



CITY of NOVI CITY COUNCIL

Agenda Item I
April 24, 2017

SUBJECT: Approval to enter into a Software License Agreement with Hart InterCivic, Inc. related to the purchase of new voting equipment.

SUBMITTING DEPARTMENT: City Clerk

CITY MANAGER APPROVAL:

BACKGROUND INFORMATION:

On January 24, 2017, the Secretary of State approved contracts for the next generation of election equipment. The State Administrative Board approved 10-year contracts with three vendors for optical-scan voting systems that read and tabulate paper ballots marked by voters. The Oakland County Clerk ultimately made the decision on behalf of local clerks, selecting Hart InterCivic, Inc. on March 10, 2017.

The new equipment will be paid for with \$30 million in federal Help America Vote Act (HAVA) money that the Secretary of State's Office has saved from more than a decade, and with \$10 million approved by the Legislature. The State allocated funds to each municipality based on the number of precincts that existed in November 2016. The City will be invoiced for the City's share of the cost of the software that is not covered by HAVA and state-allocated funds. The estimated amount of the City's share of the cost of the software is \$74,650.00.

This agreement is required as part of the State contract and has been reviewed and approved by the State Attorney General's office as well as the City Attorney's Office.

RECOMMENDED ACTION: Approval to enter into a Software License Agreement with Hart InterCivic, Inc. related to the purchase of new voting equipment.



JOHNSON ROSATI SCHULTZ JOPPICH PC

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April 20, 2017

Cortney Hanson, Clerk
City of Novi
45175 Ten Mile Road
Novi, MI 48375

RE: Hart InterCivic, Inc. – Verity Software License Agreement

Dear Ms. Hanson:

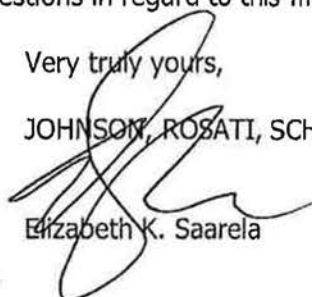
We have received and reviewed the proposed Hart InterCivic, Inc., Verity Software License Agreement for execution by the City in connection with the City's participation in the State of Michigan and Oakland County HAVA grant program for the provision of new state and federally funded voting systems. The proposed License Agreement provides for the terms and conditions of the City's use of the software included in the new voting system hardware. In accordance with the License Agreement, the City will be invoiced for the City's share of the cost of the software that is not covered by HAVA and state-allocated funds. The estimated amount of the City's share of the cost of the software is \$74,650.00.

The License Agreement appears to be a standard agreement for the use of software and prohibits actions that would result in copyright, trademark and patent violations. With respect to liability, the License Agreement does not include any indemnity provisions or other objectionable provisions relating to liability. However, the City should be aware of the Warranty provisions included in Section 8 of the License Agreement, including the circumstances which may cause the warranty to be voided. Based on all of the above, we see no legal impediment to entering into the License Agreement as proposed.

Please feel free to contact me with any questions in regard to this matter.

Very truly yours,

JOHNSON, ROSATI, SCHULTZ & JOPPICH, P.C.


Elizabeth K. Saarela

EKS

Cortney Hanson, City Clerk
April 20, 2017
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Enclosures

C: Thomas R. Schultz, Esq. (w/Enclosures)



**SCHEDULE B LICENSE AGREEMENT
Hart InterCivic, Inc.**

VERITY

SOFTWARE LICENSE AGREEMENT

This Software License Agreement ("**Agreement**"), entered into effective as of _____, 201__ ("**the Effective Date**") by and between Hart InterCivic, Inc., a Texas corporation ("**Hart**") and the Customer set forth below ("**Customer**"), sets forth the terms and conditions pursuant to which Customer may procure or license from Hart certain software ("**Software**") for use in connection with certain hardware ("**Hardware**"). Hart will provide Software support services ("**Software Support Services**"), and/or design, engineering, software development, project management, operational training, election event support, and/or other services ("**Professional Services**"), from time to time pursuant to that certain Standard Contract Terms dated as of the Effective date between Hart and Customer ("**Contract**"). Hardware and Software may be referred to as "**Products**" and Software Support Services and/or related services and/or Professional Services may be referred to as "**Services.**" Products may be "**Hart Hardware,**" and "**Hart Proprietary Software,**" (i.e. "**Hart Products**") or "**Third Party Hardware**" and "**Sublicensed Software**" (i.e. "**Third Party Products**"). The foregoing may be referred to together as the "**Verity system.**" Capitalized terms not otherwise defined herein have the meanings assigned to them in the Contract.

Hart agrees to sell or provide to Customer Software and Services according to this Agreement and the Contract, which includes all Schedules, Attachments and Exhibits hereto and thereto. Customer agrees to all terms and conditions of this Agreement and the Contract, which includes all Schedules, Attachments and Exhibits hereto and thereto.

Agreed and Accepted:

Customer
Jurisdiction: City of Novi

Hart

Executed By: _____
Name: Robert J. Gatt
Title: Mayor

Phillip W. Braithwaite
CEO

This Agreement is not effective until executed by both parties.
Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement.



1. **RESERVED.**

2. **PRICING AND PAYMENT**

2.1. **Software Subscription and License Fee** The "License Fee" is the fee for licensing (in the case of Hart Proprietary Software), sublicensing (in the case of Sublicensed Software, if any) and support (a "License and Support Subscription") for the Term (defined below). Pricing for the License Fee is included within the Schedule C Cost Tables. Pricing for subsequently ordered License and Support Subscriptions beyond the Term shall be mutually agreed between the parties.

