and as such, subject to all change standards and documentation requirements. HEARTLAND reserves the right to modify monitoring tools, techniques, procedures, vendors, and support services in its sole discretion but the quality of performance related information should be the same or better. The Board may view, at their discretion, system performance measures provided by Heartland.

6.5 SERVICE CREDITS

HEARTLAND will notify the Board of eligibility for a Service Credit due to System Availability Performance and process the Service Credit on the Board's next regular monthly billing statement. Any Service Credit in excess of the amount due to HEARTLAND under this Agreement will promptly be credited to the Board's account.

6.6 TERMINATION OPTIONS FOR CHRONIC PROBLEMS

(A) FOR SYSTEM AVAILABILITY PERFORMANCE LESS THAN 99%

The Board may terminate this Agreement for cause and without penalty by notifying HEARTLAND within five (5) days following the end of any calendar month after the Board has experienced at least three (3) consecutive months of System Availability Performance less than 99% per month, or a total of five (5) months of System Availability Performance less than 99% in any calendar year, or an annual average of less than 99% in any calendar year. Such termination will be effective thirty (30) days after receipt of such notice by HEARTLAND. If CPS terminates the SaaS and decides to host the Mosaic environment on CPS premises then CPS expects HEARTLAND's support in reestablishing the local deployment of the environment (production, and test at a minimum. For each month that the Board has paid fees for hosted services to Heartland, the Board shall receive a credit of 1/60th the cost of purchasing the software modules as described in Heartland's RFP response for onsite installation software licensing. Additionally, the Board shall pay to Heartland the associated annual technical support for purchased modules.

(B) FOR OLTP PERFORMANCE LESS THAN 99%

The Board may terminate this Agreement for cause and without penalty by notifying HEARTLAND within five (5) days following the end of any calendar month after the Board has experienced at least three (3) consecutive months of baseline Online Transaction Processing ("OLTP") performance at the HEARTLAND Point of Demarcation below 99% of the measure established under Section 6.7 of this Exhibit A. Such termination will be effective thirty (30) days after receipt of such notice by HEARTLAND.

6.7 TRANSACTION PROCESSING (OLTP), APPLICATION, AND PRESENTATION PERFORMANCE

After pre-Production acceptance testing (Exhibit-F Regression and Performance Testing Scope of Services) is completed, and before Production cutover (GO-LIVE) occurs, HEARTLAND and the Board will define a reference set of business transactions to establish a reasonable and mutually acceptable baseline for database, application and Presentation tier performance as described in Exhibit I. The reference set of transactions is intended to include a representation of business transactions performed

by the Board in the ordinary course of its business. Environment performance will first be determined based on what Users will experience. Next, this initial environment performance will be divided into two components; (1) the environment performance at the HEARTLAND Point of Demarcation which is the responsibility of HEARTLAND to measure and; (2) the OLTP performance at the Board's premises, which is the Board's responsibility to measure. Production environment (data, application, and presentation tiers) will be measured from 6am to 6pm Central Time every day, except during the maintenance window, which is between 7:00am to 9:00am Central Time on Saturday for maintenance, and will be monitored and measured in 10-minute intervals. HEARTLAND will take the necessary measures to support the OLTP performance at the HEARTLAND Point of Demarcation, established under this Section 6.7. The Board will take the necessary measures to reasonably support the POS performance at the Board's premises, established under this Section 6.7. The Board agrees that unplanned actions of the Board in the use of the Software may impact OLTP performance and this performance impact is beyond the control of HEARTLAND. HEARTLAND is not responsible for any deterioration of environment performance attributable to abnormal or unscheduled batch processes executed during PHO, latencies in the public Internet, or poorly tuned SQL statements developed by the Board personnel or the Board's contractors.

6.7.1 HEARTLAND warrants that 99% of system performance will remain within 20% of the accepted baseline performance metric when measured on a quarterly basis.

6.8 BATCH PROCESSING PERFORMANCE

A log report will be prepared at the conclusion of each batch processing cycle itemizing execution results. The Board will be notified by email or pager any time a batch process fails during a Production run. HEARTLAND is not accountable for the accurate or timely completion of the Board's batch process. HEARTLAND reserves the right to set batch processing priorities and available resources in order to optimize OLTP performance. However, HEARTLAND commits that it will do everything within its control to insure that the Board's time-critical processes are completed within the parameters of the Board's business needs.

From time to time, Board personnel may execute a "Run-away" Query or SQL Statement that is not efficiently written and runs for an extended period of time consuming system resources. When HEARTLAND becomes aware of this condition through internal monitoring, HEARTLAND will kill the Run-away Query and notify the Board by sending an email to the email distribution provided by the Board.

7. MEASUREMENTS AND REPORTS

7.1 SERVICE MEASUREMENTS

The basic measure of availability will be the correct operation of the operating system level elements for each Board system. This is known as end-to-end functional measurement and shall be calculated at fixed intervals. The standard measure will be system availability during PHO. Daily, weekly, monthly, quarterly, and annual reports on the system will be conducted for the following general measures which when combined form end-to-end availability measurement:

- Hardware System Availability
- System Connectivity Availability
- Communication Protocol Delivery
- Network Reliability and Performance
- Operating System Availability
- Database Access Availability
- OLTP Performance
- Batch Processing Performance
- Application Availability and Errors
- And Access to the System Metrics

Exhibit H contains a list of monitors specific to the Board's HEARTLAND hosted systems.

7.2 APPEALS TO MEASUREMENT REPORTS

Measurement reports will be made available to the Board by HEARTLAND continuously via a web portal or upon regular intervals, as mutually agreed. If the Board disagrees with a measurement report it may file an appeal of the measurement report in writing, within ten (10) business days following the end of the calendar month being appealed. Any appeal shall address specific measurements in dispute and describe the nature of the dispute. The Parties will first attempt to settle all disputes regarding system availability and/or measurements in a timely manner by mutual good faith efforts through appropriate business channels. If any dispute cannot be resolved in this manner the Parties shall escalate the issue to their respective management for resolution. Changes in reported measurements and any subsequent credits shall be made on the Board's next regular monthly billing statement.

8. SERVICE PACKS, PATCHES & UPGRADES

8.1 SERVICE PACKS & PATCHES

Service packs & patches are Software vendor supplied code used to update the Software and is included in the ASLMA. HEARTLAND will evaluate Operating System and service packs and patches provided by the Software vendors and will determine if they are appropriate to the Software being hosted. HEARTLAND will test the modified Software prior to any move to Production and will coordinate with the Board for scheduling and execution of User testing of the service packs and patches when end users are impacted. The Board will apply Service Packs & Patches for the Mosaic locally hosted POS devices per request from HEARTLAND, or due to need.

8.2 MINOR UPGRADES (OPTIONAL SERVICE THAT MAY BE PURCHASED SEPARATELY. THIS SERVICES IS NOT INCLUDED IN THIS AGREEMENT)

Minor Mosaic upgrades are new code provided by the Software vendor that introduces or improves system functionality. HEARTLAND will provide the Board with at no charge under this agreement.

8.3 REQUIRED APPLICATION UPDATES (OPTIONAL CUSTOMIZATION MAY BE PURCHASED SEPARATELY. CUSTOMIZATION SERVICES ARE NOT INCLUDED IN THIS AGREEMENT)

Required Mosaic application updates are Vendor-supplied updates to the Software to maintain compliance with government, regulatory and tax requirements. An example is tax updates. Upon the Board's request, HEARTLAND will implement such updates within the timeframe recommended by the Software vendor. HEARTLAND will test the modified Software prior to any move to Production and coordinate with the Board for scheduling and execution of User testing of the required application update. Acceptance testing signoff by the Board is required prior to any move to Production.

8.4 MAJOR UPGRADES

Major upgrades and releases should be covered during the contract period without any additional cost to the Board.

8.5 UPGRADE RECOVERY PROCESS

Upgrade recovery is a process to back-up and then recover the system in the event the implementation of an upgrade fails. HEARTLAND will maintain the prior version of the Software and associated files and database permitting the rapid recovery of the system should the upgrade fail.

9. DATABASE SUPPORT

All issues arising from the build of environments within the control of HEARTLAND will be corrected by HEARTLAND. HEARTLAND will provide the Install Verification Test (IVT) Checklist for each environment built to the Board.

9.1 PRODUCTION ENVIRONMENT

The "**Production Environment**" contains the Software code, business rules, and the Board specific data used in the normal course of business. Servicing and maintaining the performance of the Production environment takes precedence over any other Mosaic environment.

9.2 Test Environment

HEARTLAND WILL PROVIDE ACCESS TO ONE (1) COMPLETE STAGING ENVIRONMENT MIRRORING THE PRODUCTION ENVIRONMENT, THE PURPOSE OF WHICH IS TO ALLOW THE BOARD TO ACCESS AND APPROVE APPLICATION CHANGES BEFORE THEY ARE PROMOTED TO END USERS IN PRODUCTION ENVIRONMENT.

9.3 TRAINING ENVIRONMENT

HEARTLAND provides one (1) complete training environment for each of the Board's Production environments. The training environments are pristine environments to include only Mosaic provided Software code. The training environments based on the Board's Mosaic Enterprise applications described in Exhibit B.

9.4 ADDITIONAL ENVIRONMENTS

The Board may request HEARTLAND to create and host Additional Environments to support other uses.

AUTHORIZED REPRESENTATIVES OF THE BOARD AND HEARTLAND HAVE READ AND AGREE TO BE BOUND BY THE TERMS AND CONDITIONS OF THIS EXHIBIT A.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be effective as of the Effective Date.

EXHIBIT B — REMOTE HOSTED & POS EQUIPMENT SPECIFICATIONS

1. PURPOSE

The purpose of this exhibit is to specify the remote hosted and POS equipment that will be used in conjunction with the Scope of Services between CPS and Heartland.

