



AGREEMENT FOR ERP SYSTEM IMPLEMENTATION AND SUPPORT SERVICES

This Agreement (“Agreement”), dated as of July 1, 2016, is between the following entities:

CITIZENS PROPERTY INSURANCE CORPORATION (“**Citizens**”), a legislatively created Florida governmental entity, having its principal place of business at 301 West Bay Street, Suite 300, Jacksonville, FL 32202, and

APPLICATIONS SOFTWARE TECHNOLOGY CORPORATION (“**Vendor**” or “**AST**”), an Illinois corporation, having its principal place of business at 1755 Park Street, Suite 100, Naperville, IL 60565

Citizens and Vendor shall each be known as a “Party,” and collectively shall be known as the “Parties.”

Recitals

On July 20, 2015, Citizens issued an Invitation to Negotiate No. 15-0029 for ERP Software and Services (the “Solicitation”). Vendor submitted a response to the Solicitation and the Parties then negotiated the final terms and conditions as set forth in this Agreement.

This Agreement contains the following sections and exhibits:

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Exhibit A -- Statement of Work ("SOW")

Exhibit B -- Payment Schedule for Professional Services

Exhibit C -- Third-Party Products and Services

In consideration of the Parties' respective obligations and promises stated in this Agreement, the Parties acknowledge and agree as follows:

Terms of Agreement

1. Definitions. As used in this Agreement, the following terms have the following meanings:

- 1.1 "Acceptance Criteria" means the criteria upon which Citizens accepts or rejects a Deliverable. If no detailed Acceptance Criteria have been agreed upon in writing for a particular Deliverable, the criteria will consist of applicable standards and practices generally accepted in the information technology industry.
- 1.2 "Affiliate" means any entity that controls or is controlled by or is under common control with a Party, as applicable, where "control" means possessing, directly or indirectly, the power to direct or cause the direction of the management, policies and operations of such entity, whether through ownership of voting securities, by contract or otherwise
- 1.3 "Assumptions" means the general assumptions for the Services as described in this Agreement, including the SOW. Unless otherwise provided in the SOW, the Assumptions include the assumption that the current state of Citizens' key systems and applications are as described in Section 2.3 and Appendices 1, 4 and 7 of the Solicitation.
- 1.4 "Citizens Confidential Information" means all information, data, and documentation, whether marked as confidential or not, disclosed to Vendor in the course of this Agreement that is either: (a) Protected under any applicable state or federal law (including Chapter 119, Florida Statutes; Sections 501.171, and 627.351(6), Florida Statutes; Chapter 690-128, Florida Administrative Code; and, 15 U.S.C. § 6801 et seq.); (b) private information concerning Citizens' employees or policyholders (including social security numbers, personal health information, personal credit information, banking information, drivers' license numbers, personal email addresses, personal phone numbers, and home addresses); or, (c) related to any Citizens' manuals, lists, operating and other systems or programs, business practices or procedures, insurance policies, claimants or claims, or any business, governmental, and regulatory matters affecting Citizens. "Citizens Confidential Information" does not include any information, data or documentation that: (a) is publicly available through no fault of Vendor or Vendor Staff; (b) Vendor developed independently without relying in any way on Citizens Confidential Information; or (c) was received by Vendor or Vendor Staff from a third party without restriction on disclosure and without breach of agreement.
- 1.5 "Defect" means an incorrect implementation or failure of a Deliverable to conform to the Documentation or the Acceptance Criteria resulting in inadequacy, malfunction, or imperfection. In the event of a conflict between the Acceptance Criteria and the Documentation, the Acceptance Criteria shall prevail. The term "Defect" expressly excludes any defect arising from a defect or malfunction of the ERP Software, other than a customization or interface to the ERP Software

provided by Vendor or a functionality specifically stated in the SOW.

- 1.6 “Deliverable” means each work item to be delivered by Vendor to Citizens under this Agreement, as set forth in the SOW.
- 1.7 “Documentation” means such documentation as provided by Vendor to Citizens relating to the use, function, and support of the ERP System, as may be amended from time to time by Vendor. Such Documentation shall be provided in hardcopy and softcopy, as requested by Citizens, and shall include but not be limited to all configurations made by Vendor to the ERP Software hereunder. Documentation also includes the User and/or System Administrators’ Guides and other written or electronic material as made generally available by Vendor to its customers relating to the use, function, and support of the ERP System, as may be amended from time to time by Vendor, and including any derivative works thereto. Citizens may modify, add to, or customize the Documentation for its internal use. Citizens may copy the Documentation as needed for its internal use at no additional fee. The term “Documentation” excludes any materials provided or made available directly by the ERP Software provider, whether or not provided to Citizens by Vendor or the ERP Software provider.
- 1.8 “Effective Date” means the date on which the last Party executes this Agreement and the date upon which this Agreement is effective and commences.
- 1.9 “ERP Software” means all Oracle Cloud ERP applications provided to Citizens pursuant to a Software Ordering Document from Vendor and one or more separate contracts with Oracle Corporation. ERP Software also includes ancillary software products and services of other third parties purchased by Citizens from Vendor pursuant to Section 16.1 of this Agreement.
- 1.10 “ERP System” means the ERP Software and all Deliverables, functionality, configurations, interfaces, integrations, data entries, environments, tools and accelerators, to be provided for Citizens’ benefit in accordance this Agreement.
- 1.11 “Final Acceptance” means the acceptance by Citizens of the each phase of the ERP System in accordance with Section 7.5 of this Agreement.
- 1.12 “Go-Live Date” means the dates by which the modules within the ERP System are to become “production-ready” and in production status. Subject to any extensions required or permitted under this Agreement, the Go-Live Dates are as set forth in the SOW.
- 1.13 “Key Personnel” means those persons identified by name on the SOW in connection with the provision of the Services.
- 1.14. “Services” means all services and deliverables to be provided by Vendor to Citizens under this Agreement. If any service or deliverable is not specifically described in this Agreement but is an inherent, logical, necessary or customary part of the Service and is reasonably required for the proper performance and provisioning of the Services, that service or deliverable shall be included within the definition of the Services to the same extent and in the same manner as if specifically described herein. Services does not include any of the ERP Software Citizens purchases pursuant to Section 16.1 of this Agreement.
- 1.15. “SOW” means the Statement of Work dated June 21, 2016, as set forth on Exhibit A of this Agreement. The SOW may be amended at any time during the term of this Agreement upon mutual consent of the Parties (even if all previous projects

under the SOW have been closed out).

- 1.16. "Vendor Staff" means any of Vendor's or Vendor Affiliate's employees, agents, authorized subcontractors or representatives who: (a) provide the Services; or, (b) have access to Citizens Confidential Information.
- 1.17. "Work Product" means each any drawing, design, specification, rendering, notebook, tracing, photograph, reference book, equipment, material, negative, report, finding, recommendation, data and memorandum of every description, specifically created for Citizens under this Agreement and shared with or delivered to Citizens by Vendor or Vendor Staff in the course of performing this Agreement. For the sake of clarity, Work Product does not include any Pre-Existing Materials.

2. Term of Agreement.

- 2.1. Term of Agreement. This Agreement shall commence on the Effective Date and, unless terminated as provided for herein, shall continue for five (5) years. Citizens shall have the option to renew the Agreement for an additional five year period.

3. Service Requirements.

- 3.1. Description. Vendor shall provide the Services as set forth in this Agreement, including the SOW. The Services do not include any ERP Software or services that Citizens acquires from Oracle Corporation or other third parties pursuant to purchases made under Section 16.1 of this Agreement. The functionality, support, maintenance, hosting, warranties and service level agreements relating to such ERP Software shall be subject to terms in the ordering documents and any agreements reference therein.
- 3.2. Coordination of Services. It shall be Vendor's responsibility to (i) coordinate with all approved subcontractors and the ERP Software provider for the delivery of Services to Citizens, and (ii) effectively communicate to Citizens on all matters respecting this Agreement with one voice where practicable.
- 3.3. Project Management. As provided in Section 11.2, Vendor has identified a single person to serve as its Project Manager to oversee Vendor's responsibilities under this Agreement, including the performance of Services. The Vendor Project Manager shall be dedicated to this project through the end of the post-implementation warranty period set forth in Section 4.2. The Vendor Project Manager shall be deemed to be Key Personnel, as further defined herein.
- 3.4. Replacement of Key Personnel. Vendor will use its reasonable best efforts to avoid replacing or reassigning any Key Personnel, except in accordance with a reasonable request by Citizens. If, notwithstanding this commitment, it becomes necessary for Vendor to replace any Key Personnel, Vendor will give Citizens as much advance written notice of the replacement as is feasible and will provide Citizens with reasonable written details concerning the proposed replacement. Citizens' Project Manager shall have the right to approve the replacement, which approval shall not be unreasonably withheld.
- 3.5. Background Investigations. Vendor shall have conducted a criminal background check on all Vendor Staff prior to assigning them to perform Services. All criminal background checks will be at Vendor's expense and shall include but not be limited to: (a) state and federal felony convictions or pending adjudications; (b) state and

federal misdemeanor convictions or pending adjudications; (c) any crimes in violation of the Violent Crime Control and Law Enforcement Act of 1995 or pending adjudications; and, (d) a seven (7) year minimum timeframe, extending as close as practicable to the date of assignment to perform Services.