2.2. **Other Services.** Pricing and payment for Professional Services for custom software development shall be set forth in the Contract or if not specified, as agreed between Hart and Customer.

2.3. **Payment.** The License Fee is due upon receipt of Deliverables and the EMS Software.

3. **RESERVED.**

4. **SOFTWARE SPECIFIC TERMS**

4.1. **License.** Subject to the terms and conditions of this Agreement, during the Term, Hart grants to Customer (i) a personal, nonexclusive, nontransferable and limited license to use the Hart Proprietary Software (which includes firmware, meaning the Hart Proprietary Software embedded in any Verity system device that allows execution of the software functions) and (ii) a personal, nonexclusive, nontransferable and limited sublicense to use the Sublicensed Software, if applicable. With this right to use, Hart will provide Customer, and Customer will be permitted to use, only the run-time executable code and associated support files of the Software for Customer's internal data processing requirements as part of the Verity system. The Software may be used only at the Licensed Location specified as the jurisdiction on the signature page of this Agreement and only on the hardware or other computer systems authorized by Hart in writing. Customer's use of the Software will be limited to the number of licenses specified in the applicable quotation or as set forth in a Statement of Work executed as part of the Contract. Only Customer and its authorized employees, agents or contractors may use or access the Software. For applicable components, Voters are also authorized to interact with the Software, in a manner consistent with user instructions, for the sole purpose of producing a Cast Vote Record during the course of an election. To the extent Hart Proprietary Software contains embedded third party software, third party licenses may apply. Such embedded third party software is distinguished from "Sublicensed Software" which is stand-alone software not part of Hart Proprietary Software. See Exhibit B for a listing of Sublicensed Software, if any

4.2. **Records and Audit.** Customer shall keep clear, complete and accurate books of account and records with respect to the usage of Software and access to the Software licensed hereunder, including without limitation with respect to access thereto. Customer agrees that during the Term, Hart, the licensors of any Sublicensed Software, and their representatives may periodically inspect, conduct, and/or direct an independent accounting firm to conduct an audit, at mutually agreed-upon times during normal business hours, of the computer site, computer systems, and appropriate records of Customer to verify Customer's compliance with the terms of the licenses and sublicenses granted to Customer. If any such examination discloses unauthorized usage, then Customer, shall make such payment then due, including appropriate historical payments without limiting Hart's remedies.

4.3. **Restrictions**

4.3.1. The Hart Hardware and Hart Proprietary Software are designed to be used only with each other and/or the agreed-upon Sublicensed Software (if any) and Third Party Hardware. To protect the integrity and security of the Verity system, Customer shall comply with the following practices and shall not deviate from them without the express written consent of Hart: (i) Customer shall use the Software and Hardware only in connection with the Verity system, and Customer may only use Hart branded or approved peripherals and consumables with the Verity system.; (ii) Customer shall not install or use other software on or with the Hardware or Software or network the Hardware or Software with any other hardware, software, equipment, or computer systems; (iii) Customer shall not modify the Hardware or Software and (iv) Customer shall not attempt to access or derive any source code. If Customer does not comply with any provisions of this Section 5.3, then (i) the Limited Warranties under Section [31] of the Contract and the licenses and sublicenses granted under Section 3.1 will automatically terminate; (ii) Hart may terminate its obligation to provide Software Support Services under the Contract; (iii) Hart will have no further installation obligations. Furthermore, if



Customer uses the Software and Hardware in combination with other software and equipment (other software or equipment being those not provided by Hart or its designees), and the combination infringes Hart proprietary patent claims outside the scope of the software license granted to Customer under Section 4.1, Hart reserves its rights to enforce its patents with respect to those claims.

- 4.3.2. Customer shall not, under any circumstances, cause or permit the adaptation, conversion, reverse engineering, disassembly, or de-compilation of any Software. Customer shall not use any Software for application development, modification, or customization purposes, except through Hart.
- 4.3.3. Customer shall not assign, transfer, sublicense, time-share, or rent the Software or use it for facility management or as a service bureau serving others outside of the jurisdiction. This restriction does not preclude or restrict Customer from contracting for election services for other local governments located within Customer's jurisdictional boundaries. Customer shall not modify, copy, or duplicate the Software. All use of software and hardware on which the software resides shall take place and be for activities within Customer's jurisdictional boundaries, except for in cases of joint elections conducted cooperatively with neighboring jurisdictions. All copies of the Software, in whole or in part, must contain all of Hart's or the third-party licensor's titles, B, copyright notices, and other restrictive and proprietary notices and legends (including government-restricted rights) as they appear on the copies of the Software provided to Customer. Customer shall notify Hart of the following: (i) the location of all Software and all copies thereof and (ii) any circumstances known to Customer regarding any unauthorized possession or use of the Software.
- 4.3.4. Customer shall not publish any results of benchmark tests run on any Software.
- 4.3.5. The Software is not developed or licensed for use in any nuclear, aviation, mass transit, or medical application or in any other inherently dangerous applications. Customer shall not use the Software in any inherently dangerous application and agrees that Hart and any third-party licensor will not be liable for any claims or damages arising from such use.