2. DEFINITIONS

Unless otherwise defined in this Agreement, capitalized terms used in this exhibit shall have the same meaning as those referenced in the Scope of Services between CPS and Heartland.

3. REMOTE HOSTED EQUIPMENT SPECIFICATION LIST

3.1. PRIMARY SITE

The following equipment will be used to deliver remote hosted services.

Border Routers - Cisco ASR
Intrusion Detection – IBM Proventia
Firewall and VPN– Cisco ASA
Core Switching – Cisco Nexus
Load Balancing – Cisco Ace
Data Center Server Platform - Cisco UCS
Distribution Switching – Cisco Nexus
Storage – EMC SAN
Storage Switching – Brocade 5100
DR Connectivity – Cisco 3700

3.2. EQUIPMENT SUBSTITUTION

In preparation for going-live with the hosted software, Heartland shall perform system/load-testing. During this phase of the project, Heartland may determine that one or more pieces of equipment identified in the Remote Hosted Equipment Specification List should be substituted for a device that is more suited for the task. If such a determination is made, the Board will be advised of any equipment substitutions prior to the conclusion of system/load-testing.

3.3. ADDITIONAL EQUIPMENT

At its discretion, HEARTLAND may use additional equipment to meet the hosting service levels defined in Exhibit A. If HEARTLAND determines that equipment changes are necessary, HEARTLAND will provide written notification to the Board within 10 days of the change.

3.4. EQUIPMENT INVENTORY

The Board may request an updated inventory of equipment being used to deliver the remote hosting services. Upon receipt of such request, HEARTLAND will provide an updated Remote Hosted Equipment Specification List within 10 days.

4. POS EQUIPMENT SPECIFICATIONS

CPS assumes that this hardware specification will meet acceptable performance that align with base system performance provided by Heartland in Exhibit I, else CPS expects heartland to add additional POS resources; such as memory, or processor.

4.1. POS DEVICE

Panasonic Asterix X5

15" Touch Screen with spill-proof casing
Intel Atom Dual Core D2500 @ 1.86GHz
Intel Gigabit NIC
4 GB Memory
160 GB Hard Drive
Windows 7 with Domain Login

4.2. CASH DRAWER

Vasario 1416 – Manual Cash Drawer

4.3. IDENTITY CAPTURE DEVICES FOR USE WITH POS EQUIPMENT

4.3.1. KEYPAD

Genovation 5803RJ
Keypad

4.3.2. ALTERNATIVE KEYPAD

HSS PAD - Personal Access Device
Keypad
Magnetic Stripe Reader

4.3.3. BAR CODE READER

Heron Desk D1X0
1D Bar Code Reader
USB Connection

4.4 HANDHELD DEVICE

CPS assumes that this hardware specification will meet acceptable performance that align with base system performance provided by Heartland in Exhibit I, else CPS expects heartland to add additional POS Handheld resources; such as memory, or processor.

Motorola MC45 Mobile Computer
3.2" QVGA (240 W x 320 L) with backlight
ARM 11 processor, MSM 7627 @ 600 MHz
Wi-Fi® 802.11a/b/g
256MB RAM
1GB Flash
1D Bar Code Scanner
Microsoft® Windows Embedded Handheld 6.5.3 Professional Edition

4.5 EQUIPMENT SUBSTITUTION

As technology evolves, Heartland may determine that one or more pieces of equipment identified in the POS Equipment Specifications should be substituted for a device that is better suited for the task. If such a determination is made or one of the listed products is no longer commercially available, Heartland will make a recommendation to the Board that the POS Equipment specifications be updated.

EXHIBIT C—NETWORKING INSTALLATION SPECIFICATIONS

1. PURPOSE

The purpose of this exhibit is to specify networking installation requirements that will be used in conjunction with the Scope of Services between CPS and Heartland.

2. DEFINITIONS

Unless otherwise defined in this Agreement, capitalized terms used in this exhibit shall have the same meaning as those referenced in the Scope of Services between CPS and Heartland.

3. POS DEVICE

3.1. PHYSICAL/WIRELESS CONNECTION

The POS device should be connected to the network using Category 5/6 cable. If physical connectivity is not available, the POS device should be ordered with a wireless card. This wireless card should be configured to connect to a wireless router to provide network connectivity.

3.2. IP CONNECTIVITY

The POS device should be installed with IPv4 connectivity. Whether using wired or wireless connectivity, the device must be able to reliably communicate with the Active Directory and the hosted site. If a Manager workstation is used, the POS device must have connectivity to it.

4. CONNECTIVITY VERIFICATION

Upon successful installation of the device, the network interface must be tested.

4.1. ACTIVE DIRECTORY

The POS device must be able to communicate reliably with the Active Directory.

4.2. HOSTED SITE

The POS device must be able to communicate reliably with the hosted site.

4.3. ACCESS TO THE MANAGER WORKSTATION

If a manager workstation is designated, the POS device must be able to communicate reliably with it.

EXHIBIT D— MEASURING HOSTED SERVICE DELIVERY

1. PURPOSE

The purpose of this exhibit is to define the operational anomalies impacting service delivery and to identify the tools and techniques used to mitigate and measure their impacts. These tools and techniques will be used in conjunction with the Scope of Services between CPS and Heartland.

2. DEFINITIONS

Unless otherwise defined in this Agreement, capitalized terms used in this exhibit shall have the same meaning as those referenced in the Scope of Services between CPS and Heartland.

3. ENVIRONMENT FOR HOSTED SERVICE DELIVERY

3.1. REFERENCE TO REMOTE HOSTED EQUIPMENT

The details of the equipment being used in the hosted service are included within Exhibit B.

4. ENGINEERING FOR HIGH AVAILABILITY

Heartland will implement numerous strategies to ensure high availability of the software function being delivered through the hosted environment.

4.1. OFFLINE MODE IN THE POS

The Mosaic software is comprised of several integrated software modules, generally categorized as front-of-house modules and back-of-house modules. Included within the front-of-house package, the point-of-sale module is critically important to the overall operation because it is used to track meal purchases as they happen.

Considering the criticality of high availability for the POS functionality, the Mosaic POS includes an "offline mode" feature. Offline mode provides continuity of service when network access to the hosted server is compromised. When the POS software determines that it cannot communicate with the hosted server, the POS transactions are written to a local data store instead of the hosted server. By writing the transactions locally, the cashier is able to continue the serving session rather than wait for connectivity to be re-established. When connectivity is re-established, the POS uploads the data.

4.2. CARRIER DIVERSITY IN THE PRODUCTION ENVIRONMENT

Internet service is provided by two carriers. By using two carriers, the hosted site has the resiliency to stay online, even when its primary Internet provider has an outage.

4.3. SYSTEM REDUNDANCY

The hosted site is designed with redundant systems to minimize/eliminate single points of failure. This system redundancy is depicted in 4.6. As you can see from the illustration, the environment includes multiple appliances at the various network layers. In the event that a device fails, such as the primary core switch, service delivery is not compromised because the backup switch is configured to take over and handle the load.

4.4. COMPONENT REDUNDANCY

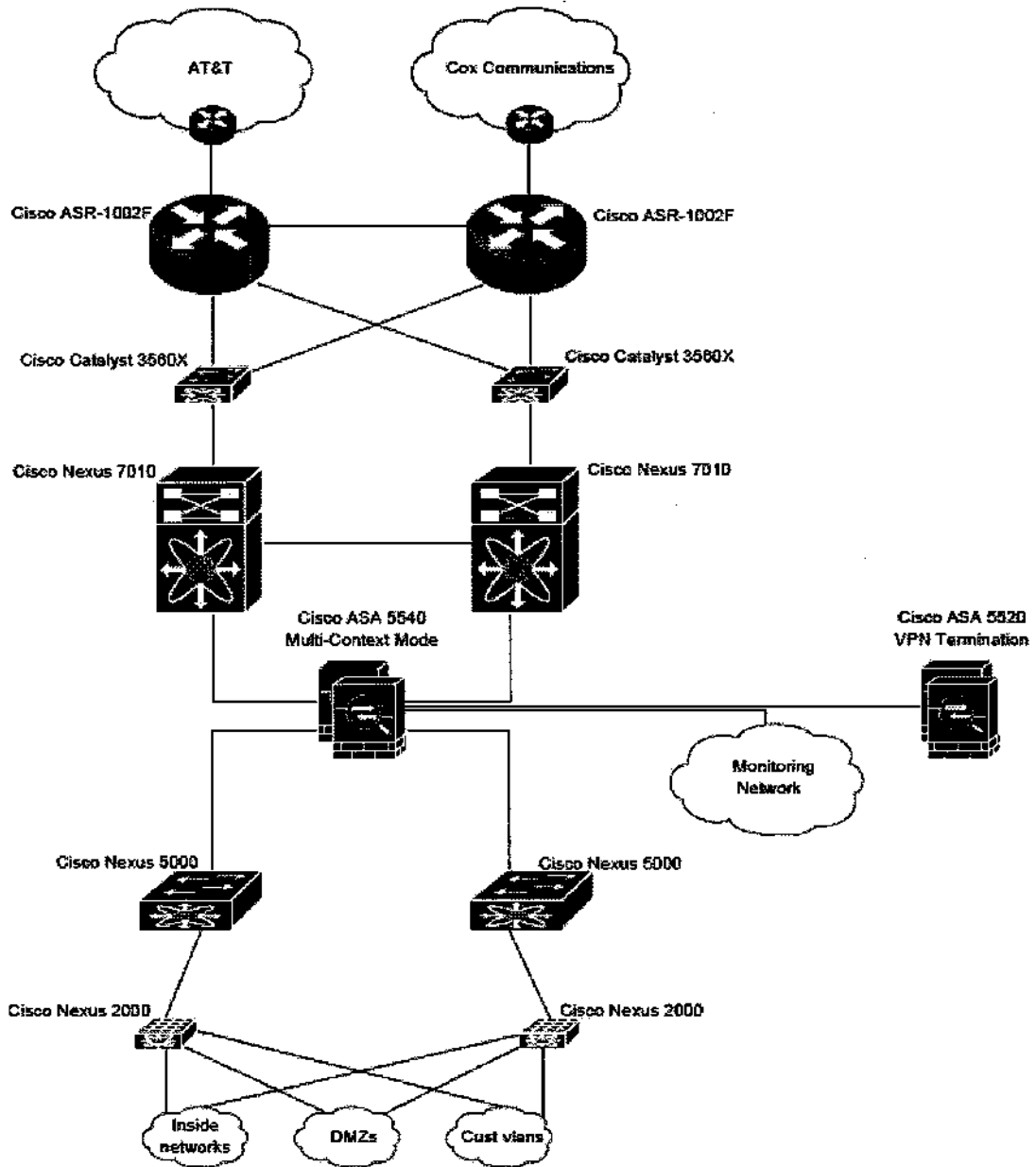
Various systems within the hosted site are engineered with redundant subsystems to minimize/eliminate single points of failure within a single device. For instance, the storage area network (SAN) uses RAID technology to prevent service interruption in the event of a hard disk failure. Another example of component redundancy is the use of redundant power supplies. If the primary power supply fails, the system transparently switches over to the backup power supply.