- 3.5.1. Vendor will not willfully allow any Vendor Staff that has been convicted of, pled guilty or nolo contendere (no contest) to, or has been found guilty of a felony, regardless of whether adjudication was withheld, to perform Services. If a Vendor Staff has been convicted of, pled guilty or nolo contendere (no contest) to, or has been found guilty of a misdemeanor other than a minor driving-related offenses, regardless of whether adjudication was withheld, then such individual will be allowed to perform Services only upon disclosure to and prior written approval by Citizens' Project Manager or designee. Any Vendor Staff whose criminal background check indicates, to Citizens, conduct that demonstrates a lack of honesty or integrity, or otherwise demonstrates an inability to safely and reliably perform Services, will not be allowed to perform Services. Citizens may require the criminal background check to be updated annually for members of Vendor's Staff who present an enhanced security risk to Citizens based on their access to certain restricted data.
- 3.5.2. Vendor shall conduct a background check that will verify the proposed Vendor Staff has met the minimum education, qualifications, or experience requirements as required by Citizens' Project Manager or designee.

4. Service Warranties and Covenants.

- 4.1. General Warranty. Vendor warrants that the Services will be performed and delivered in a professional, first-class manner in accordance with this Agreement and the standards prevailing in the industry. Vendor acknowledges that Citizens is relying on Vendor's representation of its experience and expertise, and that any substantial misrepresentation may result in damage to Citizens.
- 4.2. Post-Implementation Warranty. For sixty (60) calendar days after the "Go-Live Date" of each phase of the ERP System, Vendor and all Vendor Staff will be available and able to advise Citizens to ensure that (i) the ERP System is functioning as per the software vendor's specifications, and (ii) Citizens employees have all questions and issues regarding the ERP System resolved on an expedited basis. These post-implementation warranty Services shall be provided to Citizens at no additional charge. The Warranties in this Agreement along with the exhibits are the exclusive Warranties of the Vendor. VENDOR HEREBY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED AND SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
- 4.3. Continuing Services. Following the warranty period identified in Section 4.2, and continuing until the end of the term of this Agreement, Vendor agrees to (i) promptly make necessary revisions or corrections to resolve any issues, errors or omissions regarding the Services that Citizens encounters, (ii) confer with Citizens on a reasonable basis to assist Citizens in interpreting any of the Services or information furnished; and (iii) provide general consulting services as requested by Citizens for the ERP System. Citizens shall pay Vendor or for its continuing Services at the rates set forth and described on Exhibit B.

- 4.4. Ability to Perform. Vendor covenants that, to the best of its knowledge, there is no pending or threatened action, proceeding, or investigation, or any other legal or financial condition, that would in any way prohibit, restrain, or diminish Vendor's ability to perform the Services or satisfy its contractual obligations. During the term of this Agreement, Vendor shall notify Citizens of any change in circumstances that would in any way diminish Vendor's ability to perform the Services or satisfy its contractual obligations.
- 4.5. Trained and Qualified Vendor Staff. Vendor covenants that all Vendor Staff are trained and qualified to perform the tasks involved with providing the Services in an efficient and timely manner. Upon request, Vendor shall furnish a copy of all technical certifications or other proof of qualification. All Vendor Staff must comply with all reasonable administrative requirements of Citizens and with all controlling laws and regulations relevant to the Services. Without limiting Citizens' other rights and remedies under this Agreement, where any of Vendor Staff, in Citizens' reasonable determination, is unsuitable for the performance of the Services, Citizens has the right, to seek replacement staff for performing the Services. Upon Citizens' request, Vendor shall promptly provide qualified replacement Vendor Staff reasonably acceptable to Citizens.
- 4.6. Availability of Key Personnel and Offshore Resources. Vendor covenants that all Key Personnel shall be generally available for consultation with Citizens during Citizens' normal business hours (8am-4pm ET), Mon-Thurs, excluding state holidays), unless they are on vacation or in transit. This covenant also applies to any off-shore resources approved for use in providing the Services, so long as reasonable advance notice of the need for availability is given. Citizens acknowledges that Key Personnel are not required to work at Citizens' facilities on Fridays and may have limited availability on those days.
- 4.7. Knowledge Transfer Plan: Within ninety (90) days after the Effective Date of this Agreement, as a part of the Services, Vendor must develop and begin executing on a plan to transfer knowledge necessary to properly operate and maintain the ERP System being implemented to designated Citizens' staff (the "Knowledge Transfer Plan"). Vendor shall provide a methodology for a knowledge transfer program tailored to Citizens' particular needs, taking into account that knowledge transfer shall be provided to Citizens' Project teams (including "overview" sessions for both functional and technical sub-teams) at the beginning of the project and continuing during the implementation of the ERP System. The objective is to successfully provide Citizens' Project teams with the required understanding to operate the ERP System and any ongoing support services relating thereto. The Vendor shall provide knowledge transfer for all elements of the ERP System. The Knowledge Transfer Plan will address:
- Information and data management / responsibilities;
 - Transfer responsibilities (e.g., to Citizens);
 - De-briefing sessions with Vendor Staff and Citizens' Project teams;
 - The validation of findings acquired during the implementation of the ERP System; and
 - Distribution of SOW materials received or developed during the implementation of the ERP Solution to Citizens' Project teams.

5. Work Product.

5.1. Title to Work Product. With the exception of the Pre-Existing Materials described in Section 5.2, Citizens will have all right, title and interest in and to each Work Product and any derivative works relating thereto (including ownership of copyrights). The use of these Work Products in any manner by Citizens shall not support any claim by Vendor for additional compensation. Each Work Product, and any portion thereof, shall be a "work made for hire" for Citizens pursuant to federal copyright laws. To the extent any of the Work Product is not deemed a work made for hire by operation of law, Vendor hereby grants to Citizens the irrevocable, perpetual, non-exclusive, worldwide, royalty-free right and license to use such Materials and any derivative works thereof for Citizens' internal business purposes only. This Section shall survive the termination of this Agreement.

5.2. Pre-Existing Materials.

5.2.1. Citizens acknowledges that, in the course of performing the Services, Vendor may use materials, software, reports, routines, language, instructions, methods, techniques, trade secrets, patents, copyrights, or other intellectual property that have been previously developed, purchased, acquired or licensed by Vendor or by third parties (collectively, the "Pre-Existing Materials"), and that such Pre-Existing Materials shall remain the sole and exclusive property of Vendor or the third parties. Where Vendor seeks to embed Pre-Existing Materials in the Work Product, Vendor must first inform Citizens in writing.

5.2.2. If and to the extent any Pre-Existing Materials of Vendor are embedded or incorporated in the Work Product, Vendor hereby grants to Citizens the irrevocable, perpetual, non-exclusive, worldwide, royalty-free right and license to use such Pre-existing Materials and any derivative works thereof for Citizens' internal business purposes only; and, (b) authorize others to do any or all of the foregoing for Citizens' internal business purposes only.

5.2.3. If and to the extent any Pre-Existing Materials of third parties are embedded or incorporated in the Work Product, Vendor shall secure for Citizens an irrevocable, perpetual, non-exclusive, worldwide, royalty-free and fully paid-up right to use, execute, display, and perform such Pre-Existing Materials. Vendor shall secure such right at its expense and prior to incorporating any such Pre-Existing Materials into any Work Product, and such right must include, if practicable, a right to: (a) copy, modify, and create derivative works based upon such Pre-Existing Materials; and, (b) sublicense all or any portion of the foregoing rights to an affiliate or a third party service provider of Citizens. This Section does not apply to standard office software (e.g., Microsoft Office).