5. DOCUMENTATION

Hart will provide Customer with one (1) electronic copy of the standard user-level documentation and operator's manuals and where applicable, environmental specifications for the Product installed at the Customer's location before the first election for which the Product will be used, following installation. Customer may make unlimited hard copies for internal business purposes.

6. PROPRIETARY RIGHTS

- 6.1. **Reservation of Rights.** Customer acknowledges and agrees that the design of the Products, and any and all related patents, copyrights, trademarks, service marks, trade names, documents, logos, software, microcode, firmware, information, ideas, concepts, know-how, data processing techniques, documentation, diagrams, schematics, equipment architecture, improvements, bug fixes, updates, trade secrets and material are the property of Hart and its licensors. Customer agrees that the sale of the Hardware and license of the Software does not, other than as expressly set forth herein, grant to or vest in Customer any right, title, or interest in such proprietary property. All patents, trademarks, copyrights, trade secrets, and other intellectual property rights, whether now owned or acquired by Hart with respect to the Products, are the sole and absolute property of Hart and its licensors. Customer shall not, under any circumstances, cause or permit the adaptation, conversion, reverse engineering, disassembly, or de-compilation of any Product(s), or copy, reproduce, modify, sell, license, or otherwise transfer any rights in any proprietary property of Hart. Further Customer shall not remove any trademark, copyright, or other proprietary or restrictive notices contained on any Hart user documentation, operator's manuals, and environmental specifications, and all copies will contain such notices as are on the original electronic media. All ideas, concepts, know-how, data processing techniques, documentation, diagrams, schematics, firmware, equipment architecture, software, improvements, bug fixes, updates, and trade secrets developed by Hart personnel (alone or jointly with others, including Customer) in connection with Hart Confidential Information, Verity system, and Hart Proprietary Software will be the exclusive property of Hart. For the purposes of this Agreement and the Contract, Hart Confidential Information includes, without limitation, all Software, the Documentation and support materials, and the terms and conditions of this Agreement and the Contract.
- 6.2. **Customer Suggestions and Recommendations.** Customer may propose, suggest, or recommend changes to the Products at any time. For purposes of clarity, Hart agrees to make modifications required pursuant to Section 1.5 (D) in the Statement of Work in accordance with the Contract. Such proposals, modifications, suggestions, or recommendations will become Hart's property and are hereby assigned to Hart. Hart may include any such proposals, modifications, suggestions, or recommendations, solely at Hart's option, in subsequent periodic Product updates, without



restriction or obligation. Subject to Section 1.5(D) in the Statement of Work, Hart is under no obligation to change, alter, or otherwise revise the Products according to Customer's proposals, suggestions, or recommendations.

- 6.3. **License Back** If Customer possesses or comes to possess a licensable or sub-licensable interest in any issued patent with claims that read upon the Verity system, its method of operation, or any component thereof, Customer hereby grants and promises to grant a perpetual, irrevocable, royalty-free, paid-up license, with right to sublicense, of such interest to Hart permitting Hart to make, have made, use, and sell materials or services within the scope of the patent claims, unless prohibited under Michigan law.

7. SOFTWARE SUPPORT SERVICES

- 7.1. **Description of Software Support Services.** Subject to the terms and conditions of this Agreement, Hart will provide Customer the Software Support Services described in Section 1.6 in the Statement of Work. Software Support Services under this Section do not cover any of the exclusions from warranty and support coverage as described under Section 8. If Hart, in its discretion, provides Software Support Services in addition to the services described under this Section, Customer will pay Hart for such services on a time-and-materials basis at Hart's then-prevailing rates, plus expenses, and for replacements at Hart's list prices, unless otherwise agreed in writing by Hart and Customer.

8. WARRANTY

- 8.1. **Limited Warranties.** The Hart Products carry the limited warranties set forth in Section [31] of the Contract, subject to any disclaimers or exclusions set forth therein.

- 8.2. **Exclusions from Warranty and Software Support Services.** The warranties under this Section and Software Support under Section 7 do not cover defects, errors, or malfunctions that are caused by any external causes, including, but not limited to, any of the following: (a) Customer's failure to follow operational, support, or storage instructions as set forth in applicable documentation; (b) the use of incompatible media, supplies, parts, or components; (c) modification or alteration of the Verity system, or its components, by Customer or third parties not authorized by Hart; (d) use of equipment or software not supplied or authorized by Hart; (e) external factors (including, without limitation, power failure, surges or electrical damage, fire or water damage, air conditioning failure, humidity control failure, or corrosive atmosphere harmful to electronic circuitry); (f) failure to maintain proper site specifications and environmental conditions; (g) negligence, accidents, abuse, neglect, misuse, or tampering; (h) improper or abnormal use or use under abnormal conditions; (i) use in a manner not authorized by this Agreement or use inconsistent with Hart's specifications and instructions; (j) use of software on Equipment that is not in good operating condition;; (l) servicing or support not authorized by Hart; or (m) Force Majeure. In any case where Hart Proprietary Software interfaces with third party software, including but not limited to, the Customer's voter registration system, non-Hart election management system, early voting validation system, non-Hart election systems, absentee envelope management systems, or other like systems, Hart will not be responsible for proper operation of any Software that interfaces with the third party software should such third party software be updated, replaced, modified, or altered in any way. Hart will also not be responsible for the proper operation of any Software running on Customer's computer equipment, should Customer install a new computer operating system on said equipment without advising Hart of such changes and receiving Hart's written approval. Hart will not be responsible for the proper operation of any Software should it be configured or operated in any manner contrary than that described herein. Professional Services and associated costs may be required in those situations where the Customer requests Hart's review and approval of any system changes outside the original system specifications within this Contract. Hart reserves the right to charge for repairs on a time-and-materials basis at Hart's then-prevailing rates, plus expenses, and for replacements at Hart's list prices caused by these exclusions from warranty and support coverage.