4.5. ADDITIONAL FUNCTIONALITY

The hosted service will use advanced functionality of various software products to ensure high availability. For example, the hosted site will use SQL Server Enterprise Edition along with clustering technology. This combination of enterprise edition plus clustering promotes very high availability within the data tier for Mosaic. In the event of a primary database failure, the backup instance of the cluster can take over the load. Similarly, enterprise features such as online re-indexing enable Heartland to perform certain maintenance tasks without taking the system offline.

In addition to the SQL Server implementation, Heartland will implement Cisco switching technologies to deliver load balancing and health monitoring within the application tier. This combination of features will provide additional resiliency for the system. Thus, if one of the application servers were to fail, the traffic would be re-routed to a server that is online.

4.6. ILLUSTRATION



5. HOSTED SERVICE OUTAGE CATEGORIES

5.1. DATA CENTER OUTAGE

The application will be hosted in a data center. The data center operator will provide and manage numerous services, including power, security, environmental controls, fire protection, facility monitoring and managed Internet access with carrier diversity. If one of these services experiences a disruption, Heartland's ability to deliver the application from the production site may be compromised. The principal mitigation strategy for anomalies in this category is to establish a DR site in a geographically dispersed data center.

5.2. NETWORK OUTAGE

The application will be hosted using state-of-the-art networking gear. If the servers and systems within the hosted environment lose their ability to communicate, the root cause is typically a failure in the core network layer. Through a combination of redundant cabling and redundant systems (Nexus 7010 core switches), the application should be able to withstand a failure in one of its network devices.

5.3. HEARTLAND APPLICATION FAILURE

The Heartland application will be developed using modern software construction practices. If the application fails, becomes unresponsive, or returns an error indicating a service anomaly, Heartland will respond to the failure by identifying the root cause and replacing or repairing the failed component. The principal mitigation strategy is to perform regression testing and stress/load testing prior to going live on the platform. Heartland will perform such testing to validate the application and the platform.

5.4. THIRD PARTY APPLICATION FAILURE

In the provision of hosted services, Heartland will utilize third party software applications, such as Microsoft Windows and Microsoft SQL Server. If such an application fails, becomes unresponsive, or returns an error indicating a service anomaly, Heartland will respond to the failure by providing a written explanation of the root cause and replacing or repairing/reinstalling/reconfiguring the failed component. The principal mitigation strategy is to perform regression testing and stress/load testing prior to going live on the platform.

5.5. MONITORING SYSTEM FAILURE

In the provision of hosted services, Heartland will use a SaaS product known as LogicMonitor. If this application fails, Heartland's ability to monitor the site will be diminished, but hosted services will not necessarily be impacted. The principal mitigation strategy for a monitoring system failure is to implement a highly available architecture, train the members of the staff who would be dedicated to manual monitoring and discover how CPS can use their monitoring tools to complement the monitoring service.

5.6. EMERGENCY MAINTENANCE

Emergency maintenance procedures are performed in response to catastrophic events impacting Heartland's ability to deliver services. These changes are performed immediately with little to no advance notice. The Board will be notified of such events within 2 hours of the maintenance.

5.7. PREVENTATIVE MAINTENANCE

Preventative maintenance procedures are performed in response to known or predictable issues within the environment impacting or potentially impacting Heartland's ability to deliver services. Generally, these changes are performed to avoid emergency maintenance in the future. Where practical, these changes will usually occur during non-peak hours. The Board will be notified of such events prior to the maintenance.

5.8. PLANNED MAINTENANCE

Planned maintenance is performed to support on-going product improvements, to optimize performance, to deploy service packs or patches, or to perform DR readiness testing. These changes will occur during non-peak hours. The Board will be notified of such events at least 1 day prior to the scheduled maintenance event, and it will have the opportunity to review and comment on the work being proposed.

5.9. OTHER OR UNKNOWN CAUSE

In the event of a service interruption where the cause cannot be established, the event shall be classified as 'Other or Unknown Cause'. If the business impact of the outage is high or critical, Heartland will extend its normal window for identifying the root cause by an additional 7 days. At the conclusion of the extended window, the incident shall be classified according to the best information available time.

6. OUTAGE MEASUREMENT

Despite the use of best practices to deliver a highly available solution, Heartland's services will be interrupted from time-to-time. When services are interrupted, the interruption should be categorized and measured. The category will be used to refine service delivery efforts, and the measurement will be used to calculate uptime pursuant to the service level agreement. Additional end user service metrics are described in Exhibit I.

Measurement	Business Impact
5.1. Data Center Outage	All environments down – Critical
5.2. Network Outage	All environments down – Critical
5.3. Heartland Application Failure	Production – High Staging – Low Training – Medium
5.4. Third Party Application Failure	Production – High Staging – Low Training – Medium
5.5. Monitoring System Failure	No impact on service delivery – Low. However, the event will be worked as a high priority event to ensure that our ability to respond to a subsequent event is not compromised.
5.6. Emergency Maintenance	Unpredictable.
5.7. Preventative Maintenance	Unpredictable.
5.8. Planned Maintenance	Production – Low Staging – Low Training – Low
5.9. Other Or Unknown Cause	Unpredictable.

Outage shall be measured by comparing the time on the initial report of outage to the time that services are restored. If the initial report of downtime is determined to be caused by a problem within the hosted environment, this comparison will yield the number of minutes of downtime.

EXHIBIT E—DISASTER RECOVERY LOCATION & EQUIPMENT SPECIFICATIONS

1. PURPOSE

The purpose of this exhibit is to specify the disaster recovery location and provide equipment specifications of the system that would be used in the event of a disaster. This system would be operated based on the Scope of Services between CPS and Heartland.

2. DEFINITIONS

Unless otherwise defined in this Agreement, capitalized terms used in this exhibit shall have the same meaning as those referenced in the Scope of Services between CPS and Heartland.

3. DISASTER RECOVERY LOCATION

The disaster recovery systems are located within a data center in Lisle, Illinois.

4. DISASTER RECOVERY EQUIPMENT SPECIFICATION LIST

4.1. DISASTER RECOVERY SITE

The following equipment will be used to deliver remote hosted services in the event of a disaster.

Border Routers - Cisco ASR
Intrusion Detection – IBM Proventia
Firewall and VPN– Cisco ASA
Core Switching – Cisco Nexus
Load Balancing – Cisco Ace
Data Center Server Platform - Cisco UCS
Distribution Switching – Cisco Nexus
Storage – EMC SAN
Storage Switching – Brocade 5100
DR Connectivity – Cisco 3700

4.2. DISASTER RECOVERY READINESS

The following additional equipment will be used to provide disaster recovery readiness.

Backup – EMC RecoverPoint
Data De-Duplication– EMC Avamar

4.3. EQUIPMENT SUBSTITUTION

In preparation for going-live with the hosted software, Heartland shall perform system/load-testing. During this phase of the project, Heartland may determine that one or more pieces of equipment identified in the Remote Hosted Equipment Specification List should be substituted for a device that is more suited for the task. If such a determination is made, the Board will be advised of any equipment substitutions prior to the conclusion of system/load-testing.

4.4. ADDITIONAL EQUIPMENT

At its discretion, HEARTLAND may use additional equipment to meet the hosting service levels defined in Exhibit A. If HEARTLAND determines that equipment changes are necessary, HEARTLAND will provide written notification to the Board within 10 days of the change.

4.5. EQUIPMENT INVENTORY

The Board may request an updated inventory of equipment being used to deliver the disaster recovery services. Upon receipt of such request, HEARTLAND will provide an updated Disaster Recovery Equipment Specification List within 10 days.

EXHIBIT F—REGRESSION & PERFORMANCE TESTING SCOPE OF SERVICES

1. PURPOSE

The purpose of this exhibit is to specify the scope of services for regression and performance testing that will be performed in conjunction with the Scope of Services between CPS and Heartland.

2. DEFINITIONS

Unless otherwise defined in this Agreement, capitalized terms used in this exhibit shall have the same meaning as those referenced in the Scope of Services between CPS and Heartland.

3. SYSTEM TEST REGION

HEARTLAND will establish a computing environment designed for testing, "the Test region". The Test region will be used for regression and performance testing of the hosted software.

4. REGRESSION TESTING

Once the software has been deployed to the hosted environment, HEARTLAND and CPS teams will conduct a series of regression tests to validate the expected behavior of the software.

4.1. TESTING INFRASTRUCTURE

The Test environment will be virtualized using VMware. The use of virtual machines and snapshots allows for rapid and flexible configuration of all required test environments.

This same environment will be used to test other scenarios including but not limited to, version updates and system-wide data updates for end of year/start of year processes. Virtual machine snapshots will be used to manage the environment. Snapshots will allow for the environment to be reverted back to a known state or capture the environment in a new state.