5.3. The provisions of this Section shall survive the termination of this Agreement.

6. Changes.

6.1. No Changes Expected. The Parties acknowledge that the SOW may not delineate every detail or task required to be performed by Vendor to complete the Services. However, Vendor has reviewed and is familiar with information provided to Vendor by Citizens in the ITN concerning Citizens' current business requirements, and Vendor confirms and represents that, based upon information provided by Citizens

as of the Effective Date, and to the best of the Vendor's knowledge, the SOW includes all work required to achieve the functionality and capabilities as contemplated in this Agreement and Vendor is not reasonably aware of any additional work required to achieve that functionality. However, it is acknowledged that Citizens is implementing a Cloud ERP solution, and Vendor's ability to deliver the business requirements will be limited to available functionality within the Oracle ERP Cloud solution and any other third party products or services purchased by Citizens from Vendor pursuant to Section 16.1 of this Agreement. If, during the course of the performance of the Services, Vendor determines that work should be performed to complete the ERP System which, in Vendor's opinion, is outside the level of effort anticipated in the SOW, Vendor shall notify Citizens in writing in a timely manner. If Vendor proceeds with said work without notifying Citizens, said work shall be deemed to be within the original SOW, whether or not specifically addressed in the SOW. The provision of prior written notice to the Citizens Project Manager or Contract Manager by Vendor does not constitute authorization or approval by Citizens to perform the work. Performance of work by Vendor outside the originally anticipated level of effort without prior written approval is at Vendor's sole risk and at no cost to Citizens.

- 6.2. Requests for Changes. Citizens or Vendor may request changes that increase, decrease, or otherwise modify the SOW. The Parties shall cooperate in good faith to implement the change on the condition that the Parties shall make an equitable adjustment to the contract price or delivery dates if the change materially affects the cost or time of performance of the Services. Any material change to the SOW or any change that would increase the contract price must be contained in a written amendment executed by the Parties prior to any deviation from the terms of this Agreement.
- 6.3. Disputes. If a dispute arises over a requested change and such dispute cannot be resolved by the Chief of Systems and Operations and Vendor, such dispute shall be subject to the dispute resolution procedures set forth in Section 13 of this Agreement. During the pendency of any dispute, if requested in writing by Citizens, Vendor shall perform the disputed services for up to sixty (60) days. Vendor shall promptly provide Citizens with a quotation of any additional charges Vendor contends are due for the disputed services. If Vendor estimates the disputed services would incur additional charges of more than \$100,000, the Parties shall immediately commence mediation pursuant to Section 13 of this Agreement which must be concluded within a sixty (60) day period. In no event shall Vendor discontinue any undisputed services as a result of a dispute as to any disputed services.
- 6.4. Authority to Make Changes. Citizens' Chief of Systems and Operations or any individual authorized to act in such capacity shall have the authority to approve, award and execute all documents or other instruments required to effectuate changes contemplated by this Section 6, so long as the then cumulative financial obligation of Citizens for all Services does not exceed the applicable not-to-exceed amount stated in Section 8.1. Any change that causes the cumulative financial obligation of Citizens to exceed such amount must be presented to the Citizens Board of Governors for approval.

Vendor acknowledges that Citizens' Contract Administrator, Project Manager and Contract Manager have no authority to make changes that would increase, decrease, or otherwise modify the scope of Services except as expressly provided

herein or in the SOW.

- 6.5. Requests for Optional Services. To the extent any services under this Agreement are listed in the SOW as optional ("Optional Services"), Citizens may select the type, amount, and timing of such services pursuant to the change process in this Section 6 and the SOW.

7. Acceptance Process.

- 7.1. Purpose. There shall be an acceptance process for each Deliverable. The purpose of the acceptance process is to permit Citizens to determine whether the Services are being properly provided and that the ERP System is being configured and installed so that it, to the extent applicable:
- a) Properly functions in accordance with the applicable Acceptance Criteria and provides the capabilities described therein; and
 - b) Properly functions in accordance with the Documentation and provides the capabilities described therein.
- 7.2. Acceptance Criteria. The Acceptance Criteria for each Deliverable is set forth at a high level in the SOW. Unless otherwise agreed to in writing by both Parties, Vendor shall deliver to Citizens any proposed changes to Acceptance Criteria for each Deliverable at least twenty (20) calendar days prior to the delivery of the Deliverable. When delivering such proposed changes to Citizens for approval, Vendor must specifically inform Citizens that approval or revisions are required within ten (10) days. Citizens shall then evaluate the proposed Acceptance Criteria and either (i) approve such Acceptance Criteria, or (ii) provide to Vendor any revisions thereto. If Citizens fails to approve or revise the proposed Acceptance Criteria within ten (10) days after receipt, Citizens will be deemed to have approved the proposed Acceptance Criteria. The Acceptance Criteria, either as approved or revised as directed by Citizens, and as agreed by the Parties, shall be binding on the Parties. If Vendor objects to any revisions proposed by Citizens, or the Parties are unable to agree upon the final Acceptance Criteria, the matter will be subject to the dispute resolution process outline in Section 13 of this Agreement.
- 7.3. Delivery Schedule. Vendor will work closely with Citizens to establish an appropriate timeline for Citizens' receipt, review, testing and acceptance of each Deliverable.
- 7.4. Deliverable Acceptance Process. Unless otherwise expressly stated in the SOW, the review and testing procedures set forth in this Section 7.4 shall apply for all Deliverables developed by the Vendor.
- a) The period for review and acceptance testing of a Deliverable shall commence on the first business day after Vendor informs Citizens in writing that Vendor has completed the Deliverable and that the Deliverable is available to Citizens for review. If Citizens, acting reasonably and in good faith, determines that the Deliverable is materially incomplete to continue further testing (rather than merely containing a Defect), testing will cease, and Vendor shall complete the Deliverable and resubmit for testing and the time periods herein shall be reset to that of a first submission for testing.
 - b) The Review Period shall be ten (10) business days unless otherwise stated in the SOW. During the Review Period, Citizens may advise Vendor in

writing of any error and/or Defect after it is determined such exists so that Vendor, at its option, can commence making any needed changes, modifications, adjustments, or repairs to the Deliverable or parts thereof. Citizens shall notify Vendor in writing of its acceptance or rejection of the Deliverable, or any part thereof, by the end of the applicable Review Period. If Citizens rejects the Deliverable, or any part thereof, it shall specify the reasons therefore.

- c) Upon receiving the written notice of rejection, Vendor shall have twenty (20) business days after receipt of notice within which to either (a) modify, repair, adjust or replace the Deliverable or any portion thereof or (b) set forth in writing the reasons the Deliverable or portion thereof meets the Acceptance Criteria. If Citizens disagrees with Vendor's position, Citizens shall communicate its disagreement in writing to Vendor within five (5) business days of receipt of Vendor's notice. If the Parties continue to dispute whether the Deliverable or portion thereof complies, the issues shall be subject to the dispute resolution processes set forth in Section 13 of this Agreement. If Vendor modifies, repairs, adjusts, or replaces the Deliverable, or portion thereof, then the Review Period shall be re-set and Citizens shall retest and shall notify Vendor in writing of any rejection in the same manner as specified above. Absent written agreement by the Parties to the contrary, no Deliverable shall be re-tested more than twice, for a total of three testing periods, which, if not remediated, shall constitute a rejection.
- d) If Citizens does not provide its written acceptance or rejection of the Deliverable, or any part thereof, before expiration of the applicable Review Period, Citizens shall be deemed to have accepted such item(s). If Vendor is unable to remedy the reason(s) for Citizens' rejection of the Deliverable, or any part thereof, within the applicable period set forth for completion of the testing, Citizens shall elect either to accept the item(s) as it then exists or reject the Deliverable
- e) For any Deliverable that Citizens rejects in whole or in part, Vendor may not invoice Citizens for any portion of that Deliverable, unless otherwise agreed by the parties in writing. No retainage will accrue or be paid at any time for any rejected Deliverable.
- f) If Citizens elects to accept the Deliverable as it then exists (partial acceptance), Vendor shall continue to remedy the reason(s) for Citizens' partial acceptance and shall provide Citizens with the complete Deliverable meeting the applicable Acceptance Criteria prior to any payment of retainage or final close-out payment. If Vendor fails to remedy the reason(s) for Citizens' partial acceptance within thirty (30) calendar days after Citizens' written notification of partial acceptance, then Vendor may, upon prior written approval by Citizens, invoice Citizens for only the agreed-upon value of the accepted portion of the Deliverable as mutually determined and approved in writing by the Parties. If the Parties' representatives cannot mutually agree to such a value within forty-five (45) calendar days after Vendor's receipt of Citizens' partial acceptance notification, then either Party may seek resolution of the issue pursuant to the dispute resolution processes set forth in Section 13.

7.5. Final Acceptance. Final Acceptance of each phase of the ERP System requires

Citizens' use of that phase of the ERP System in production operations for a period of sixty (60) calendar days (the "Final Acceptance Period") following the applicable Go-Live Date, including use of the Deliverables previously tested and conditionally or preliminarily accepted in writing by Citizens. If, following the Final Acceptance Period, the ERP System performs without implementation Defects and meets all applicable Acceptance Criteria, the Parties will each issue and execute a written Final Acceptance of that phase of the ERP System. The Final Acceptance process will stop if implementation Defects are found during production use and materially inhibit further production use of the ERP System. If Citizens discontinues the use of the ERP system in production, the Go-Live Date will be reset and the Final Acceptance process will restart on the date the Defect is confirmed in writing by Vendor as fixed and will continue for another Final Acceptance Period.