9. RESERVED.

10. CUSTOMER RESPONSIBILITIES

- 10.1. **Cooperation.** Customer agrees to cooperate with Hart and promptly perform Customer's responsibilities hereunder for the purposes of facilitating customer service. Customer will (a) provide adequate working and storage space for use by Hart personnel near the applicable Hardware; (b) provide Hart full access to the Hardware and Software and sufficient computer time, subject to Customer's security rules; (c) follow Hart's procedures for placing hardware warranty or software support service requests and determining if warranty remedial service is required; (d) follow Hart's instructions for obtaining hardware and software support and warranty services; (e) provide a memory dump and additional data in machine-readable form if requested; (f) reproduce suspected errors or malfunctions in Software; (g) provide timely



access to key Customer personnel and timely respond to Hart's questions; and (h) otherwise cooperate with Hart in its performance under this Agreement.

- 10.2. **Site Preparation.** Customer shall prepare and maintain the installation site in accordance with instructions provided by Hart. Customer is responsible for environmental requirements, electrical interconnections, and modifications to facilities for proper installation, in accordance with Hart's specifications. Any delays in preparation of the installation site will correspondingly extend Hart's delivery and installation deadlines.
- 10.3. **Site Maintenance; Proper Storage.** Customer shall maintain the appropriate operating environment, in accordance with Hart's specifications, for the Products and all communications equipment, telephone lines, electric lines, cabling, modems, air conditioning, and all other equipment and utilities necessary for the Products to operate properly. Customer shall properly store the Products when not in use.
- 10.4. **Use.** Customer is exclusively responsible for supervising, managing, and controlling its use of the Products, including, but not limited to, establishing operating procedures and audit controls, supervising its employees, making timely data backups, inputting data, ensuring the accuracy and security of data input and data output, monitoring the accuracy of information obtained, and managing the use of information and data obtained. Customer will ensure that its personnel are, at all times, educated and trained in the proper use and operation of the Products and that the Hardware and Software are used in accordance with applicable manuals, instructions, and specifications. Customer shall comply with all applicable laws, rules, and regulations with respect to its use of the Products.
- 10.5. **Backups.** Customer is solely responsible for timely data backups, and Customer will maintain backup data necessary to replace critical Customer data in the event of loss or damage to data from any cause. Hart is not liable for data loss.

11. TERM AND TERMINATION

11.1. Term.

The term of this Agreement is 10 years from the date of purchase, and any extension thereof by the State or Authorized User.

- 11.2. **Renewals.** Authorized Users' may renew License and Support Subscriptions for successive periods of one (1) year following the end of the Term upon mutual agreement of the parties. In such event, the parties will mutually agree to an addendum to this Agreement with respect to the terms and conditions applicable to such renewal term(s). Customer must pay the Annual Fee invoiced by Hart for such renewals. Each renewal License and Support Subscription term will be one (1) year, commencing on the expiration of the prior term and expiring on the immediately following anniversary date.
- 11.3. **Effect of Expiration and Termination.** Sections 4.2-4.3, 6, 8.2, 11.3, and 12-13 shall survive any termination or expiration of this Agreement. All other rights and obligations (including licenses) shall be of no further force or effect.

12. DISCLAIMERS AND LIMITATIONS OF LIABILITY

- 12.1. **Disclaimer of Warranty.** EXCEPT FOR THE EXPRESS LIMITED WARRANTIES APPLICABLE TO THE PRODUCT(S) AND/OR SERVICES REFERENCED IN SECTION 8 OF THIS AGREEMENT (WHICH REFERENCES SECTION 31 OF THE CONTRACT), TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, (A) THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE UNDER THIS AGREEMENT. FOR PURPOSES OF CLARITY, THE DISCLAIMERS SET FORTH IN SECTION 31(E) OF THE CONTRACT ALSO APPLY TO THIS AGREEMENT.
- 12.2. **Limitations of Liability.** THE LIMITATIONS OF LIABILITY SET FORTH IN SECTION 25 OF THE CONTRACT APPLY TO THIS AGREEMENT AND ARE HEREBY INCORPORATED BY REFERENCE HEREIN. FOR PURPOSES OF CLARITY, CLAIMS OF ANY KIND (WHETHER BASED IN CONTRACT, INDEMNITY, WARRANTY, TORT, STRICT LIABILITY OR OTHERWISE MADE OR ALLEGED UNDER THIS AGREEMENT WILL BE DEEMED TO BE CLAIMS UNDER THE CONTRACT (AND CLAIMS OF ANY KIND UNDER THE CONTRACT WILL BE DEEMED TO BE CLAIMS UNDER THIS AGREEMENT) AND PAYMENTS WITH RESPECT THERETO WILL COUNT TOWARD A PARTY'S MAXIMUM AGGREGATE LIABILITY UNDER THIS SECTION 12.2 AND SECTION 25 OF THE CONTRACT. THE PARTIES AGREE THAT THE LIABILITY AND WARRANTY LIMITATIONS SET FORTH IN THIS AGREEMENT AND THE CONTRACT ARE A REASONABLE ALLOCATION OF RISK AND LIABILITY CONSIDERING THE RESPECTIVE



BENEFITS OBTAINED HEREUNDER. THE FOREGOING LIMITATIONS SHALL APPLY NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY HEREIN.