4.2. TESTING ARTIFACTS

As an artifact of our development process, we have created a library of test cases. These test cases are focused on testing all aspects of the software including functional conformance, Integration, Performance, Vulnerability (secure-coding assessment).

4.3. REGRESSION TEST EXECUTION

HEARTLAND will engage its Quality Assurance Analysts to execute the test cases, with CPS oversight.

5. PERFORMANCE TESTING

5.1. PERFORMANCE GOALS

HEARTLAND will test the software for the purpose of ensuring that the software meets the base line performance goals as described in Exhibit I.

Prior to the start of performance testing, HEARTLAND will work with the Board to engineer the hosted environment to support the requisite number of concurrent users and manager uploads. These targets are dependent on the number of locations and terminals that use the hosted facility.

System Users	Target
Number of hosted sites	To be determined (TBD)
Concurrent POS Terminal Usage	TBD
Concurrent Data Consolidation Txns (Manager Uploads)	TBD

These performance goals will be used to evaluate system performance during load and stress tests. Transactional accuracy and system response time will be two key indicators of performance as transactions are pushed into the system through simulated user interactions. The test will iteratively increase the number of concurrent users to validate the performance goals under stress.

6. ADDITIONAL TESTING

At its discretion, HEARTLAND may use additional tests to validate the readiness or suitability of the environments. Upon request, HEARTLAND will provide the Board with written documentation related to the type, description and outcome these additional tests.

7. STATEMENT OF TEST

At the conclusion of regression and performance testing, HEARTLAND will deliver a statement of test to the Board. The document will document the specific tests performed and the results of those tests. This document will be provided to the Board within 10 days of conclusion of the testing.

8. FUTURE TESTING/CHANGE MANAGEMENT

Changes to HEARTLAND's hosted environment will be controlled through a change management plan. As part of the plan, future changes to HEARTLAND's software and the associated configurations will be tested in the Test region, prior to be deployed to production.

EXHIBIT G—DATA INTEGRATION

Heartland's Mosaic system is based on Microsoft .NET architecture with SQL Server 2008 R2 as the back end. This technology platform inherently enables integrations and interfaces with practically any other application. Heartland has extensive experience in integrating its applications with other applications. These integrations and interfaces are typically aimed at achieving business process efficiencies and reporting/ data mining. Some examples of these integrations are given in the table below.

Integration Type	Technology Used	Frequency	Description
Importing Students from Student Information System	Comma Separated Values files Or Fixed Length files Or SIF XML based integration	Once a day before breakfast session	This integration ensures that the Mosaic application is synchronized with the Student Information System once a day. This integration add students that are newly enrolled; updates students that have transferred to a new school or left the district. This integration also updates new demographic information such as new address or contact information for parent or guardian.
Importing Staff information from HR Information System	Comma Separated Values files Or Fixed Length files Or SIF XML based integration	Once a day before breakfast session	This integration ensures that the Mosaic application is synchronized with the HR Information System once a day. This integration enables staff of the district to also be recognized at the point of sale.
Vendor Order Export	Comma Separated Values files Or Fixed Length files	Once a week or as arranged with the Food & Supplies Vendors	The integration enables electronic export of orders for food and supplies places in Mosaic to the Vendor's Ordering System. Such

	Or Custom XML based integration		integrations are aimed at saving several hours of manual labor both on the district's end and the vendor's end. This integration also eliminates mistakes, errors and serves as a stepping stone for advanced financial integration.
Integration of Vendor Invoices, Mosaic and district financials system	Comma Separated Values files Or Custom XML based integration	As required by the business process choreography	This integration essentially uses technology to perform a 3 way match between the following: <ol style="list-style-type: none"> 1. Orders placed by district 2. Orders received by district 3. Invoices sent by vendor <p>The advantages of this integration are it eliminates paper invoices and catches invoicing errors very efficiently. It enables the district financial team to get a simple export of invoices that are approved; which are then be imported into the district financials system.</p>
Financials export to district financials system	Comma Separated Values files	At the end of financial period – typically weekly or monthly	This integration enables exporting of revenue and expense information from Mosaic into the district financial system. This enables the district financial team to easily bring in the School Food

			Services financial data without manual data entry.
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The above examples illustrate simple text based integrations and complex XML based integrations. It is important to note that for applications with published API we can develop custom integrations as well. Such integrations are rare and result in a tighter coupling between Mosaic and the integrating application.

EXHIBIT H—MONITORING OF THE HOSTED SOLUTION

1. PURPOSE

The purpose of this exhibit is to specify items that will be monitored within the hosted solution. The hosted solution will be operated based on the Scope of Services between CPS and Heartland.

2. DEFINITIONS

Unless otherwise defined in this Agreement, capitalized terms used in this exhibit shall have the same meaning as those referenced in the Scope of Services between CPS and Heartland.

3. MONITORING TOOL

HEARTLAND will use LogicMonitor services and LogicMonitor agents to provide core monitoring functionality and complementary monitoring technology provided by CPS.

4. ITEMS MONITORED

4.1. NETWORKING

Description	Attribute	Alert Trigger	Generates Alert
All servers – TCP stats			
	ConnectionFailures	>= 4	Yes
	ConnectionsActive		
	ConnectionsEstablished		
	ConnectionsPassive		
	SegmentsReceivedPerSec		
	SegmentsRetransmittedPerSec		
	SegmentsSentPerSec		

4.2. SYSTEMS

Description	Attribute	Alert Trigger	Generates Alert
All servers - uptime			
	Ping response time	>= 200 ms	Yes

4.3. PERFORMANCE MONITORING - IIS

Description	Attribute	Alert Trigger	Generates Alert
IIS			
	IODataBytesPerSec		
	PercentProcessorTime		
	ProcessCPUPercent	>= 90	Yes
	ThreadCount		
	WorkingSet		

4.4. PERFORMANCE MONITORING - SQL

Description	Attribute	Alert Trigger	Generates Alert
SQL Server			
	BatchRequests		
	BufferCacheHitRatio	<= 0.9	Yes
	Compilations		
	Connections		
	Deadlocks		
	FullScans	>= 200	Yes
	IndexSearches		
	LatchWaits		
	LatchWaitTime		
	LockTimeouts	>= 1	Yes
	LockWaits		
	LockWaitTime		
	LogoutsSec		
	NewConnectionRatio	>= 3	Yes
	PageLife		
	PageLifeNonZero	<= 300	Yes
	PageReads		
	PageSplits	>= 200	Yes
	PageWrites		
	Recompilations		
	TempTransactions		
	Transactions		
	WorkFiles		
	WorkTables	>= 200	Yes

4.5. PERFORMANCE MONITORING – OTHER SQL COMPONENTS

Description	Attribute	Alert Trigger	Generates Alert
SQL Services – Server, Agent, Browser, IS, VSS – State			
	RunningStatus	!= 1	Yes
	State	!= 1	Yes
	Status		

5. ADDITIONAL MONITORING

At its discretion, HEARTLAND may monitor additional items, either in an automated or ad hoc fashion, in order to meet the hosting service levels defined in Exhibit A. If HEARTLAND determines that permanent automated monitoring changes are necessary, HEARTLAND will provide written notification to the Board within 30 days of the change.

6. MONITORING REPORT

The Board may request an updated inventory of items being monitored in the provision of remote hosting services. Upon receipt of such request, HEARTLAND will provide an updated list of the Items Monitored within 10 days.

EXHIBIT I—MONITORING OF THE HOSTED SOLUTION

This Exhibit represents a reasonable approach to the baseline measurements described in Exhibit A. The Board and Heartland will mutually agree to adjustments to this description as required

Terminology

Performance Requirements – The criteria that are essential to meeting service level agreements.

Performance Goals – The criteria that Heartland seeks to meet through tuning and other performance optimization strategies.

Baseline Requirements

The hardware used by the board must meet the specifications defined in Exhibit B and have a minimum of 10 Mbps of network and Internet connectivity.

Business Critical Scenarios

This category of scenarios is intended to establish expectations for system performance when real-time processing is critical. These scenarios are characterized most clearly by the presence of students standing in line. In each of these cases, degraded system performance has the potential to impact system usability, the user experience, and POS transaction processing.

Item	Description	Performance Goal	Performance Requirement
Cashier is operating the line	The set of screens used by the cashier during the process of vending meals and a la carte items.	To deliver an average transaction time of 7 seconds, measured from student identification to transaction completion.	Excluding student look-up, the application responds to 95% of user actions within 7 seconds.
Cashier performs a student look-up	During the vend process, the cashier may look-up the student's ID based on a search by homeroom, name, or ID.	To deliver an average look-up time of 8 seconds, measured from student name entry until the search data is returned.	The application responds to 95% of student look-ups within 8 seconds.
Student enters his ID on a keypad Cashier scans bar code on student ID	The input device transfers the user's identification number, or PIN, to the POS application.	To enable the student's ID to be entered within 3 seconds or scanned within 3 seconds. Performance varies greatly based on the student's grade and familiarity with the system, i.e. 8 th graders are quicker at entering their IDs than 1 st graders.	The application responds to 95% of valid ID entries/scans within 3 seconds. Invalid IDs may trigger a re-input, re-scan, or student lookup.
Handheld devices	The handheld device transfers the user's identification number, or PIN, to the application.	To deliver an average transaction time of 5 seconds, measured from student identification to	Excluding student look-up, the application responds to 95% of user actions within 5 seconds.

		transaction completion.	
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Frequently-Used Functions

Item	Description	Performance Goal	Performance Requirement
Site managers submit end of day reports	From non-POS schools, the set of screens used to record the meals vended.	To deliver an average transaction time of 5 seconds per student.	In 95% of the measurements, the application begins transmitting data to the client browser within 3 seconds of a request.
Cafeteria Manager runs Close Day	This function closes the POS system for the day for the cafeteria and generates a set of reports including Daily Sales Report and Edit Check Report (also known as Over-Claim report).	User interaction will be completed within 3 minutes.	The application completes 95% of Close Day requests within 5 minutes of submission.
Central office runs reports	This is a request to generate a report from the set of reports available within Mosaic.	<p>A report for a particular school should be completed within 120 seconds.</p> <p>A report for a particular day of data should be completed within 120 seconds.</p> <p>Lengthy reports, such as the transaction history report, should generate at a rate of 1 page every 5 seconds.</p>	For reports under 10 pages, the application generates 95% of reports within 120 seconds.