- 7.6. Other Corrective Action Processes. Separate and apart from the testing and acceptance processes defined herein, whenever Citizens identifies a material deficiency in Vendor's performance of this Agreement, Citizens may require Vendor to take the following actions: (a) perform a cause analysis to identify the cause of the deficiency; (b) provide a written plan (the "Corrective Action Plan") detailing the cause of, and procedure for, correcting such deficiency (Citizens will be afforded the time necessary to review and approve the proposed Corrective Action Plan or require Vendor to make revisions); (c) implement the Corrective Action Plan as approved by Citizens; and, (d) provide Citizens with reasonable assurance that such deficiency will not occur following the implementation of the Corrective Action Plan.

8. Compensation and Retainage.

- 8.1. Maximum Compensation. Citizens' obligation to pay Vendor for all Services and reimbursable expenses under this Agreement, but not including any ERP Software purchases under Section 16.1, shall not exceed a total dollar amount of **\$8,283,150.00**. This amount includes (i) \$6,586,200 for professional services as set forth on Exhibit B, (ii) \$40,320 for Oracle University Training Credits as set forth on Exhibit C, and (iii) up to \$1,656,630 for additional professional services pursuant to properly authorized change orders hereunder.

Citizens' authority to purchase ERP Software under Section 16.1 shall not exceed a total dollar amount of **\$5,177,434.00**. This amount includes (i) \$4,724,547 for the ERP Software purchases set forth on Exhibit C, and (ii) up to \$452,887 for additional ERP Software purchases as authorized under Section 16.1.

- 8.2. Compensation for Services. Vendor will be paid for the Services accepted by Citizens in accordance with the Payment Schedule set forth on Exhibit B.
- 8.3. Retainage. Citizens shall pay Vendor ninety percent (90%) of the total shown to be due on the invoice for each Deliverable accepted by Citizens. The remaining ten percent (10%) shall constitute retainage ("Retainage"). Upon Final Acceptance of each phase of the project and expiration of the warranty period described in Section 4.2 for that phase, Vendor may invoice Citizens for the Retainage, which Citizens shall pay to Vendor in accordance with Section 8.4. Non implementation fees including Software License Fees, Cloud Service Fees, Annual Maintenance and Support Fees and the Project Mobilization Fee shown in Exhibit B- Payment Schedule will not be subject to Retainage.
- 8.4. Invoices. Vendor must timely submit all requests for compensation for Services or expenses, where permitted, in sufficient detail for a pre- or post-audit. The

compensation request must include a unique invoice number, be in US dollars, legible, page-numbered, signed, and dated. Vendor shall also submit a copy, marked as duplicate, of the original, legible, signed, dated, page-numbered invoice to Citizens' Project Manager or designee.

Vendor will submit invoices for professional services under the SOW no more frequently than twice per month. Invoices for third-party products and services authorized under Section 16.1 of this Agreement will be submitted in accordance with requirements of the third parties, provided that Citizens will not be required to pay Vendor more than thirty (30) days in advance of payment being due from AST to the third party.

All invoices must be submitted to Citizens' Accounts Payable department at AccountsPayable@citizensfla.com or Post Office Box 10749, Tallahassee, Florida 32302-2749 and must include, at a minimum, the following:

- Agreement/Contract number, if applicable;
- **Project Code 5025;**
- Vendor's name and address, phone number and remittance address if different;
- Citizens' Project Manager's name;
- Invoice Date;
- Services period;
- Taxes listed separately, if applicable (see Section 8.7); and
- Itemized Services for which compensation is being sought.

Citizens may require any other information from Vendor that Citizens reasonably deems necessary to verify any compensation request placed under this Agreement and Vendor agrees that it will provide such information as reasonably requested by Citizens. Payment shall be due net thirty (30) days of Citizens' actual receipt of a complete and undisputed invoice. Where a submitted invoice is incomplete, such as not containing the information described in this Section, Citizens will return the incomplete invoice to Vendor for correction within thirty (30) days of Citizens' actual receipt of such invoice. Where Citizens reasonably disputes any part of a complete invoice, such as the amount of the compensation request, Citizens shall pay any undisputed portion of the invoiced amount within (30) days of Citizens' actual receipt of the complete invoice and will describe the basis for the disputed portion of the invoiced amount. Where Vendor disagrees with Citizens dispute of any invoice, the Parties shall seek to resolve the dispute in accordance with the Dispute Resolution Process further described in this Agreement. In no case shall Citizens be subject to late payment interest charges where Vendor has submitted an incomplete invoice or where Citizens has reasonably disputed an invoice. Where Vendor fails to submit an invoice within twelve (12) calendar months after the Final Acceptance of the complete ERP System, Vendor acknowledges and agrees that any payment due for such Services is forfeited by Vendor for its failure to timely submit an invoice.

- 8.5 Travel-related Expenses. Citizens will not reimburse Vendor for travel-related expenses for Services as this is a fixed-price contract. However, if Citizens requests additional services on a time and materials basis, or specifically request additional onsite travel, travel reimbursement may be allowed to the extent specifically authorized by Citizens' Project Manager. Such travel reimbursements shall be governed by Citizens' then-current Vendor Travel Reimbursement

Guidelines. The Parties acknowledge that Citizens has provided Vendor with a copy of the current guidelines and will provide any revisions thereto in advance of authorizing any travel reimbursements.

- 8.6 No Additional Charges for Services. Except for the compensation and expenses described in the Payment Schedule, if permitted, Citizens shall not be billed for or be obligated to pay to Vendor any charges, expenses, or other amounts for the Services.
- 8.7 Offsets and Credits. Any amounts due from Vendor may be applied by Citizens against any amounts due to Vendor. Any such amounts that are not so applied shall be paid to Citizens by Vendor within thirty (30) days following Citizens' request.
- 8.8 Taxes. Citizens is a State of Florida, legislatively created, governmental entity which does not pay federal excise or state sales taxes on direct purchases of tangible personal property. Vendor represents and warrants that it is an independent contractor for purposes of federal, state, and local employment taxes. Vendor agrees that Citizens is not responsible to collect or withhold any federal, state, or local employment taxes, including personal property tax, income tax withholding, and social security contributions, for Vendor or Vendor Staff. Any and all taxes, interest or penalties, including personal property tax or any federal, state, or local withholding or employment taxes, imposed, assessed, or levied as a result of this Agreement shall be paid or withheld by Vendor or, if assessed against and paid by Citizens, shall be immediately reimbursed by Vendor upon demand by Citizens.

9. Indemnification and Limitation of Liability.

- 9.1 Indemnification. Vendor shall be fully liable for the actions of Vendor Staff and shall be fully indemnify, defend, and hold harmless Citizens, and its officers, members of the Board of Governors, agents and employees (each, an "Indemnitee" and collectively, the "Indemnitees") from suits, actions, damages, liabilities, demands, claims, fines, penalties, fees, and costs of every name and description (collectively, "Claims"), including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from an Indemnitee arising out of third party claims due to any negligent or intentional tortious act or omission, or willful misconduct of Vendor or Vendor Staff during the performance of Services under this Agreement, including, without limitation, Claims arising out of: (a) a violation by Vendor or Vendor Staff of federal, state, local, or other applicable laws or regulations relating to this Agreement or the performance of the Services; (b) any claim that any Work Product violates or infringes upon a trademark, copyright, patent, trade secret or intellectual property right; or (c) Vendor's failure to reasonably comply with a public records request to Citizens for handling.
- 9.1.1 The foregoing obligations of indemnification with respect to any Claim are contingent upon Citizens (or other Indemnitee) providing the indemnitor with: (a) written notice of the Claim; (b) the opportunity to settle or defend against the Claim at the indemnitor's sole expense; and, (c) assistance in defending against or settling the Claim at the indemnitor's sole expense. Vendor shall be liable for any cost, expense, or compromise incurred or made by an Indemnitee in any legal action without such entity's prior written

consent, which shall not be unreasonably withheld.

9.1.2 Notwithstanding anything in this Agreement to the contrary, Vendor shall not indemnify for that portion of a Claim proximately caused by: (a) a negligent act or omission of an Indemnitee; or, (b) an Indemnitee's misuse or modification of the Service or Work Product.

9.1.3 The obligations in this Section are separate and apart from, and in no way limit Citizens' rights under any insurance provided pursuant to this Agreement or otherwise.