13. GENERAL PROVISIONS

- 13.1. **Entire Agreement.** This Agreement is considered Schedule B of the Contract, and it, along with all other Schedules, Exhibits and Attachments to the Contract are the entire agreement between the parties with respect to the subject matter contemplated herein, and supersede all prior negotiations and oral agreements with respect thereto. Hart makes no representations or warranties with respect to this Agreement or its Products or Services that are not included herein. The use of preprinted Customer forms, such as purchase orders or acknowledgments, in connection with this Agreement is for convenience only and all preprinted terms and conditions stated thereon are void and of no effect. If any conflict exists between this Agreement, the Contract and any terms and conditions on a Customer purchase order, acknowledgment, or other Customer preprinted form, the terms and conditions of the Contract will govern; provided that Sections 4 and 6 of this Agreement will govern in the event of any such conflict. This Agreement may not be amended or waived except in writing signed by an officer of the party to be bound thereby.
- 13.2. **Interpretation.** This Agreement will be construed according to its fair meaning and not for or against either party. Headings are for reference purposes only and are not to be used in construing the Agreement. All words and phrases in this Agreement are to be construed to include the singular or plural number and the masculine, feminine, or neuter gender as the context requires.
- 13.3. **GOVERNING LAW.** THIS AGREEMENT WILL BE GOVERNED BY THE LAWS OF THE STATE OF MICHIGAN, WITHOUT REGARD TO ITS CONFLICT OF LAW PROVISIONS.
- 13.4. **Severability.** Whenever possible, each provision of this Agreement will be interpreted to be effective and valid under applicable law; but if any provision is found to be invalid, illegal, or unenforceable, then such provision or portion thereof will be modified to the extent necessary to render it legal, valid, and enforceable and have the intent and economic effect as close as possible to the invalid, illegal, or unenforceable provision. If it is not possible to modify the provision to render it legal, valid, and enforceable, then the provision will be severed from the rest of the Agreement and ignored. The invalidity, illegality, or unenforceability of any provision will not affect the validity, legality, or enforceability of any other provision of this Agreement, which will remain valid and binding.
- 13.5. **Compliance with Laws.** Customer and Hart shall comply with all federal, state, and local laws in the performance of this Agreement, including those governing use of the Products. Products provided under this Agreement may be subject to U.S. and other government export control regulations. Customer shall not export or re-export any Products.
- 13.6. **Trademarks.** Verity Election Office™, Verity Voting™, Verity Scan™, Verity Touch™, Verity Controller™, Verity Access™, Verity vDrive™, Verity Touch Writer™, Verity Ballot™, Verity Layout™, Verity Build™, Verity Count™, Verity Relay™, Verity Key™, and Verity Central™, and such other Product names indicated as trademarked names of Hart are trademarks of Hart.



Exhibit A

Definitions

"*Hart*" means Hart InterCivic, Inc., a Texas corporation.

"*Verity Access™*" means the audio tactile interface (ATI) CONTROLLER created by Hart as an add-on component to a Verity Touch™ that facilitates the performance of voting activities by disabled voters, for example, by providing an audio ballot presentation and/or accepting inputs from adaptive switch mechanisms that facilitate interaction with disabled voters, as needed.

"*Verity Print™*" means the device created by Hart for purposes of on-demand ballot printing; this device creates a blank paper ballot from the poll worker's selection of the voter's ballot style or precinct on the Verity Print interface.

"*Verity Controller™*" is a polling place management console capable of interacting with one or more Verity Touch™ devices by transmitting and receiving signals that manage an election, e.g., by opening and closing the polls, providing or recording an audit trail of system events during an election, storing cast ballot data, and applying data security and integrity algorithms.

"*Verity Scan™*" means the Verity Scan™ device created by Hart, consisting of an in-person digital ballot imaging device. The single-feed scanner transports and scans both sides of a ballot simultaneously, and it is securely attached to a ballot box that provides for secure ballot storage and transport.

"*Verity Election Office*" means Hart InterCivic's software platform that can accommodate a variety of election administration applications and is designed for interoperability with Verity Voting Hardware and Software.

"*Verity Touch™*" means the Verity Touch™ electronic voting device created by Hart. Verity Touch devices consist of hardware including an electronically configurable voting station that permits a voter to cast votes by direct interaction, which voting station in its present configuration created by Hart comprises an electronically configurable touchscreen liquid crystal display (LCD) panel for use in displaying ballot images, and options for tactile input buttons that facilitate voter options for selecting ballot choices and casting a ballot.

"*Verity Touch Writer™*" means the device created by Hart for ballot-marking functions. Touch Writer creates a paper marked ballot from the voter's selections on the electronic interface or the Verity Access ATI controller.

"*Verity Voting*" means Hart InterCivic's family of voting system components designed to conform to federal voting system standards.

