

PROFESSIONAL SERVICES AGREEMENT

Contractor: CGI TECHNOLOGIES AND SOLUTIONS INC.

Regarding: FMS 2.0 PROJECT (SMS REPLACEMENT)

Agreement Number:

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AGREEMENT NUMBER _____
BETWEEN THE CITY OF LOS ANGELES
AND
CGI TECHNOLOGIES AND SOLUTIONS INC.
FOR THE FMS 2.0 PROJECT

THIS AGREEMENT is made and entered into by and between the City of Los Angeles, California, a municipal corporation (hereinafter referred to as the "City"), and CGI Technologies and Solutions Inc. (hereinafter referred to as "Contractor" or "CGI").

WHEREAS, Contractor has submitted a proposal to upgrade, install, and implement CGI's Advantage Procurement, Inventory, and Vendor Self Service solution as part of the City's Financial Management System; and

WHEREAS, Contractor has extensive experience in the provision of licensing and implementation services associated with state and local government Procurement Systems;

WHEREAS, the parties hereto wish to enter into an agreement pursuant to which Contractor shall perform the work and furnish the deliverables as described herein for consideration and upon the terms and conditions as hereinafter provided; and

NOW THEREFORE, in consideration of the above premises and of the terms, covenants and considerations set forth herein, the parties agree as follows:

1. PARTIES TO THE AGREEMENT AND REPRESENTATIVES

1.1 Parties to the Agreement

The parties to this Agreement are:

City – The City of Los Angeles, a municipal corporation, having its principal office at 200 North Spring Street, Los Angeles, California, 90012.

and

Contractor – CGI Technologies and Solutions Inc., 11325 Random Hills Road, Fairfax, Virginia 22030.

1.2 Representatives of the Parties

The representatives of the parties who are authorized to administer this Agreement and to whom formal notices, demands and communications will be given are as follows:

The City's representative is, unless otherwise stated in this Agreement:

Mr. Steve Reneker
General Manager and Chief Technology Officer
Information Technology Agency
200 N. Main Street, 14th Floor

Los Angeles, CA 90012-4116
(213) 978-3311 Phone Number
(213) 978-3310 Facsimile Number

Contractor's representative is, unless otherwise stated in this Agreement:

Dave Delgado
Senior Vice-President
707 Wilshire Boulevard, Suite 4325
Los Angeles, CA, 90017
(213) 239-5300 Phone Number
(213) 239-5301 Facsimile Number

With copies to:

Office of General Counsel
11325 Random Hills Road
Fairfax, Virginia 22030
(703) 267-8000 Phone Number
(703) 267-5111 Facsimile Number

Formal notices, demands and communications to be given hereunder by either party must be made in writing and may be effected by personal delivery or by registered or certified mail, postage prepaid, return receipt requested and will be deemed communicated as of the date of mailing.

If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice will be given in accord with this Section, within five (5) working days of said change.

2. ACCEPTANCE OF DELIVERABLES BY CITY

2.1 ACCEPTANCE

2.1.1 Unless otherwise agreed in writing by City, the City's Project Manager, on behalf of City, shall have the right to review each Deliverable to be provided by Contractor under this Agreement, upon written notification by Contractor to City that such Deliverable is ready for review, and shall have the right to either accept or reject such Deliverable in accordance with the criteria for acceptance and process for review of Deliverables that are mutually agreed to and made part of the Project Control Document. Payment for any such Deliverables will be made, as specified in Section 17 (Payment Terms), in arrears after City's Acceptance of such Deliverable.

2.2 SYSTEM USER ACCEPTANCE TESTING

2.2.1 User Acceptance of System Deliverables

Upon Contractor's notification to City that the System is ready for user acceptance testing, City will begin testing the System in a non-production environment using the testing procedures, timeframes, and standards set forth in this Section 2.2, Exhibit A (Statement of Work), the Project Control Document, and/or such other standards and procedures as are mutually agreed upon in writing ("User Acceptance Test Procedures"), to determine whether the System meets, all applicable Specifications and acceptance criteria set forth in User Acceptance Test Procedures without Deficiencies ("Pre-Live Testing"). The Pre-Live Testing period for the System will be thirty (30) days unless otherwise stated in the Statement of Work or mutually agreed upon Project Plan ("Acceptance Period"). During the Acceptance Period City will promptly notify Contractor of any Deficiencies in the System. After City has completed the Pre-Live Testing for the System, City will either notify Contractor in writing of its "Final Acceptance" of the System, or if City determines (as a result of the foregoing testing or in any other manner) that the System has remaining Deficiencies, then City will deliver to Contractor a report describing the Deficiencies remaining at the end of the Acceptance Period ("Outstanding Deficiency Notice"). Contractor shall correct each such Deficiency within fifteen (15) calendar days after receiving such notice, or if any Deficiency is one that is not capable of being corrected within the fifteen (15) day period, then within such longer period of time as mutually agreed to by the parties, and thereafter City may re-test the System in accordance with Subsection 2.3 (Failed System Testing). If City fails to provide written notice of Final Acceptance or an Outstanding Deficiency Notice within the requisite Acceptance Period or any Retest Period (as defined in Subsection 2.3 below), as the case may be, Contractor will provide City with a notice reminding City that the Acceptance Period or Retest Period, as the case may be, has expired ("Reminder Notice") and City shall then have three (3) additional business days to provide the required notice, failing which, a "Provisional Acceptance" will be deemed to have occurred. In the event of any Provisional Acceptance, Contractor shall be entitled to consider the Deliverable Conditionally Accepted solely for the purpose of invoicing City for completed Milestones. However, if City subsequently rejects such Deliverable: (i) Contractor shall be required to correct the identified Deficiencies pursuant to Subsection 2.3; and (ii) Contractor may, within ten (10) business days after Contractor's receipt of the City's written notice of rejection, prepare and submit a written proposal for a Change Notice to account for any impact on the Project Price and/or on the Project Schedule that has resulted from City's delayed rejection of the subject Deliverable. The City agrees that, upon completion of the Pre-Live Testing of the System as a whole, Go-Live will occur, provided there remains no uncorrected Severity Level 1 or Severity Level 2 Deficiency (and no combination of lower level Deficiencies that in the aggregate can be Severity Level 1 or Severity Level 2 Deficiency). Use of the System Go-Live shall be deemed Final Acceptance and if there remain any