9.1.4 The provisions of this Section shall survive the termination of this Agreement.

9.2 Limitation of Liability. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, NO PARTY SHALL BE LIABLE TO THE OTHER FOR ANY: (A) SPECULATIVE OR REMOTE DAMAGES, INCLUDING LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH A BREACH OF THIS AGREEMENT; OR, (B) ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, OR FOR ANY LOSS OR DAMAGES RESULTING FROM THE OPERATION, DELAY OR FAILURE OF SOFTWARE OR EQUIPMENT OR FOR ANY INACCURACY OF DATA INCURRED BY EITHER PARTY OR ANY THIRD PARTY, HOWEVER ARISING, WHETHER IN CONTRACT OR TORT, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR (C) ANY DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT IN EXCESS OF **ONE MILLION DOLLARS (\$1,000,000)**. THESE LIMITATIONS APPLY REGARDLESS OF WHETHER THE ACTION OR CLAIM IS BASED IN AGREEMENT, EQUITY, TORT, OR OTHERWISE. THESE LIMITATIONS SHALL NOT APPLY TO: (A) ANY OBLIGATION OF INDEMNIFICATION SET FORTH IN THIS AGREEMENT; (B) ANY CLAIM OR DAMAGE CAUSED BY A PARTY'S GROSS NEGLIGENCE OR WILFUL MISCONDUCT; (C) ANY CLAIM OR DAMAGE TO THE EXTENT COVERED BY AN INSURANCE POLICY REQUIRED IN THIS AGREEMENT; OR, (D) ANY CLAIM OR DAMAGE CAUSED BY A PARTY'S BREACH OF ITS OBLIGATIONS OF CONFIDENTIALITY SET FORTH IN THIS AGREEMENT. NOTHING IN THIS SECTION OR IN THIS AGREEMENT SHALL BE CONSTRUED AS A WAIVER OF THE LIMIT ON CITIZENS' LIABILITY FOR TORT CLAIMS UNDER FLORIDA STATUTES. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

10. Insurance. During the term of this Agreement, Vendor will maintain at its sole expense the following insurance, purchased from an insurer licensed to transact business in the State of Florida:

10.1 Workers' Compensation insurance which provides coverage for employees or independent contractors' employees, regardless of the state of hire, in at least the minimum statutory limits required by the State of Florida, and Employers' Liability with limits of \$1 million.

10.2 Commercial General Liability with minimum limits of \$1 million per occurrence (to include contractual liability on a blanket basis for liability assumed hereunder) and \$2 million in the aggregate. Any deductible amount shall not exceed Five Thousand Dollars (\$5,000.00) for each occurrence. Coverage must be afforded on a form no more restrictive than the latest edition of the Commercial Liability Policy,

without restrictive endorsements, as filed by the Insurance Services Office and must include: (i) Premises and/or operations; (ii) Independent contractors; (iii) Products and/or Completed Operations for contracts; (iv) Broad Form Contractual Coverage applicable to this specific Agreement, including any hold harmless and/or indemnification agreement; and (v) Personal Injury Coverage, with minimum limits of coverage equal to those required for Bodily Injury Liability and Property Damage Liability. Citizens shall be named as additional insured on the Commercial General Liability policy.

- 10.3 Umbrella/Excess General Liability and Auto Liability insurance with minimum limits of \$4 million in the aggregate.
- 10.4 Automobile Liability with combined single limits of not less than \$1 million per accident. Coverage must be afforded on a form no more restrictive than the latest edition of the Business Automobile Liability policy, without restrictive endorsements, as filed by the Insurance Services Office, and must include: (i) Owned Vehicles; (ii) Hired and Non-Owned Vehicles; (iii) Employers' Non-Ownership; and (iv) Any Auto. Citizens shall be named as additional insured on the Auto Liability policy.
- 10.5 Professional Liability (errors and omissions) with minimum limits of \$5 million per occurrence and \$5 million in the aggregate. The policy shall remain in force for three (3) years after the completion of all Services under the Agreement. Any deductible or retention amount shall not exceed Five Hundred Thousand Dollars (\$500,000.00) for each occurrence. Contractor shall notify Citizens in writing within thirty (30) days of any claim filed or made against its Professional Liability Insurance Policy.
- 10.6 Required Subcontractor Insurance Coverage. Any subcontractor performing any of the Services shall provide insurance as follows:
 - 10.6.1 Workers' Compensation at the statutorily required amount.
 - 10.6.2 Commercial General Liability with \$1 million per occurrence and \$2 million in the aggregate.
 - 10.6.3 Automobile Liability with combined single limits of not less than \$1 million per accident.
- 10.7 Insurance Company Qualifications. Each company issuing the policies required under this Agreement must (i) be licensed to transact business in the State of Florida, (ii) and have an AM Best Financial Strength rating of "A-" or above.
- 10.8 Defense Costs. The limits of indemnity coverage required under this Agreement shall not include costs incurred in defending against a claim and shall not be reduced by the payment of such costs.
- 10.9 Loss History. Vendor shall provide, or cause its insurer to provide, upon request by Citizens, a list of claims paid (with amounts) in the three years prior to the effective date of this Agreement, together with a list of any outstanding claims with current reserves.
- 10.10 Insurance is Primary. The insurance required under this Agreement shall apply on a primary basis to, and shall not require contribution from, any other insurance or self-insurance maintained by Citizens or any Citizens employee.

- 10.11 Waiver of Subrogation. The insurance required under this Section 10 will include a provision waiving the insurer's rights of recovery or subrogation against Citizens.
- 10.12 Coverage for Indemnity Obligations. The CGL, Auto Liability and Professional Liability coverages will cover claims made under the indemnity provisions of this Agreement.
- 10.13 Notice of Cancellation or Change. To the extent practicable, the CGL and Professional Liability policies shall require **thirty (30) calendar days** prior written notice to Citizens of cancellation, non-renewal or change in any coverage, except for ten (10) calendar days prior written notice for non-payment of premium.
- 10.14 Proof of Coverage. Within thirty (30) days of execution of this Agreement, and upon renewal or reissuance of coverage thereafter, Vendor must provide to Citizens a current in-force certificate of insurance evidencing the above coverage limits and subsequent certificates prior to their expiration or renewal for the term of the Agreement. Vendor shall provide copies of its policies upon request by Citizens.

11. Contract Administration

- 11.1 Contract Administrator. Citizens shall name a Contract Administrator during the term of this Agreement whose responsibility shall be to maintain this Agreement. All legal notices and contractual documents shall be sent to the Contract Administrator in addition to the Citizens Project Manager named below. As of the Effective Date, the Contract Administrator is:

Lori Newman, Vendor Management Office
301 W Bay Street, Suite 1300
Jacksonville, Florida 32202
904-407-0225
Lori.Newman@citizensfla.com

Citizens shall provide written notice to Vendor of any changes to the Contract Administrator; such changes shall not be deemed Agreement amendments.

- 11.2 Project Managers. Each Party will designate a Project Manager during the term of this Agreement whose responsibility shall be to oversee the Party's performance of its duties and obligations pursuant to the terms of this Agreement. As of the Effective Date, Citizens' and Vendor's Project Managers are as follows:

Citizens' Project Manager

Sarah Harrell
Citizens Property Insurance Corporation
301 W Bay Street, Suite 1300
Jacksonville, Florida 32202
Office 904-208-7092
Mobile 904.428.3519
Sarah.Harrell@citizensfla.com

Vendor's Project Manager

Jeff Kost
AST Corporation
1755 Park Street, Suite 100
Naperville, IL 60563

Office 630.778.1180
Mobile 813.785.9288
JKost@astcorporation.com

Each Party shall provide written notice to the other Party of any changes to its Project Manager, and such changes shall not be deemed Agreement amendments.

- 11.3 Citizens Contract Manager. In accordance with Section 287.057(14), Florida Statutes, Citizens shall also designate a certified Contract Manager who will (i) serve as a liaison to Vendor along with the Citizens Project Manager, (ii) be responsible for ensuring Vendor's performance of this Agreement, and (iii) review all Deliverables and authorize payments in accordance with the acceptance procedures set forth in this Agreement and the SOW. The Citizens Contract Manager will work closely with the Citizens Project Manager to ensure consistent communications with Vendor. The Citizens Contract Manager is:

Keri Dennis, Vendor Management Office
301 W Bay Street, Suite 1300
Jacksonville, Florida 32202
904-208-7553
Keri.Dennis@citizensfla.com

Citizens will advise Vendor of any changes to the Contract Manager, and such changes shall not be deemed Agreement amendments.

- 11.4 Monitoring of Performance. Vendor shall continuously monitor and record its performance to ensure that all of Vendor's responsibilities and obligations hereunder are being met and fulfilled. Citizens may conduct reasonable programmatic and other administrative contract monitoring during the term of this Agreement. Such monitoring may include on-site visits, report reviews, invoice reviews, compliance reviews, and a review of any other areas reasonably necessary.