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Exhibit B

HART PROPRIETARY AND SUBLICENSED SOFTWARE

Hart Proprietary Software Licensed to Customer via annual subscription:

ITEM NUMBER	DESCRIPTION	NUMBER OF LICENSES
Verity Scan	Ballot scanner	26
Verity Touch Writer	Ballot marking device	20
Verity Central	Central scanning software	1
Verity Count	Tabulation software	1
Verity Data and Build	Election creation software	0
Verity Relay	Transmission software	0

Licensed Location is the jurisdiction named on the signature page of this Agreement.

Software Sublicensed to Customer via annual subscription:

None

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STATE OF MICHIGAN

Contract No. 071B7700128
Voting System Hardware, Firmware, Software and Service

SCHEDULE C PRICING

1. The pricing schedule for the Contract Activities is in the cost tables on the following pages.
2. Pricing encompasses 5 separate tables (attached):
 - Cost Table 1. Precinct Tabulators and Accessible Voting Systems
 - Cost Table 2. Election Management System (EMS) Software –License Fee and Extended Service / Maintenance (NOTE: this cost table has 2 parts: Tables 2a and 2b)
 - Cost Table 3. OPTIONAL ITEM – High Speed AVCB Tabulator
 - Cost Table 4. Component Replacement / Additional Parts
 - Cost Table 5: Additional Options/Costs – EMS Network Configuration options - The Contractor has standard third party network configurations and related pricing for use by counties and select local jurisdictions in implementing Election Management Systems (EMS) for the following environments: Accumulation Only; Full EMS; Accumulation Only with moderning; and Full EMS with moderning. Orders for these configuration components will be handled and negotiated separately between the Contractor and their individual customers.
3. **Prices include all costs**, including but not limited to any one-time or set-up charges, fees, and potential costs that Contractor may charge the State/Authorized User (e.g., shipping and handling, per-piece pricing, and palletizing). **Any element of the Contractor's system with an associated cost (including optional system features) must be listed and included in one of the Cost Tables available.**
4. Prices listed are fixed for the contract term, and represent the maximum prices per item. Notwithstanding the foregoing, the Contractor is authorized to negotiate pricing with individual counties that are lower than the prices listed here. Any and all lower negotiated prices must be communicated to the Program Manager immediately as they are finalized. Additionally, price changes may be proposed at the end of the initial service and maintenance period, (acquisition year + 4 years) for component replacement/additional parts only (Cost Table 4).



Cost Table 1. Precinct Tabulators and Accessible Voting Systems

	PURCHASE AND INITIAL SERVICE / MAINTENANCE PERIOD (ACQUISITION YEAR + 4 YEARS)			EXTENDED SERVICE / MAINTENANCE PERIOD (ANNUAL PAYMENT – UP TO 5 ADDITIONAL YEARS)
	Per-Unit Purchase Price	Incentive Program (existing equipment per-unit trade-in discount) See Schedule A Section 1.9	Per-Unit Purchase Price with Discount	Per-Unit Annual Extended Service/Maintenance Price
Precinct Tabulators – <ul style="list-style-type: none"> • 1 at State level (no charge) • 1 per county • 1 per precinct • AVCB Tabulators 	\$5,501.00	\$1.00	\$5,500.00	\$564.00
Accessible Voting System (1 per polling place)*	\$4,501.00	\$1.00	\$4,500.00	\$515.00
vDrive (Memory Device) - 1 per voting device	\$45.00	\$0.00	\$45.00	N/A
Verity Key (Security Device) 1 per jurisdiction	\$80.00	\$0.00	\$80.00	N/A
6 Bay Battery Charger - 1 per County / State	\$540.00	\$0.00	\$540.00	N/A

*Polling places with more than 2 precincts may receive an additional accessible voting system.

Notes

*Hart will offer a \$1.00 trade in-discount for current voting equipment. This is reflected in Schedule C, Pricing. Hart will also remove old voting systems for counties that wish to salvage their old equipment. Hart will not resell the equipment, but will have it salvaged in an environmentally responsible manner at no cost to the counties.

**Pricing for Precinct Tabulator includes the following: Verity Scan voting unit with Relay (electronic transmission), Ballot Box with transport bag and privacy screens. Price includes acquisition year plus 4 years of service / maintenance (includes warranty coverage).

**Pricing for Accessible Voting System includes the following: Verity Touch Writer with Access ballot marking device, accessible voting booth, Okidata B431 ballot printer and printer table. Price includes acquisition year plus 4 years of service / maintenance (includes warranty coverage)

***Per-Unit Annual Extended Service/Maintenance Price (includes warranty coverage) covers years 6 through 10. Years 1 through 5 are covered with initial purchase

**Cost Table 2. Election Management System (EMS) Software –SOFTWARE LICENSE FEE; INITIAL AND EXTENDED SERVICE / MAINTENANCE**

Two cost tables are included in this section (2a and 2b). Several clarifying notes are provided with respect to EMS Pricing.