Batch-processing Scenarios

Batch processing scenarios have a different performance profile because they are not generally needed on a real-time basis. Activities may take several minutes to several hours. These tasks are usually scheduled to complete during off peak or overnight hours to improve overall system performance.

Item	Description	Performance Goal	Performance Requirement
Publishing of menu plans	On a weekly or every-other-week basis, the dietician publishes the menu plans.	<p>Thirty seconds per school.</p> <p>We recommend that this process be scheduled to run overnight.</p>	Heartland will advise with the batch scheduling, and menus will be generated prior to 6am on the following day.
Student Import	From the SIS system, this file includes a list of student changes that need to be applied to	25,000 students per hour.	Heartland will advise with the batch scheduling, and student updates will be

	the POS system.		processed by 6am on the following day.
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Scenarios of Special Interest

Item	Description	Performance Goal	Performance Requirement
Administrative usage of the Online Payments Portal – Reconciliation	The set of screens used by the Board during normal day-to-day administrative processes. For instance, the site would be accessed to retrieve a Reconciliation Report.	An administrator should be able to login, request, and receive a reconciliation report in under 10 minutes.	In 95% of the measurements, the application begins transmitting data to the client browser within 10 seconds of a request.
Parental usage of the Online Payments Portal – Reconciliation	The set of screens used by parents to retrieve nutritional information or to make online payments.	A parent should be able to make retrieve a transaction history or make an online payment in under 4 minutes.	In 95% of the measurements, the application begins transmitting data to the client browser within 10 seconds of a request.

Special Situations

Item	Performance Goal
The POS desktop cannot access the Internet.	The application should run in Offline mode, enabling the cashier to complete daily sales activities.
The browser-based application loses network access, thereby losing access to the Mosaic application.	The application should resume normal functioning when Internet connectivity is restored.

EXHIBIT J — SCOPE OF SERVICES

SCOPE OF SERVICES

Name of Project: Meal Management-POS System

CPS Project Manager: Leslie Fowler Phone: 773-553-2833 E-Mail: lafowler@cps.edu

Heartland's Project Manager: Terry Roberts Phone: 480-289-2929 E-Mail: Terry.Roberts@e-hps.com

Period of Performance: June, 2013 until June, 2018

This Scope of Services shall be conducted pursuant to the terms and conditions of that certain POS Equipment and Services Agreement ("**Agreement**") by and between Heartland Payment Solutions ("**Heartland**") and The Board of Education of the City of Chicago (the "**Board**"), commonly known as The Chicago Public Schools ("**CPS**"). Defined terms used in this Scope of Services shall have the same meanings as those ascribed to such terms in the Agreement.

1. SCOPE OF SERVICES:

Heartland shall provide Meal Management – Point of Service ("POS Systems") to Chicago Public Schools ("CPS"). Heartland shall provide POS/Back Office fully integrated and primarily web-driven software solution system to accommodate the growing demand for real-time data availability for various district needs and federal reporting. Heartland's software solution shall have the capability to provide real-time or daily transfer of data between each school site and central office. Heartland's system shall comply with current local, state and federal ("USDA") regulations for School Food Service ("SFS") and CPS operations. CPS reserves the right to reduce the scope of functions and services as well as adjust the number of school campuses as deemed appropriate and in the best interest of CPS.

Heartland's solutions shall comply with all USDA regulations for school food service operations. Heartland's solution shall include integrated modules to avoid duplicate data entry. Heartland's solution shall be capable of supporting an unlimited number of sites, serving lines and multi-vendor environments.

Heartland's solution shall support CPS' "One-Card" functionality for meals, school fees, library, bus, vending, printing fees etc. Heartland's solution shall include real-time transfer of data between the central office and schools, without interrupting or interfering with school POS operation.

Heartland's solution shall integrate with "multiple" student information, HR and financial management systems. Heartland shall work to integrate the parent facing interfaces of the proposed solution within the current CPS parent web portal environment. This integration shall provide means for single sign-on and for parent registration in both SI, and the food services applications.

Heartland's solution shall have the capability to back up, archive and restore data by module, school site or for the entire system. Heartland's solution shall include an audit trail feature which tracks all transactions (entry, changes, and deletions). Heartland shall offer both installed and cloud-based (SAAS/hosted) POS options. Heartland hosted solution shall cover all the servers, software and SQL licensing at no additional cost to CPS.

Heartland's solution shall be compatible with Windows XP and Windows 7 Platform. Heartland (web-based) solution shall be compatible with IE 8 and up, Firefox 10 and up, Safari 4 and up, Chrome 10 and up. Heartland's solution shall be compatible with handheld POS Wi-Fi (802.11b/g/n) devices. Heartland's solution shall work with VPN-Proxy IT infrastructure. Heartland's solution shall support latest .Net Microsoft technology and MS SQL 2008 and 2012. Heartland's solution shall interface with State File Transfer (i.e. Direct Certification File or Medicaid etc.).

Heartland shall perform unit-testing, system/load-testing and user-testing etc., prior to going live phase of selected

modules. Heartland shall provide simultaneously run test, development, staging and training environments of selected modules.

Heartland's solution shall adapt CPS branding. Heartland's solution shall support multiple languages. Heartland's solution shall provide the capability to provide parents with a student's meal history through parent portal, web login, email/text messages.

Heartland's solution shall comply with County, City, State and Federal laws, policies & regulations. Heartland's solution shall meet CPS technical specification requirements See Attachment F, Interrogatories, ITS Technical Section. Heartland's solution shall meet security compliance, policies and regulations of CPS IT and Legal requirements. Heartland's solution shall meet compliance of CPS networking LAN/WAN and technology standards. Heartland's solution shall meet compliance and compatibility with approved non-proprietary hardware/software vendor products(See Exhibit A).

Heartland's solution shall work at independently run Charter/Private school sites. Heartland's solution shall work with sites which are NOT on CPS data-network and not a part of the CPS active directory structure (e.g. Charter Schools). Heartland's solution shall integrate with existing and future CPS enterprise platforms for user authentication(AD) and authorization, and data integration between Mosaic suite of services and LOB systems. Heartland software shall be architected around open standards and current technologies. Heartland's solution shall feature scheduled automatic remote software updates with no interruption during normal business hours.

Heartland's solution shall support commercially available PIN pads, scanners and handhelds. Heartland's solution shall meet heterogeneous school food serving environment; traditional lunch room serving, class-room serving, mobile portables, hallways/corridors, grab-and-go, stadium/special events. Heartland shall offer an option for a fully integrated and encrypted point of service device to accept credit card payments. Heartland's solution shall be Payment Card Industry ("PCI") compliant.

Heartland's solution shall allow for user entry of student specific notes such as allergies, lactose intolerance, no snack, check ID, diabetic, etc. that can be automatically displayed at the serving line. Heartland's solution shall include daily updates and summary reports of Free and Reduce eligible students, based on automatic data updates from district Student Information System (SIS) and shall provide executive Dash-Board report view. Heartland shall offer professional services, robust onsite and web-based project and operational training in test environment, training upgrades, documentation and project management.

If requested Heartland shall run a 4-6 weeks pilot at a few selected schools, free of cost.

2. **DELIVERABLES:** Heartland's solution shall provide at a minimum, the following available modules:

a. Point of Service (POS)

In the event of a network failure, Heartland's (on-premise installed) solution shall remain functional without LAN/WAN connection for a minimum of five (5) days and shall have the capability to sync with the central office data-center server when the connection is restored. Heartland's system shall be designed specifically for K-12 school food service. Heartland's system shall keep student eligibility status confidential during all transactions. Heartland's system shall allow for students to be identified at the POS terminal in multiple ways, including Cashier entry, Photo identification, Student PIN number, ID card, swipe/Barcode scan, Biometric/Fingerprint, and Palm scan. The RFID shall be available during the fall of 2013 or as mutually agreed.

Heartland's system shall allow for class, grade, custom group or bus rosters to be created and displayed for accessing accounts and quick sales to a group. Heartland's system shall allow for student and adult accounts to be obtainable from any campus within the school district.

In addition to direct payment from online nutrition accounts, Heartland's system shall have the capability to accept payments via cash, check, e-check and credit/debit cards.

Heartland's system shall allow cash or checks to be accepted and applied to accounts during a POS transaction. Heartland's system shall allow charge limits to be set at the account level or charging to be blocked completely for all accounts at the school level. Heartland's system shall accept account prepayments at any time. Heartland's system shall include a daily check report with check number and associated student account number to which they apply. This report shall be attached to bank deposit instead of listing each check by hand on bank deposit slip. Heartland's system shall allow for tracking of multiple meal-plan types, after school snacks, summer school programs, etc..

Heartland's solution shall have the capability to generate letters, emails and/or text messages indicating a low or negative account balance based on an amount defined by CPS. Heartland's system shall support multiple customizable meal pricing plans. Heartland's system shall enable CPS staff to enter student's information at each school site and also from CPS's central office. Heartland's solution shall allow some item screens to be customized by school lunch manager. Heartland's system shall include alerts for student dietary restrictions. Heartland's system shall allow a transaction to be voided at any time and track the void for audit purposes.