12. Agreement Termination; Transition Assistance.

- 12.1 Termination without Cause. By thirty (30) days advance written notice, Citizens may terminate this Agreement in whole or in part, at its sole discretion and without the need to specify a reason for termination. The actual date of termination of this Agreement will be thirty (30) days from the date of the written notice, or as otherwise specified in Citizens' written notice (the "Termination Date"). Where Citizens elects to terminate this Agreement in part, Vendor shall continue to provide Services on any portion of the Agreement not terminated. Vendor shall be entitled to payment for Services performed through the Termination Date including any reasonable termination fees under any approved sub-contracting agreements. Vendor shall not have a reciprocal right to terminate without cause. In the event of Citizens' termination without cause, Citizens, at Citizens' sole election, may also request Vendor to provide the Transition Assistance as further described in this Agreement.
- 12.2 Termination for Cause. Either Citizens or Vendor may terminate this Agreement if

the other Party fails to honor its material obligations under this Agreement. Unless otherwise provided herein, before terminating this Agreement, the Party that believes the other Party is failing to perform this Agreement shall notify the other Party, in writing, of the nature of the failure to perform and provide a reasonable time certain for correcting the failure (such time should not generally be less than thirty (30) days from receipt of the notice). If the other Party does not correct its failure to perform within the time provided, and its failure is not legally excusable, the Party claiming failure to perform may thereafter notify the other Party, in writing, that it considers the other Party in default and may terminate this Agreement and pursue any remedies allowed in law or equity. Instead of terminating this Agreement in whole, Citizens may elect to terminate this Agreement in part, in which case Vendor shall continue to provide Services on any portion of the Agreement not terminated. If after termination it is determined that Vendor was not in default, or that the default was excusable, the rights and obligations of the Parties shall be the same as if the termination had been issued without cause under Section 12.1.

- 12.3 Transition Assistance. At any time prior to the date this Agreement expires or terminates for any reason (either, the "End Date"), Citizens may request Vendor to provide transition assistance services ("Transition Assistance"). Vendor shall provide such Transition Assistance until Citizens notifies Vendor that Citizens no longer requires such Transition Assistance, which shall in no event be more than one-hundred and eighty (180) days following the End Date.

12.3.1 Transition Assistance shall mean any transition services, functions, or responsibilities that are ordinarily or customarily provided to a purchaser to ensure that the services provided to that purchaser by a vendor are fully transitioned in a smooth and efficient manner to the purchaser or to a successor vendor. Transition Assistance includes the development and implementation of a detailed transition plan, if requested. To the extent the Transition Assistance will involve a successor vendor, Vendor agrees that it will cooperate with such successor vendor. As reasonably required by Vendor, Citizens shall cause any successor vendor to execute Vendor's non-disclosure agreement.

12.3.2 Transition Assistance rendered before the End Date shall be provided at no additional cost to Citizens. Transition Assistance rendered after the End Date shall be provided at the rates negotiated by the Parties prior to the rendering of the post-termination Transition Assistance, which rates shall not exceed the standard market rates Vendor charges to government entities for comparable services. Vendor may withhold Transition Assistance after the End Date if Citizens does not provide reasonable assurance that the charges for such Transition Assistance will be paid.

- 12.4 Temporary Suspension of Services. As an alternative to termination, Citizens may, in its sole discretion, temporarily suspend all or certain portions of the Services at any time by providing written thirty (30) calendar days notice to Vendor. Upon receiving a suspension notice, Vendor shall cease performing the Services in accordance with the suspension notice. Within ninety (90) days after Citizens provides the suspension notice, or any longer period agreed to by Vendor, Citizens shall either: (a) issue a notice authorizing resumption of the Services, at which time the Services shall resume; or, (b) exercise its right under Section 12.1 to terminate this Agreement without cause. Nothing in this Section allows Citizens to withhold

or delay any payment for Services performed prior to the suspension. Vendor shall be entitled to seek an equitable adjustment of fees, schedule and staffing resulting from the suspension of services when the Services are resumed.

13. Disputes.

- 13.1 Dispute Resolution Process. Vendor acknowledges that Citizens is not an agency for purposes of the Florida Administrative Procedure Act, Chapter 120, Florida Statutes. Prior to commencing any litigation relating to this Agreement, the Parties agree that they will attempt to resolve any dispute through non-binding mediation. The Parties agree that, if a disagreement arises as to the terms or enforcement of any provision of this Agreement, each Party shall in good faith attempt to resolve the disagreement prior to the filing of a lawsuit or commencing a legal action. Vendor acknowledges that any dispute or disagreement under this Agreement relating to Citizens Confidential Information shall not be subject to the foregoing dispute resolution process.
- 13.2 Jurisdiction and Venue; Waiver of Jury Trial. This Agreement shall be deemed to have been made in the State of Florida and shall be subject to, and governed by, the laws of the State of Florida, and no doctrine of choice of law shall be used to apply any law other than that of the State of Florida. Each Party hereby irrevocably consents and submits to the exclusive jurisdiction of the Circuit Court of Leon County, Florida and/or the United States District Court (Middle District of Florida), for all purposes under this Agreement, and waives any defense to the assertion of such jurisdiction based on inconvenient forum or lack of personal jurisdiction. The Parties also agree to waive any right to jury trial.
- 13.3 Mitigation of Damages. During the pendency of any genuine dispute arising pursuant to this Agreement, and after a determination thereof, the Parties shall act in good faith to mitigate any potential damages or delays in the project referenced in this Agreement.
- 13.4 The provisions of this Section shall survive the termination of this Agreement.

14. Records; Audits.

- 14.1 Vendor's Records. Vendor shall retain all records relating to this Agreement for a minimum of three (3) years after the termination of this Agreement.
- 14.2 Right to Audit Records. Citizens, as required by law shall have reasonable access to the Vendor's facilities and the right to review and audit any of Vendor's records related solely to this Agreement, upon written notice to Vendor of at least five (5) business days and no more than twice annually. Vendor shall not unreasonably delay or inhibit Citizens' right to audit as set forth in this Section. Vendor shall cooperate with auditor(s), providing requested documentation in a timely manner (preferably within ten (10) business days). Vendor must resolve any deficiencies discovered during the audit as soon as practicable. Citizens has the right to conduct follow-up audit procedures to assess Vendor's corrective action(s). Any entity performing auditing services pursuant to this Section shall execute a non-disclosure agreement with regard to Vendor's proprietary information, unless precluded from doing so by law.
- 14.3 Public Records. Vendor acknowledges that Citizens is subject to Chapter 119, Florida Statutes, and Section 627.351(6)(j), Florida Statutes; therefore, any

information provided to Citizens or maintained by Vendor in connection with this Agreement may fall within the disclosure requirements of Chapter 119, Florida Statutes. Section 627.351(6)(x)1.e., Florida Statutes, provides that proprietary information licensed to Citizens under a contract providing for the confidentiality of such information is confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and Section 24(a), Article I of the State Constitution. Vendor must clearly label and mark each page or section of information provided to Citizens in connection with this Agreement that it considers proprietary information or otherwise confidential or exempt from Chapter 119, Florida Statutes and Section 24(a), Article I., State Constitution ("Vendor's Confidential Information").

14.3.1 Citizens will not disclose Vendor's Confidential Information to any third party except (i) as permitted in writing by Vendor, or (ii) pursuant to subsection 14.3.2 or 14.3.3 below.

14.3.2 If Citizens receives a Public Records Request ("PRR") or a request from any regulatory or legislative entity regarding Vendor's Confidential Information, it shall promptly notify Vendor in writing, or electronically. The Parties agree (to the extent permitted by law) that Citizens shall not produce Vendor's Confidential Information unless authorized by Vendor, or by order of a court of competent jurisdiction. If a legal proceeding is brought to compel the production of Vendor's Confidential Information, the Parties agree that Citizens is authorized to deliver Vendor's Confidential Information to the court or other legal tribunal for disposition. If Vendor continues to assert in good faith that Vendor's Confidential Information is confidential or exempt from disclosure or production pursuant to Chapter 119, Florida Statutes, then Vendor shall be solely responsible for defending its position, or seeking a judicial declaration. Nothing in this Agreement shall create an obligation or duty for Citizens to defend or justify Vendor's position.

14.3.3 If Vendor receives a PRR that is in any way related to this Agreement, Vendor agrees to immediately notify Citizens' Custodian of Records and forward the PRR to Citizens' Custodian of Records for logging and processing. Citizens' Custodian of Records' email address is: Recordsrequest@citizensfla.com. Citizens shall be the Party responsible for coordinating the response and production to the PRR. Vendor shall communicate with Citizens to determine whether requested information is confidential and/or exempt from public records disclosure requirements. Vendor agrees to assist Citizens in responding to any PRR in a prompt and timely manner as required by Chapter 119, Florida Statutes.