EMS costs will be applicable to counties, as well as select local jurisdictions. Each county will select either:

- 1) **Full EMS (“Program Your Own”)**, for counties that fully program their elections internally (without reliance on the voting system Contractor/subcontractor); or
 - 2) **Accumulation-Only EMS**, for counties that rely on the voting system Contractor/subcontractor for programming; the accumulation-only functionality for these counties shall include the capability to burn media, read media, transmit results and produce accumulation reports.
- The Accumulation-Only version of EMS will also be available to local jurisdictions statewide. While each county will acquire either Full EMS or Accumulation-Only EMS), local cities and townships (local jurisdictions) will have the option to acquire a copy of Accumulation Only EMS. A statewide EMS purchase for local jurisdictions is **not** planned. Costs for Accumulation-Only EMS for local jurisdictions will be included in the total EMS license fee for the respective county.
 - The EMS License fee is included in the initial payment in year 1, and covers the entire contract term. The initial payment also covers the initial service and maintenance period (acquisition year, plus 4 additional years). The extended service/maintenance period covers an additional 5 years, after the expiration of the initial service and maintenance period. During the extended service/maintenance period (years 6-10), counties have the option of selecting either an annual fee or an hourly technical support rate. See **Table 2b** for additional information on extended service/maintenance costs and options.
 - NOTE: Additional EMS component costs are listed in **Cost Table 4**. Also, **Cost Table 5** includes costs for required/recommended EMS Network components, for several possible network configurations. These additional EMS component and network costs are the sole responsibility of the county/local jurisdiction.



Cost Table 2a – Base EMS Price (Software License Fee + Initial Service/Maintenance)

	EMS SOFTWARE LICENSE FEE (INCLUDES INITIAL SERVICE / MAINTENANCE FOR ACQUISITION YEAR + 4 ADDITIONAL YEARS)
Category	EMS Initial License Fee* (price per copy)
County Option 1: Full EMS	\$218,920.00
County Option 2: Accumulation Only	\$49,750.00
Local Jurisdiction EMS: Accumulation-Only	\$0.00

Notes

* **Full EMS** includes the following: 1 license of Verity Build (used for election definition), 1 license Verity Data (used for data management) and 1 license of Verity Count (used for accumulation - tabulation and reporting). Price includes 10 years of software licensing fees and 5 years of service / maintenance (includes warranty coverage)

* **Accumulation Only** includes the following: 1 license of Verity Count (used for accumulation - tabulation and reporting). Price includes 10 years of software licensing fees and 5 years of service / maintenance (includes warranty coverage)

** See Cost Table 5 for required software accessories



Cost Table 2b – EMS Extended Service / Maintenance Fees

NOTE: For EMS extended service / maintenance, counties have the option to choose either a flat annual rate or an hourly technical support rate. These rates shall be the same for all counties for each option (one set price for Full EMS, one set price for Accumulation-Only EMS).

	EMS EXTENDED SERVICE / MAINTENANCE PERIOD (UP TO 5 ADDITIONAL YEARS)	
	OPTION 1: ANNUAL COUNTY EMS SUPPORT PAYMENT	OPTION 2: HOURLY TECHNICAL SUPPORT RATE
	EMS Extended Service / Maintenance Annual Payment Option (annual price per county)	EMS Extended Service / Maintenance Hourly Technical Support Rate Option for Counties
County Option 1: Full EMS*	\$2,000.00	\$375.00
County Option 2: Accumulation-Only*	\$1,000.00	\$375.00

* Per-County Annual Extended Service/Maintenance Price (includes warranty coverage) covers years 6 through 10. Years 1 through 5 are covered with initial purchase.



Cost Table 3. OPTIONAL ITEM – High Speed AVCB Tabulator

	Hardware COTS? (Y/N)	Additional Hardware / Software Required? (Y/N)**	Processing Speed (Ballots per Minute)	Per-Unit Purchase Price (includes Service / Maintenance for acquisition year + 4 years)	Annual Per-Unit Extended Service / Maintenance Price (5 additional years)
High Speed AVCB Tabulator*	Y	N	130	\$121,295.00	\$15,490.00

***NOTES:**

- The AVCB tabulators are utilized at the local jurisdiction (city/township) level, not at the county level.
- * The bundled solution includes 1 Canon DRG 1130 scanner, 1 HPZ230 workstation PC w/ monitor and 1 license of Verity Central software. Price includes acquisition year plus 4 years of service / maintenance and warranty coverage
- * The above configuration is recommended for jurisdictions with more than 100K registered voters. Jurisdictions with between 50K and 99K voters can select a lower-priced scanner and software package. If the jurisdiction has fewer than 49K registered voters, we recommend the use of the precinct scanner to process by-mail ballots.

Recommended AVCB Configuration Options				
Description	Per-Unit Purchase Price (includes Service / Maintenance for acquisition year + 4 years)			
	Ballots Scan Per Min	Large Jurisdiction (100K + RV)**	Medium Jurisdiction (99K - 50K RV)**	Small Jurisdiction (49K and Less RV)
Central Scan Unit (Canon DRG 1130)	130	\$13,000.00		Use existing precinct scanner
Central Scan Unit (Canon DRG 1100)	100		\$11,190.00	
Verity Workstation with Monitor		\$4,000.00	\$4,000.00	
Verity Central Software License		\$104,170.00	\$72,920.00	
vDrive		\$45.00	\$45.00	
Verity Key		\$80.00	\$80.00	
AVCB Grand Total		\$121,295.00	\$88,235.00	
** Price includes acquisition year plus 4 years of service/maintenance and warranty coverage				



Cost Table 4. Component Replacement / Additional Parts

All applicable and available component parts for the Contractor's system is listed below. For each component part, the Contractor has identified the source for obtaining the part and whether the part is available commercially off the shelf (COTS).

NOTE: If alternative purchase sources are available, the State, counties and local jurisdictions reserve the right to purchase from those sources.

Contractor must also list all other system features available in their proposed system, if the cost for such features have not been included elsewhere in this Cost Proposal.