Heartland's system shall have the capability to calculate cashier "shortage" or "overage." Heartland's system shall support assistance with year-end rollover procedures. Heartland's system shall transmit counts of daily meals served by category, all revenues by meal type and a la carte sales for each site to CPS's central office. Heartland's system shall enable cashier to enter individual items in any order and shall automatically determine if the meal is reimbursable. Heartland's system shall allow menu items to be created from one site and broadcast to the entire district. Heartland's system shall have the capability to track how many of each items are sold daily by category (i.e., to student with reimbursable meal, to adult with meal and a la carte).

Heartland's system shall provide for easy entry of check numbers at the POS terminal on a daily basis. Heartland's system shall allow student activity accounts for that day to be viewed while the line is still running. Heartland's system shall offer the capability to capture student pictures. Heartland system's reports shall show exact amount of money received on account (tendered), not just amount left after paying for current meal and paying for charges. Heartland's system shall allow student accounts and history, including items purchased, to be viewed from district central office website. Heartland's system shall allow for student accounts to be viewed inside CPS parent portal. Heartland's system shall have the capability to deliver or service replacement units by the next business day for all requests made prior to 4 p.m. CT., Monday through Friday.

Heartland's system shall offer customized security groups allowing/disallowing users, as identified by NSS, the ability to add/edit/delete students, run specific modules, print reports or to make adjustments to account balances. Heartland's system shall offer a deposit calculator which integrates a calendar to determine the funds needed to purchase meals through a given date. Heartland's system shall provide alerts for comments entered on student accounts. Heartland's system shall work with locations which are NOT on CPS data network.

Heartland's system shall run reliably and as fast on CPS wireless network (802.11b/g/n) compared to wired network for stationary and mobile POS devices. Heartland's system shall not require special or isolated wireless infrastructure and can work with any shared student/academic wireless infrastructure. Heartland's system shall provide user documentation, training and train the trainer programs.

b. Free and Reduced Application Management, Online & Scanning

Heartland's system shall offer a fully integrated online and paper application entry program. Heartland's system shall have the capability to process family Free & Reduced Meal (FRM) and School Fee Waiver applications. Heartland's system shall support several application types including Income, Food Stamp/TANF, Foster, Homeless, Runaway, Migrants, Direct Certified, Medicaid Certified, Incomplete and Parent Refused Benefits.

Heartland's system shall provide for instant analysis of Free and Reduced / School Fee Waiver meal applications for eligibility according to federal guidelines. Heartland's system shall provide online and paper "School Fee Waiver Form" as a Replacement to FRM applications at the participating (251 sites as of October 2012) Community Eligibility Option ("CEO") Schools.

No requirement to complete lengthy CPS Household Application for Free and Reduced- Price Meals ("FRM") Application. Instead small "One Page School Fee Waiver" Form is required. All students shall eat for free whether they are "free, reduced, or paid" program eligible.

Heartland's system shall allow for zero income applications with no temporary status restrictions, per new USDA guidelines. Heartland's system shall offer the capability to easily create user defined import and export files of student data in an automated and non automated fashion. Heartland's system shall have a unique "meal application number/identifier" (paper and online) that identifies and tracks a house-hold within an application. Heartland's system shall allow for tracking multiple notes on the application.

Heartland's system shall track race/ethnicity/gender/age statistics for the application and individual students. Heartland's system shall have the capability to recognize duplicate applications and prompts the user before processing. Heartland's system shall track history for incomplete or denied applications, including reasons application is incomplete or denied.

Heartland's system shall accommodate start of the year temporary status grace period. Heartland's system shall enable multiple users at more than one location to enter applications at the same time. Heartland's system shall have the capability to import a Direct Certification file from the state (or other agency), match the information against the student data in the Student Information System and update status information. Heartland's system shall include automatic updates regarding Free and Reduced income limits, as established each year by the USDA.

Heartland's system shall have the capability to produce multiple types of notification letters, emails, such as temporary status, approval, denial, and verification status/results with customization of letter content through data stored within the application. Heartland's system shall have the capability to automatically deny eligibility for any applications selected for verification that do not receive a response after a specific period of time. Heartland's system shall have the capability to store Notification letters and emails in at least English and Spanish and generated based on the household language of choice stored in the system.

Heartland's system shall automatically generate notification letters and emails for all status changes since the last date notification letters were generated, regardless of the reason for change (approval, denial, verification, etc.). Heartland's system shall offer the capability for verification using error-prone, random sample or focused sample of the student application file. Heartland's system shall have the capability to automatically update POS with student enrollment and eligibility changes.

Heartland's system shall include functionality for digital scanning and mapping of handwritten applications with student records. Heartland's system shall offer the capability to create reports

based on date and sites selected. Heartland's system shall have the capability to include daily updates and summary reports of Free and Reduced eligible students, based on automatic data updates from district SIS and can provide executive Dash-Board report view. Heartland shall provide user documentation, training and train the trainer programs.

c. Online Payment/Account Management and Parent Portal Site Integration

Heartland shall be the service provider of the proposed online payment solution. Heartland's online payment solution shall use 128-bit or higher encryption on all transactions. All SSL certificates are 2048-bit with Extended Validation.

Heartland's online payment solution shall not share credit card information with any third parties other than the card brands and merchant banks. Heartland shall have the capability to deliver an online payment solution where the average time lapse between (a) successful completion of a payment transaction and (b) the communication of that information to CPS's system is less than 60 seconds. Heartland's system shall support multiple languages.

Heartland's online payment solution shall provide free account set-up for CPS's parents/guardians. Heartland's online payment solution shall provide parents/guardians with free access to account payment and meal history including email notifications and text messages. Heartland's online payment solution shall have the capability to provide parents/guardians with free access to student usage and purchase history. Heartland's online payment solution shall offer parents/guardians the capability to create and manage recurring payments.

Heartland's system shall provide the capability to manage stored value card ("SVC") and different pre/post-paid account types; e.g. "CPS Food \$" (money to be used only for food purchases in schools and/or in vending machines). Heartland's system shall provide the capability to manage SVC and different pre/post-paid; "One- Card" account types; e.g. "CPS School \$" etc. collecting and managing school related library, bus, vending, printing, special event fees etc. Heartland's system shall support adding/managing online funds through the latest, trendy and web-optimized mobile, tablet and smart phone technology, including Apple iOS, Android and Windows Mobile.

Heartland's online payment solution shall offer the functionality for parents/guardians to create and manage low-balance reminders. Heartland shall provide toll-free telephone support and email support for CPS's parents/guardians who have questions or issues regarding the online payment solution. Heartland's online payment solution shall have the capability to settle funds directly to CPS's designated bank account(s), meaning that the Heartland shall not possess funds owed to CPS. Heartland shall not require the use of a third party payment gateway for processing credit card transactions. Heartland shall provide user documentation, training and train the trainer programs. Heartland's system shall be ADA (Americans with Disabilities Act) compliant.

d. Menu Planning/Nutrition Analysis

Heartland's solution shall provide citywide menu planning/nutritional analysis functionality. Heartland's solution shall provide the capability to offer menu planning to be centrally performed for the entire district and made available to each individual site. Heartland's solution shall offer CPS' site manager or identified staff member the capability to change the menu accordingly, within restrictions set centrally. These changes shall be reflected in the production record, ordering functions and on the POS terminals.

Heartland shall notify NSS and the food vendor central menu planning group any local menu changes. Heartland's solution shall offer changes which do not comply with nutritional guidelines

as defined for that day's menu requires an override by central authority. Heartland's solution shall provide history of all menu changes be saved within the application and shall be easily auditable. Heartland's solution shall provide the staff responsible for menu planning access to all the information required regarding item usage, commodity item status, nutritional analyses, on order and on hand balances, etc. in order to make the most effective menu decisions. Heartland's solution shall provide the forecast of future meals (and thereby the forecast of future required materials) based on the average delivery cycle for each product and expected participation. Heartland's solution shall take into account, in conjunction with the Inventory module, the average expiration time or "shelf life" of each specific type of product to avoid spoilage, as well as all orders in progress. Based on this information, the system shall help avoid over-ordering.

e. Central/Back Office Reporting and Claim Reimbursement Management

Heartland's solution shall offer Federal and State Claim reimbursement reporting. Heartland's solution shall offer claims processing by accommodating regular meals, holiday meals, meals for visiting students, snacks and suppers, summer programs as well as other meals outside of the standard cafeteria setting. Heartland's solution shall track food choices or items in a meal, district-wide or at a school level and provide feedback information to families, schools and central office for reporting.

Heartland's solution shall offer the ability to create Custom Reports of student data. Heartland's solution shall track No-ID reimbursable meals served and lists such meals on the Daily Edit Check Report. Heartland's solution shall track Off-site Sales and lists such meals on the Daily Edit Check Report. Heartland's solution shall provide standard and ad hoc reports (online, electronic or hard copy) with information regarding all aspects of the NSS business and its performance.

Heartland's solution shall provide online dash boards with information regarding all aspects of the NSS business and its performance. Heartland's solution reporting requirements shall include reports used for operations (e.g., order status, cost of food/labor, menus, participation, reimbursements, sales, catering, inventory, SaaS performance metrics etc.). Information retrieval for business analytical work at management levels includes performance by multiple criteria, summarized participation, cost and other data. Heartland's solution shall support reports generated, exported or emailed in pdf, Excel 2010, HTML, CSV formats.

f. Temp/Pool Staff Management

Heartland's solution shall accommodate wage & hour data for 3,500+ employees, including permanent, pool and temporary staff. Heartland's solution shall provide all leave time (including paid holidays/district unpaid days) tracking by individual employee. Heartland's solution shall provide management of sanitation/licensed certified staff by school and district. Heartland's solutions shall provide all data by school & district.

Heartland's solution shall be customized to avoid "over-time" in scheduling pool/part-time and other employee types.