14.3.4 Without limiting Citizens' other rights of termination as further described in this Agreement, Citizens may unilaterally terminate this Agreement for refusal by Vendor to comply with this Section by not allowing public access to public records required to be disclosed by Chapter 119, Florida Statutes, unless the records are exempt from Section 24(a) of Article I of the State Constitution and Section 119.07 (1), Florida Statutes.

14.4 The provisions of this Section shall survive the termination of this Agreement.

15. Security and Confidentiality.

- 15.1 General Requirements. Vendor shall implement and maintain appropriate safeguards to: (a) ensure the security and confidentiality of Citizens Confidential Information; (b) protect against any anticipated threats or hazards to the security or integrity of Citizens Confidential Information; and (c) protect against unauthorized access to or use of Citizens Confidential Information that could cause harm or material damage to Citizens or any customer of Citizens. For the purposes of this clause, Citizens must identify and expressly communicate to Vendor the confidential nature of the information prior to its distribution to Vendor. The following information is hereby identified and communicated to Vendor as being confidential for the purpose of this Agreement: (a) Citizens drivers' license numbers, and personal health information; (b) Citizens and its Customers or Vendors banking and credit information; (c) Citizens social security numbers; and (d) Citizens policyholder claim information.
- 15.2 Implementation of Industry Best Practice Controls. Vendor agrees to implement the privacy and security controls that follow the guidelines set forth in ISO/IEC 27002:2013 Code of practice for information security controls, as amended from time to time.
- 15.3 Use of Citizens' Systems. Where Vendor or Vendor Staff have access to Citizens' systems or technology provided by or through Citizens, in addition to the other safeguards required by this Section, Vendor and Vendor Staff shall not share user identifications and / or passwords with any other unauthorized individuals.
- 15.4 Data Encryption. When transmitting data over networks other than the Citizens network, Vendor and Vendor Staff will encrypt all electronic data and communications containing Citizens Confidential Information using a strong cryptographic protocol that is consistent with industry standards.
- 15.5 Data Storage. Except as permitted in writing by Citizens' Project Manager or designee, Vendor and Vendor Staff shall not store Citizens Confidential Information on portable external storage devices or media (such as "thumb drives," compact disks, or portable disk drives). If portable external devices are required to transfer data between two systems, the data shall be erased from the portable external device as soon as the task is completed.
- 15.6 Data Export. Except as permitted in writing by Citizens' Project Manager or designee, Vendor and Vendor Staff are prohibited from: (a) performing any Services outside of the United States which involves PHI data; or, (b) sending, transmitting, or accessing any Citizens Confidential Information outside of the United States.
- 15.7 Security of Vendor Facilities. All Vendor and Vendor Staff facilities in which Citizens Confidential Information is located or housed shall be maintained in a reasonably secure manner. Within such facilities, all printed materials containing Citizens Confidential Information should be kept locked in a secure office, file cabinet, or desk (except when materials are being used).
- 15.8 Labeling of Confidential Information. Any documents or electronic files created by Vendor or Vendor Staff that contain Citizens Confidential Information must be conspicuously labeled or marked so that the individual viewing or receiving the information understands that the information is confidential.
- 15.9 Photocopying and Faxing Restrictions. Vendor and Vendor Staff shall not make

photocopies or send facsimiles of Citizens Confidential Information unless there is a business need.

- 15.10 Transmission of Confidential Information Materials. In the event it is necessary to transport materials containing Citizens Confidential Information via mail, parcel delivery service or other means, Vendor Staff must subsequently verify that such materials have been received by the intended parties.
- 15.11 Disposal of Confidential Information. The disposal of all printed materials containing Citizens Confidential Information must be done in a manner that renders the information inaccessible to others (the use of a reputable third party shredding company is permissible).
- 15.12 Authority to Disclose Confidential Information to Others. Vendor acknowledges and agrees that any Citizens Confidential Information disclosed to or acquired by Vendor is disclosed and/or acquired solely for the purposes of facilitating the provision of the Services. Vendor shall restrict access to Citizens Confidential Information to Vendor Staff who will perform Services and Vendor shall reasonably provide such Vendor Staff with work environments that protect against inadvertent disclosure to others. Vendor shall be responsible for informing its staff and its Subcontractors with access to Citizens Confidential Information of the provisions of this Agreement and shall be responsible for any acts of those individuals and entities that violate such provisions.
- 15.13 Unauthorized Disclosure of Confidential Information. Vendor will notify Citizens as soon as possible of any potential or actual unauthorized disclosure, misuse, or misappropriation of Citizens Confidential Information of which it becomes aware and will cooperate in remedying such situation promptly. Pursuant to Section 501.171, Florida Statutes, if Vendor maintains computerized data that includes personal information, as defined in such statute, on behalf of Citizens, Vendor shall disclose to Citizens any breach of the security of the system as soon as practicable, but no later than ten (10) days following the determination of the breach of security or reason to believe the breach occurred.
- 15.14 Return of Confidential Information. During the term of this Agreement upon Citizens written request or upon the termination of this Agreement for any reason, Vendor shall promptly return to Citizens all copies, whether in written, electronic or other form or media, of Citizens Confidential Information in its possession, or securely dispose of all such copies, and certify in writing to Citizens that Citizens Confidential Information has been returned to Citizens or disposed of securely. Notwithstanding the foregoing, legal counsel to Vendor may keep one copy of Citizens Confidential Information for archival purposes only.
- 15.15 Notification of Anticipatory Breach. Vendor agrees that should it, for any reason, not be able to provide or maintain appropriate safeguards to fulfill its obligations under this Section, it will immediately inform Citizens in writing of such inability and such inability on Vendor's part will serve as justification for Citizens' termination of this Agreement, at Citizens' sole election, at any time after the inability becomes known to Citizens.
- 15.16 Remedies. Vendor acknowledges that breach of Vendor's obligation of data security and confidentiality may give rise to irreparable injury to Citizens and Citizens' customers, which damage may be inadequately compensable in the form of monetary damages. Accordingly, Citizens may seek and obtain injunctive relief against the breach or threatened breach of the provisions of this Section, in

addition to any other legal remedies which may be available, including, at the sole election of Citizens, the immediate termination, without penalty to Citizens, of this Agreement in whole or in part.

15.17 Subcontractors. Except as permitted in writing by Citizens' Project Manager or designee, the provisions of this Section shall apply to each of Vendor's subcontractors at any level who obtain access to Citizens Confidential Information in connection with this Agreement.

15.18 The provisions of this Section shall survive the termination of this Agreement.

16. Miscellaneous.

16.1 Purchase of Third Party ERP Products and Services. Throughout the term of this Agreement, Vendor will make available to Citizens such third party products and services that (i) relate to or enhance the ERP System, and (ii) are within Vendor's authority and capacity to resell on behalf of the third party. The price offered to Citizens for such products and services shall include available discounts. Citizens acknowledges that (i) its purchase of such products and services may be subject to specific terms and conditions required by Vendor and the third party providers, and (ii) unless specifically incorporated into the order form for such products and services, the terms and conditions of this Agreement shall not apply to the purchase of such products and services. The agreement to purchase such third party products and services may have a term that is shorter or longer than the term of this Agreement.

Vendor does not have an exclusive right to make any sales to Citizens of such products and services. Citizens may elect to purchase any of these products or services from other vendors at Citizens sole discretion.

The initial purchase of third party products and services under this Agreement is set forth on Exhibit C. The parties may by mutual consent add additional products and services to those listed on Exhibit C. Purchases of less than \$35,000 may be made via a Purchase Order and will not require an amendment to Exhibit C.

Vendor may provide Citizens with services to implement or support such additional third party products or services. The Parties may by mutual agreement add those Vendor-provided services to the SOW set forth on Exhibit A.

16.2 Remote and On-Premises Access. The Parties envision that access to Citizens' application environment may be provided by remote electronic means (remote access). The manner, including any security restrictions, method, equipment, software and other considerations for remote access shall be provided on a request by request basis subject to Citizens' internal security requirements. Citizens, at its own expense, shall provide the equipment and software at its location to permit remote access by Vendor. Physical access for Vendor Staff to the ERP System as necessary to allow Vendor to perform Services shall be provided by Citizens. In addition, Citizens shall provide, within Citizens' premises, adequate space for Services to be performed on-site. Vendor will assume its respective telephone access costs incurred to perform Services on the ERP System by remote access. Vendor represents and covenants that while performing Services by remote access it will use reasonable commercially available methods not to transmit any type of undocumented software routines or other elements which are designed to, or capable of, permitting, allowing, or causing: (a)

unauthorized access to or intrusion upon; (b) disabling of; (c) erasure of; or (d) interference with any hardware, software, data or peripheral equipment whether directly or by transference.