Product	Estimated Life (Years)	Purchase Source (Indicate if COTS)	Per-Unit Price
Consumable Items			
Thermal Printer Rolls (Archival Grade)	2	Hart	\$0.66
Toner Cartridge, Okidata B431D, Black	2	COTS	\$165.00
Toner Cartridge, Okidata C831, Black	2	COTS	\$130.00
Toner Cartridge, Okidata C831, CYAN	2	COTS	\$300.00
Toner Cartridge, Okidata C831, Magenta	2	COTS	\$300.00
Toner Cartridge, Okidata C831, Yellow	2	COTS	\$300.00
Toner Cartridge, Okidata C911, Black	2	COTS	\$130.00
Toner Cartridge, Okidata C911, CYAN	2	COTS	\$515.00
Toner Cartridge, Okidata C911, Magenta	2	COTS	\$515.00
Toner Cartridge, Okidata C911, Yellow	2	COTS	\$515.00
Printer Drum Kit, Okidata C911, Black	2	COTS	\$370.00
Printer Drum Kit, Okidata C831, Black	2	COTS	\$175.00
Printer Drum Kit, Okidata B431D, Black	2	COTS	\$175.00
Headphone Covers (Box of 100)	0	COTS	\$31.50
Okidata B431D Printer w/ Cartridge	2	Hart	\$325.00
Okidata C831 Ballot Printer with Starter Cartridges	5	Hart	\$4,000.00
Okidata C911 Ballot Printer with Starter Cartridges	5	Hart	\$6,000.00
Optional and Replacement Items			
Ballot Overlay Templates	10	Hart	\$110.00
vDrive (Memory Device)	5	Hart	\$45.00
Verity Key	5	Hart	\$80.00
Verity Workstation	7	Hart	\$3,650.00
Accessible Booth Transport Bag	10	Hart	\$85.00
Accessible Voting Unit Printer Stand	10	Hart	\$50.00
Ballot Box Transport Bag	10	Hart	\$60.00
1 Bay Battery Charger	10	Hart	\$185.00
6 Bay Battery Charger	10	Hart	\$540.00
23" Flat Panel Monitor	7	Hart	\$350.00
Okidata B431D Printer w/ Cartridge	2	Hart	\$325.00
Canon DR-G1130 Central Scanner	5	Hart	\$10,000.00
Canon DR-G1100 Central Scanner	5	Hart	\$7,500.00
Corrugated Plastic Transport Case for Printer	10	Hart	\$70.00
Corrugated Plastic Transport Case for Verity Voting Device	10	Hart	\$70.00
Relay Modem Kit	10	Hart	\$500.00
Ethernet Cable	10	Hart or COTS	\$20.00
Hard Drive, 1 TB	10	Hart	\$450.00
Jelly Switches	10	COTS	\$183.70
Network Switch	10	Hart	\$80.00
Verity Voting Device Battery	5	Hart	\$102.00



Privacy Screen (Black)	10	Hart	\$15.00
Verity AC Power Cord	10	Hart	\$4.60
Verity AC/DC Power Supply	10	Hart	\$100.00
Verity Access Custom USB Printer Cable	10	Hart	\$10.00
Verity Accessible Booth w/ Transport Bag and Privacy Screens	10	Hart	\$430.00
Verity Ballot Box w/ Transport Bag and Privacy Screens	10	Hart	\$535.00
Verity Caddy Cover	10	Hart	\$250.00
Verity Caddy with Casters	10	Hart	\$740.00
Verity Headphones for Access Device	5	Hart	\$20.00
USB Extension Cable	5	COTS	\$21.50
Verity Headset (Headphones with Microphone)	5	Hart	\$40.00



Cost Table 5

Additional Software Requirements

Description	Unit Price
Verity Key (Security Device, 1 per 25 workstations)	\$80.00
Verity Workstation (Without Monitor, Includes 10 Years of Warranty and Maintenance, 1 per software license)	\$4,000.00
Verity Relay Software (For Electronic Transmission, Includes 10 Years of Licensing Fees), County Level*	\$17,180.00

*Hart will work with each county to determine final quantity of Relay Software based on county specifications.

Contractor pre-configures Verity PCs and delivers all hardware as a preinstalled system. The following minimum system requirements apply to the PCs that run both the full EMS and accumulation-only EMS options:

- Processor - X86 compatible, 3.0 GHz, Quad Core
- Memory - 8GB
- Operating System - Windows Embedded Standard 7
- CD/DVD Drive - 8x DVD +/- RW slim line
- Application Disk Storage - RAID 1 hard drives, removable (key locked)
- Monitor Resolution - 1600 x 900 at 60 Hz
- Network Connection - Ethernet 100Mb/1Gb
- Other - 4 USB ports, USB mouse and keyboard, wireless prohibited

Voting System Implementation Service (Estimated)

Description	Small County (49K and Less RV)	Medium County (50K - 99K RV)	Large County (100K+ RV)
Total Days (Estimated)*	12	18	30
Daily Rate	\$2,000.00	\$2,000.00	\$2,000.00
Total Cost	\$24,000.00	\$36,000.00	\$60,000.00

* Total days are subject to change based on specific county requirements.

Typical activities included in Implementation Services: Comprehensive training on all hardware and software, Election Day Support (1st Election), Logic and Accuracy Testing and other services needed to implement a full scope election system.