Deficiencies upon Go-Live, Contractor shall diligently work to correct such errors in accordance with Section 25 (Warranty).

2.2.2 Deficiency Corrections

Contractor shall correct any Deficiencies not corrected at the expiration of the applicable Warranty Period in accordance with the timeframes specified in the Proprietary Software Maintenance Agreement entered into between the City and CGI dated on or about September 1, 2008 ("Maintenance Agreement"). Whenever this Agreement contains a reference to a correction that is not being made to the Baseline Software, such correction shall be made not later than when a Deficiency at the same severity level in the Baseline Software would be required to be made under the Maintenance Agreement.

2.2.3 Test Criteria

Test criteria shall be as mutually agreed in the Statement of Work and/or the Project Control Document.

2.2.4 Software Versions

For purposes of Acceptance of the System, the System will be implemented with the most current version of the Baseline Software as of the Freeze Date. The parties acknowledge and agree that Contractor may apply emergency software patches and/or sub-releases during the time period between the Freeze Date and Go-Live.

In order to preserve the Go-Live date, the parties will mutually agree on a Freeze Date to be identified in the Project Plan. The "Freeze Date" is the date after which the City may not request any additional modifications to the Software or related materials as well as the date that will determine the exact version of the CGI Advantage software to be placed into live production operations. Notwithstanding anything contained in this Agreement to the contrary, if CGI issues a new release of the Software after the Freeze Date but prior to Final Acceptance, CGI will provide the update to the City following Final Acceptance; provided, however, implementation of any such update after the Freeze Date shall be pursuant to the Change Management Process.

2.3 FAILED SYSTEM TESTING:

If the System has not successfully completed User Acceptance Testing (as detailed in Exhibit A), City's Project Manager (or his designee) will notify Contractor, of such failure, specifying with as much detail as possible the manner in which the System failed to pass such testing. Contractor shall immediately

commence and diligently proceed to correct as quickly as possible the identified Deficiencies and to permit the System to be ready for retesting. In any event, such corrections shall be completed within fifteen (15) calendar days, except where the corrections are not capable of being made within such 15-day period, in which case Contractor will develop and submit, as promptly as possible but in any event within such 15-day period, for City's written approval, a plan for correction. Such plan shall include a deadline for completing the corrections, and City's approval of such plan will not be unreasonably withheld. In the event that City approves Contractor's plan, Contractor shall diligently proceed with corrections in accordance with the approved plan and shall complete such corrections by the deadline specified therein. Contractor shall promptly notify City's Project Manager, in writing, when such corrections, repairs and modifications have been completed, and the applicable testing shall begin again, provided that in the event any such retesting is to be performed City shall have the right to modify or supplement such testing as it deems appropriate to ensure that any Deficiencies in the System have in fact been corrected, both for the failed scenario and for use in scenarios beyond any presented in the previously failed testing. The amount of time during which City may retest the System (the "Retest Period") shall be mutually determined by the parties based on the nature of the Deficiencies that were to have been corrected, the possibility that the corrections may have affected other functionality or performance of the System and similar considerations, but in any event will not exceed the initial testing period. If, after such retesting (including any such modifications or supplements) has been completed for a second time, City's Project Manager makes a good faith determination that the System or System component again fails to pass the subject testing, City's Project Manager (or his designee) will notify Contractor, specifying with as much detail as possible the manner in which the System failed to pass the retesting. Such procedure shall continue for a reasonable period of time, subject to City's rights under Section 22 (Term/Termination), until such time as City notifies Contractor in writing either: (i) of the successful completion of such testing; or (ii) that City has concluded in its sole and reasonable judgment that satisfactory progress toward correction of outstanding Deficiencies in the System is not being made, in which latter event City shall have the right to make a determination that a material default has occurred and to terminate this Agreement in accordance with Subsection 22.5 (Termination for Change in Control) on the basis of such default. Such a termination by City may be, in City's sole judgment, either: (i) a termination with respect to one or more System components or (ii) if City believes that the failure to pass the applicable testing affects the functionality, performance or desirability to City of the System as a whole, the entire Agreement. The foregoing is without prejudice to any other rights that may accrue to City or Contractor under the terms of this Agreement or by law. Notwithstanding anything to the contrary, no expiration of this Agreement, or termination of this Agreement or any portion thereof by either party, shall affect any of the software licenses granted to or obtained by City under the Amended and Restated Proprietary Software License Agreement entered into between the City and CGI dated on or about September 1, 2008 ("License Agreement") or for