Heartland's solution shall provide manual and global distribution of updates to employee profiles. Heartland's solution shall integrate with CPS Human Resource and Financial systems for automation. Heartland's solution shall have the capability to email schedule change notifications to pool and other concerned employees. Heartland's solution shall provide centrally and site

based labor, meals per labor hour etc. reports. Heartland shall provide user documentation and training.

g. Inventory Management

Heartland's solution shall offer centralized inventory consolidation in real-time. Heartland's solution shall offer centralized ordering and receiving (District Warehouse). Heartland's solution shall offer Centralized ordering and receiving by School (Major Vendors). Heartland's solution shall comply with all USDA and ISBE guidelines and requirements for donated commodities. It shall manage donated items from order to usage. Heartland's solution shall immediately after receiving the USDA allocated entitlement, NSS personnel can develop a plan regarding how to use the entitlement in terms of what to order, when to order, how much to order, and order destination (in the case of commodities that shall be processed by food companies) for the upcoming school year.

Heartland's solution shall collect usage data for all items, including purchased items, in order to estimate the amount of donated items that shall be ordered over the course of the year. The staff also collects data regarding the on hand balances and on order positions for each donated item, including balances for donated items at food processors. Heartland's solution shall actively manage all items, including leftovers based on expiration dates in order to minimize waste or spoilage. Heartland's solution shall facilitate the tracking and management of meals prepared in one kitchen for distribution at other sites (receivers and satellites).

Heartland's solution shall offer substitute products for materials not on hand. Heartland's solution shall provide "product recalls" and "food safety" management. Heartland's solution shall facilitate the tracking and management of meals prepared in one kitchen for distribution at other sites (receivers and satellites). Heartland shall provide user documentation and training.

h. Production Log

Heartland's solution shall offer production management. Heartland's solution shall have production records and inventory management functions, shall accept leftover amounts and update the on-hand balances. It shall then actively manage the use of these items, and utilize them where appropriate in future meals.

i. Sending and Receiving Schools Food Management

Heartland's solution shall be able to accommodate cooking schools and receiving schools. Cooking schools are defined as schools from which food is cooked and shipped to schools without a kitchen.

j. Catering Management

Heartland's solution shall accommodate all phases of ordering from Catering Dept. as a vendor. Heartland's solution shall accommodate fixed menus and pricing. Heartland shall provide user documentation and training.

k. E-Controls/Asset Management

Heartland's solution shall offer asset management control. Heartland's solution shall support the placing of repair orders, send notices regarding scheduled equipment maintenance, and track the inventory of equipment at each site. Heartland's solution shall have equipment management that

is performed as a centralized function. Heartland's solution shall provide sanitation, health, pest control and other site related tracking, preventive maintenance and compliance management of food operations at school/district level.

I. Year-End Processes and Transitioning

Heartland and CPS shall mutually define and perform year-end and summer-term processes for all system data and transitioning to new school years or summers.

3. Exhibit A Services and Service Level Agreement (Separate Attachment)

While no testing specific to this question has been done on the software, it is used on a daily basis throughout the country by numerous high volume districts. At CPS' request, HEARTLAND shall perform load, stress, and/or performance testing, solely at their cost along with annual security audit done by a third party.

4. PERFORMANCE MILESTONE/DELIVERABLE SCHEDULE:

The following table illustrates the timelines of implementation for the various modules of this project. These timelines represent an initial proposal that shall be further refined and adjusted in collaboration with the district. These dates indicated assume that all the pre-requisites for starting the project are completed in a timely manner.

Services	Milestone/Task/Deliverable Description	Delivery/Performance Date(s)

<p>PROJECT TEAM DEPLOYMENT</p> <ol style="list-style-type: none"> 1. Deploy Heartland Project Director, a Project Coordinator and seven (7) Implementation Specialists (collectively, the "Project Team") 2. Introduce Heartland Project Team, CPS Team 3. Review project goals 4. Identify additional subject matter experts 5. Define success for the project 	<p>Heartland shall provide resource to craft Project Plan.</p> <p>Throughout the implementation, Heartland is responsible for the creation and management of the following tools for communication:</p> <ul style="list-style-type: none"> - Project Schedule: Includes timeline, dependencies, responsibilities and key team members. -Risk Management Plan: Documents the risk management process, including risk log. -Configuration Management Plan: Identify and define the configuration items, control the changes on the configuration items throughout their lifecycle, record and report the status of change requests, and verify completeness and correctness of configuration items. -Issues Log: A list of issues that Heartland and the client are working to resolve. Document the tasks associated with each issue and ensures appropriate follow-through. -Case List: A list of the problems or defects being tracked and corrected by the vendor engineering team. -Status Reports: Weekly reports with tasks accomplished, descriptions of issues, test results, deadlines met, risks, tasks for the next week, project schedule review, metrics, change requests review, risks and mitigation plans, and open issues. -Meeting Minutes/Records: Minutes and records from all meetings, including management meetings and technical advisory groups. Includes identified work tasks, person(s) responsible for the tasks, and target completion dates. -Change Management and Training Plan: An agreed upon plan for a successful rollout of the solution, including change management, communications, and training strategies and plans. During the initial planning and kick-off meetings, Heartland team shall work with the District to identify key change management, communication and training goals and strategies so that the Change Management and Training Plan is begun and further developed throughout the configuration and implementation process. -Test Plan: Plans for ensuring the quality of the system. -Change Request Record: Vendor must provide an online project management tool that catalogs/tracks requested changes from the CPS and allows team members to collaborate and share activities, documents and assignments. 	<ol style="list-style-type: none"> 1. Project Team shall be deployed and introduced to CPS Team by June 10, 2013 2. Project goals shall be discussed and reviewed by Heartland and CPS by June 10, 2013 3. Additional subject matter experts, if any, shall be identified by June 10, 2013 4. Initial written draft of comprehensive, detailed project plan shall be submitted to CPS by June 15, 2013
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<p>TECHNOLOGY ENVIRONMENT REQUIREMENTS REVIEW:</p> <ol style="list-style-type: none"> 1. Develop recommendations and present to CPS 2. Accomplish tasks relating to creation of reliable and repeatable processes to ensure proper installation and configuration of the Mosaic software environment, such tasks to be more particularly described in the Project Plan 3. Conduct weekly meetings to accomplish the technology assessment, from inception to completion. 	<p>Written technology high level requirements from demark to desktop for both hard technology and systems integration of Heartland's finding and recommendations</p>	<p>Finalized Architectural requirements presented Written technology assessment shall be submitted to CPS by June 30 , 2013</p>
<p>FIT/GAP ANALYSIS:</p> <ol style="list-style-type: none"> 1. Identify Subject Matter Expert's (SME's) for all existing processes. 2. Map current understanding of processes. 3. Validate processes through observing actual actions. 4. Make necessary corrections. 5. Document all BOH and CO processes, including flowcharts 6. Identify software touch points within documented processes 7. Identify areas where processes and software functions are incompatible. 8. Determine areas of incompatibility that can be addressed through software configuration settings. 9. Determine if identified software configurations create any adverse impacts or other issues. 10. Decide which software/process incompatibilities can be addressed through software configuration. 11. Develop new processes that take software into consideration, call out changes from originals. 12. Validate updated processes with SME's.\ 13. Proceed with implementation, validating that new processes are correct and efficient at pre-determined timeframes. 14. Adjust as necessary 	<p>Written fit/gap analysis</p>	<p>Written fit/gap analysis shall be submitted to CPS by June 30, 2013</p>
<p>ENVIRONMENT DELIVERY:</p> <ol style="list-style-type: none"> 1. Develop schedule for proof of concept. 2. Develop activity sequence for SaaS, Data, school rollout, and a comprehensive work breakdown for the entire project 3. Execute plans. 	<p>Written project plan</p>	<p>Written c project plan shall be submitted to CPS by June 30, 2013</p>

SCHOOL INFRASTRUCTURE: 1. Develop School Infrastructure Readiness Checklist ("See Sample in "School Infrastructure Readiness Checklist" section). 2. Develop plan to upgrade/ implement necessary infrastructure at schools.	Written school infrastructure checklists	Written school infrastructure checklists shall be submitted to CPS by June 30, 2013
CENTRAL OFFICE AND IT TRAINING:	Training Strategy developed	Training strategy shall be submitted to CPS by June 15, 2013
Module: Application Processing	Roll out application processing	Strategy for rollout submitted by June 30 th , 2013 Roll out complete by July 31 st 2013
Module: Online Payments	Roll out Online Payments platform	Strategy for rollout submitted by June 30 th , 2013 Roll out complete by July 31 st 2013
Module: Customers and POS	Wiring Readiness at schools Full POS at initial 150 schools Bulk entry at remaining schools	Wiring readiness shall be completed for the initial 150 schools by start of school Wiring readiness shall continue for the rest of the schools in order for POS to be implemented To be achieved by start of school
Module: Central/ Back office reporting and claim reimbursement management	Strategy to be developed Roll out of reporting Centralized Claims Reimbursement Management	To be implemented by start of school year. 1
Detailed roll out project plan to be developed for remaining modules. The details of the plan shall be elaborated per module purchased	Priority 2 modules assessment Development of a detailed project plan with roll-out schedules a. Temp/Pool Staff Management (Acrotime) b. Inventory Management c. Production Log d. Sending and Receiving Schools Food Management e. Catering Management f. E-Controls/Asset Management d. Menu Planning/Nutrition Analysis (Item and Recipe entry)	Written plan and strategy To be delivered by October 31 st , 2013
Menu Planning & Nutrition Analysis (Item and recipe Entry)	Analysis of current menu planning/ Nutrition Analysis procedures Training of Central Office Nutritionists/ RDs Configure software to perform Menu Planning and Nutrition Analysis Item Data Entry Recipe Data Entry Setup Menu Cycles Perform Nutrient Analysis State reports for certification of menu plans and additional 6-cent certification Launch cpsmeals.org equivalent	August 2013 – December 2013
Temp Pool/Staff Management (AccroTime)	Project Discovery Software Integration Account Configuration End User Training Strategy Testing & Evaluation Go live	January 2014 to July 2014

<p>Priority 2 modules (Inventory Management, Production Log, Sending and Receiving Schools Food Management, Catering Management) The details of the plan shall be elaborated per module purchased</p>	<p>Kick-off Scope Review Fit/Gap Analysis—Existing Processes Technical Planning Implementation Plan System Configuration Training Data Setup Data Entry & Validation Selection & Notification Training Pilot Assessment Planning Central Office Re-Training Site Staff Training Go-live Follow-up</p>	<p>May 2014 to December 2015</p>
<p>E-Controls/Asset Management The details of the plan shall be elaborated per module purchased</p>	<p>Software Set-up Site Readiness (for IntelliSense equipment temperature monitoring) Hardware Installation System Configuration Training Pilots & Pilot Evaluation Go-Live</p>	<p>March 2015 to October 2015</p>

5. OUTCOMES:

Heartland's services shall result in providing a Meal Management - Point of Service (POS) System for the district. The system shall provide accurate meal transaction records of school meals served, in compliance with USDA rules and regulations, as well as keeping track of all food inventories at school sites, helping in the process of tracking and collecting funds for unpaid student meals and providing valuable performances-based reporting on food service, participation rates, labor etc., thus increasing department efficiency overall. The system shall also help identify students with food allergies at the time of meal service, shall allow parents/guardians to submit online Free and Reduced-Price Meal Applications and deposit money online for their students' future meals, as well as parent access to view healthy menus and nutrition information.