- 16.3 Relationship of the Parties. Vendor is an independent contractor with no authority to contract for Citizens or in any way to bind or to commit Citizens to any agreement of any kind or to assume any liabilities of any nature in the name of or on behalf of Citizens. Under no circumstances shall Vendor or its representatives hold themselves out as or be considered an agent, employee, joint venturer, or partner of Citizens. In recognition of this status as independent contractor, Citizens shall carry no Workers' Compensation insurance or any health or accident insurance to cover Vendor or its representatives. Citizens shall not pay any contributions to Social Security, unemployment insurance, federal or state withholding taxes, any other applicable taxes whether federal, state, or local, nor provide any other contributions or benefits which might be expected in an employer-employee relationship. Neither Vendor nor its representatives shall be eligible for, participate in, or accrue any direct or indirect benefit under any other compensation, benefit, or retirement plan of Citizens.
- 16.4 Cooperation with Other Vendors. Vendor shall reasonably cooperate with any Citizens' supplier performing services related to or incidental to Citizens' implementation and use of the ERP System, including, without limitation, the supplier of the ERP Software and any successor vendor associated with Transition Assistance. These services shall not include any tasks, which in Vendors' reasonable opinion, impact the Vendors ability to complete its obligations under this Agreement.
- 16.5 Vendor Conflicts of Interests. Vendor shall not have a relationship with a Citizens officer or employee that creates a conflict of interest. If there is the appearance of a conflict of interest, Vendor will promptly contact Citizens' Project Manager or designee to obtain a written decision as to whether action needs to be taken to ensure a conflict does not exist or that the appearance of a conflict is not significant. Citizens may require Vendor to sign a Conflict of Interest Disclosure Form from time to time during the course of this Agreement, and Vendor's failure to sign such form may be deemed a material breach of this Agreement.
- 16.6 No Gifts. Vendor shall not give a gift or make an expenditure to or for the personal benefit of a Citizens officer or employee.
- 16.7 Convicted Vendor List. Vendor shall immediately notify Citizens' Project Manager or designee in writing if it or any of its affiliates are placed on the convicted vendor list maintained by the State of Florida pursuant to Section 287.133, Florida Statutes, or on any similar list maintained by any other state or the federal government.
- 16.8 Compliance with Laws. Vendor and Vendor Staff will comply with all applicable laws, ordinances, rules, and regulations governing Vendor's performance under this Agreement.
- 16.9 Subcontracting. Vendor represents that no subcontractors are currently expected to be used in providing the Services. Vendor shall not enter into any subcontracts for the performance of the Services, or assign or transfer any of its rights or obligations under this Agreement, without Citizens' prior written consent (which shall not be unreasonably withheld or delayed), and any attempt to do so shall be void and without effect; provided, Citizens' consent to Vendor's request to

subcontract any of the Services shall not relieve Vendor of any of its duties or obligations under this Agreement, and Vendor shall indemnify and hold Citizens harmless from any payment required to be paid to any such subcontractors.

- 16.10 Severability. If a court deems any provision of this Agreement void or unenforceable, that provision shall be enforced only to the extent that it is not in violation of law or is not otherwise unenforceable and all other provisions shall remain in full force and effect.
- 16.11 Headings. The sections and headings herein contained are for the purposes of identification only, and shall not be considered as controlling in construing this Agreement.
- 16.12 Publicity; Use of Names and Logos. Vendor may use Citizens' name and logo in its marketing materials, website and social media to indicate that it is a participating or contracted vendor for Citizens. However, Vendor may not in any way state, imply or infer that it holds a "preferred," "approved," "awarded," "selected" or otherwise special status with Citizens in any such materials. This prohibition includes, but is not limited to, the use of endorsements or quotes from Citizens officials, Citizens vendor scores, or any other Citizens-related materials that may directly or indirectly imply that Vendor enjoys a special or preferred status with Citizens. Citizens reserves the right to determine that its name and/or logo have been misused and to request that Vendor cease using its name and/or logo in any way it deems inappropriate. Failure to comply will result in disciplinary action, up to and including contract termination. Vendor may only use the approved Citizens logo, which is available for download at: <https://www.citizensfla.com/about/mediaresources.cfm>.
- 16.13 Waiver. The delay or failure by a Party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of the Party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.
- 16.14 Entire Agreement. This Agreement, and any exhibits, schedules and attachments hereto, set forth the entire agreement and understanding of the Parties with respect to the subject matter hereof, and supersedes any prior or contemporaneous proposals, agreements or understandings with respect to the subject matter hereof.
- 16.15 Modification of Terms. This Agreement may only be modified or amended upon a mutual written contract amendment signed by Citizens and Vendor or as otherwise permitted by this Agreement. Vendor may not unilaterally modify the terms of this Agreement in any manner such as by affixing additional terms to any item furnished to Citizens (e.g., attachment or inclusion of standard preprinted forms, product literature, "shrink wrap" or "click through" terms, whether written or electronic) or by incorporating such terms onto Vendor's order or fiscal forms or other documents forwarded by Vendor for payment and any such terms shall have no force or effect upon Citizens or this Agreement. Citizens' acceptance of any Service or processing of documentation on forms furnished by Vendor for approval or payment shall not constitute acceptance of any proposed modification to terms and conditions or any conflicting terms and conditions.
- 16.16 Assignments. This Agreement shall inure to the benefits of, and be binding upon, the successors and assigns of each Party, but only as permitted under this

Agreement. Each Party binds itself and its respective successors and assigns in all respects to all of the terms, conditions, covenants and provisions of this Agreement. Vendor shall not sell, assign or transfer any of its rights (including rights to payment), duties or obligations under this Agreement without the prior written consent of Citizens (which shall not be unreasonably withheld or delayed). In the event of any assignment, Vendor shall remain liable for performance of this Agreement unless Citizens expressly waives such liability. Citizens may assign this Agreement with prior written notice to Vendor of its intent to do so. Nothing herein shall be construed as creating any personal liability on the part of any officer, employee or agent of Citizens.

- 16.17 Notice and Approval of Changes in Ownership. Because the award of this Agreement may have been predicated upon Vendor's ownership structure, Vendor agrees that any transfer of a substantial interest in Vendor by its owners shall require Citizens' prior written approval, which approval shall not be unreasonably withheld or unreasonably delayed. By execution of this Agreement, Vendor represents that it has no knowledge of any intent to transfer a substantial interest in Vendor. A substantial interest shall mean at least twenty-five percent (25%) of the voting shares or control over Vendor. This Section shall not apply to: (a) transfers occurring upon the incapacitation or death of an owner; (b) transfers associated with an initial public offering on a major stock exchange; or, (c) transfers to a company whose stock is publicly traded on a major stock exchange.
- 16.18 Assignment of Antitrust Claims. Vendor and Citizens recognize that in actual economic practice, overcharges resulting from antitrust violations are usually borne by the ultimate consumer. Therefore, Vendor hereby assigns to Citizens any and all claims under the antitrust laws of Florida or the United States for overcharges incurred in connection with this Agreement.
- 16.19 Force Majeure. Neither Party shall be responsible for delays in performance if the cause of the delay was beyond that Party's control (or the control of its employees, subcontractors or agents). To be excused from a delay in delivering a Service, Vendor must notify Citizens in writing of the delay and describe the cause of the delay within five business days after the date Vendor knew that the delay would occur. If the delay is justified, Citizens will give Vendor a reasonable extension of time to perform; provided, however, that Citizens may elect to terminate this Agreement in whole or in part if Citizens determines, in its sole judgment, that such a delay will significantly impair the value of this Agreement to Citizens. If the delay is due directly to acts of God, wars, acts of public enemies, strikes, fires, floods, or other causes wholly beyond Vendor's control, Vendor shall be eligible to seek an equitable adjustment to schedule, staffing and cost for the remaining work. This Section may not be invoked to excuse or delay Vendor's compliance with its obligations to protect Citizens Confidential Information under this Agreement.
- 16.20 Cumulative Remedies. All rights and remedies for both Parties herein shall be in addition to all other rights and remedies available at law or in equity, including, without limitation, specific performance for the enforcement of this Agreement, and temporary and permanent injunctive relief.
- 16.21 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute but one and the same Agreement. The Parties agree that a faxed or scanned signature may substitute for and have the same legal effect as the original signature.

IN WITNESS WHEREOF, this Agreement has been duly executed by authorized representatives of the Parties.

**CITIZENS PROPERTY INSURANCE
CORPORATION**


Signature

Kelley Booten

Print Name

Chief - Systems and Operations

Title


Date Signed


Signature

Jennifer Montero


Print Name

Chief Financial Officer

Title


Date Signed

**APPLICATIONS SOFTWARE TECHNOLOGY
CORPORATION**


Signature

SHAJI ZECHARIAH

Print Name

Executive Vice President

Title

06/30/16
Date Signed