The outcomes should be:

- Processes needed to operate the local technical environment such as monitoring, license management, backup and restore procedures for both POS and handhelds.
- Strategy for measuring performance for all local technology and business processes associated with the suite of software for the POS environment.
- Project documents are finalized.
- Project should be completed within the 24 months.

6. PRICING/RATES:

6.1: If CPS closes 50-74 schools, within six (6) months of signing a contract with Heartland, Heartland shall reduce software, training, wiring and support costs by 6%. This reduction applies to both hosted and onsite premise installation options. Adding in 3 months of software pricing to complete the contract term:

Product/Service	Pricing from 3/11 proposal (54 months cost)	6% discount applied (57 months cost)
Software (Hosted POS,F&R, Menu Planning, Reporting and Ordering & Inventory)	\$2,235,351	\$2,217,965
*Training/Implementation	\$2,429,060	\$2,283,316
Wiring	\$1,440,000	\$1,353,600
Total 5-year cost (excluding hardware)	\$6,104,411	\$ 5,854,881

The training costs above include the following:

- 9 onsite staff resources
- All training materials, including eLearning courses and quick reference guides.
- Continuous, ongoing training for CPS help desk and IT staff.

- Pre-go-live site preparedness checks (to ensure sites are ready for installation and go-live).
- Onsite training and support on go-live day for managers and cashiers.
- Post-go-live follow-up to make sure that sites are running efficiently and according to plan.

Heartland can offer the following step-level quantity discounts on stationary serving-line hardware.

With Additional 5% discount	0-500	501-750	751+
Terminal	\$930.05	\$883.55	\$837.05
Input devices	\$227.05	\$215.70	\$204.35
Cash drawer	\$90.25	\$85.74	\$81.23
Total per serving line	\$1,247.35	\$1,184.98	\$1,122.62

Handhelds:

We were able to negotiate a discounted price for handheld units with Motorola of \$1188 or suitable alternatives, down significantly from the \$1600 originally quoted. In the event that CPS is able to order a significant quantity of units all at once, we shall attempt to negotiate additional discounts with Motorola and pass any discount along to CPS.

CPS reserves the right to add or drop software services or modules as needed. Heartland shall adjust pricing accordingly.

Pricing Details:

Option 1: Software Onsite Installation (non-hosted) Licensing Costs:

Core Modules	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Point of Sale & F&R	\$551,424	\$339,255	\$0	\$0	\$0	\$890,679
BOH--Menu Planning ,Reporting & Production	\$56,543	\$84,814	\$0	\$0	\$0	\$141,356
BOH--Ordering, Inventory, & Catering	\$101,777	\$152,665	\$0	\$0	\$0	\$254,441
Payments	\$0	\$0	\$0	\$0	\$0	\$0
Total Software	\$709,743	\$576,734	\$0	\$0	\$0	\$1,286,477

- Assumes that 80% of schools are installed with POS in year 1, and 20% are installed in year 2.
- Assumes that 40% of schools are installed with BOH in year 1, and 60% are installed in year 2.

Additional Modules	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Staff Management	\$116,499	\$116,499	\$116,499	\$116,499	\$116,499	\$582,495
E-Controls/Asset Management	\$63,000	\$0	\$0	\$0	\$0	\$63,000
Total Software	\$179,499	\$116,499	\$116,499	\$116,499	\$116,499	\$645,495

- Staff Management software is offered only as a hosted solution. Also assumes employees shall enter time on web interfaces, and that no specialized hardware shall be used.
- The E-Controls/Asset Management pricing assumes that only asset management shall be purchased. Heartland’s RFP response contains additional information on software and hardware pricing for IntelliCheck (HACCP inspections) and IntelliGate/IntelliSensor (temperature monitoring).
- CPS may pilot these modules at up to 10 sites at no cost and make a purchase decision in the future.

Software Onsite Installation (non-hosted) Annual Support Costs:

Core Modules	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Point of Sale & F&R	\$113,121	\$132,495	\$132,495	\$132,495	\$132,495	\$643,101
BOH--Menu Planning & Production	\$ 9,828	\$ 24,570	\$24,570	\$24,570	\$24,570	\$108,108
BOH--Ordering, Inventory, & Catering	\$ 12,348	\$30,870	\$30,870	\$30,870	\$30,870	\$135,828
Payments	\$0	\$0	\$0	\$0	\$0	\$0
Total Software	\$135,297	\$187,935	\$187,935	\$187,935	\$187,935	\$887,037

- Software support costs are paid only if onsite installation is selected.
- Year 1 support is adjusted to assume that 80% of schools are installed with POS in year 1, and 40% of schools are installed with BOH in year 1.

Additional Modules	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Staff Management	\$0	\$0	\$0	\$0	\$0	\$0
E-Controls/Asset Management	\$31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$157,500
<input type="checkbox"/>						
Total Software	\$31,500	\$31,500	\$31,500	\$31,500	\$31,500	\$157,500

- Staff management software is offered only as a hosted solution, so no annual technical support is required.

Option 2: Software Hosted Annual costs (includes all support)

Here is the pricing table, including the 6% discount, and adding in 3 months of software pricing to complete the contract term:

Core Modules	Year 1 (6 months)	Year 2 (12 months)	Year 3 (12 months)	Year 4 (12 months)	Year 5 (12 months)	Year 6 (3 months)	Total
Point of Sale & F&R	\$159,184.10	\$318,368.20	\$318,368.20	\$318,368.20	\$318,368.20	\$79,592.05	\$1,512,248.95
BOH-- Menu Planning, Reporting & Production	\$26,530.68	\$53,061.37	\$53,061.37	\$53,061.37	\$53,061.37	\$13,265.34	\$252,041.49
BOH-- Ordering, Inventory, & Catering	\$47,755.23	\$95,510.46	\$95,510.46	\$95,510.46	\$95,510.46	\$23,877.62	\$453,674.69
Payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Software	\$233,470.01	\$466,940.03	\$466,940.03	\$466,940.03	\$466,940.03	\$116,735.01	\$2,217,965.13

- All support costs are included in the annual fees.
- An adjustment is made to year 1 costs since not all schools shall be implemented.

Additional Modules	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Staff Management	\$116,499	\$116,499	\$116,499	\$116,499	\$116,499	\$582,495
E-Controls/Asset Management	\$138,600	\$75,600	\$75,600	\$75,600	\$75,600	\$441,000
Total Software	\$255,099	\$192,099	\$192,099	\$192,099	\$192,099	\$1,023,495

6.2: Additional Cost:

- Online Payment Transaction Fee:
 - \$1.95 per transaction or
 - 3.95% of the transaction amount
- Additional software cost per site beyond 630 sites: \$534.90/site/year (includes POS, F&R, Menu Planning and Production, Ordering, Inventory and Catering modules)

- Extended Hardware Warranties: POS unit (\$185/Year for years 4-5, must be purchased at time unit is purchased), Handheld (unknown, shall be passed through at cost from manufacturer), bar code scanners and pin pad devices \$50/year).
- CPS shall have the right during the term of this agreement to purchase Staff Management and/or Asset Management modules at the rate below;
 - Staff Management- \$116,499 per year
 - Asset Management/E-Controls- \$63,000 onetime cost, plus \$31,500 per year for technical support.

Additionally, Heartland shall offer further discounts in the following areas:

Product/Service	Additional Discount
Software eLearning Training Modules (we shall leverage existing materials and minimize customization)	Provided at no charge (\$223,438)
Ongoing Training and Documentation for CPS Support (shall be provided as a service by the assigned Account Specialist)	Provided at no charge (\$90,577)

Heartland shall offer an additional 5% discount on the hardware for use in the main serving lines.

6.3: Moving to CPS In-house (non-SaaS) Environment: Pricing and Credits:

Without limiting the provisions of Exhibit A and for the avoidance of doubt , CPS and Heartland agree that if CPS terminates the Hosted (SaaS) environment and decides to host the Mosaic environment at CPS premises then HEARTLAND shall support CPS in reestablishing the local deployment of the environment (production, and test at a minimum.

For each month that the Board has paid fees for hosted services to Heartland, the Board shall receive a credit of 1/60th the cost of purchasing the software modules as described in Heartland’s RFP response for onsite installation software licensing. Additionally, the Board shall pay to Heartland the associated annual technical support for purchased modules.

See Section 6.1 for detailed pricing.

6.4 Project Warranty Work:

Wiring: Heartland shall be responsible for all wiring work provided at project sites. The vendor shall provide a 60 month warranty to address a school site(s) with wiring problems after successful completion of work.