

1. EXECUTIVE SUMMARY

You can confidently select AssetWorks Risk Management Inc. as a partner to conduct your on-site inventory and valuation for the following reasons:

- We have been in the business of fixed asset inventory and valuation for more than 30 years and have the reputation of being the “best of class” provider. We are already a trusted partner with entities across the United who have employed our services in years past.
- AssetWorks is the technology pioneer in property valuation. We have the most advanced system in the business (AssetMAXX™) and offer a perpetuation capability that minimizes the cost of ongoing property valuations.
- We have successfully provided property valuation and appraisal services for more than 5,000 entities across the United States, Europe, and Puerto Rico.



AssetWorks is a wholly owned subsidiary of Constellation Software, Inc. Constellation Software, Inc. is an international provider of market-leading software and services to a variety of industries, across both public and private sectors. The company was founded in 1995 and has a large, diverse customer base of 80,000 customers, operating in over 100 countries around the world. Constellation is an extremely healthy organization, with consolidated revenues exceeding US \$6.6B in 2022.

AssetWORKS AssetWorks is an industry-leading provider of technology and consulting solutions for asset and infrastructure intensive organizations in government, education, utilities, telecommunications, transportation, healthcare, and the commercial sector. Our suite of Enterprise Asset Management (EAM) software solutions and professional consulting services enable organizations to improve maintenance practices, streamline operations, and improve accountability for mission-critical capital and infrastructure assets.

Leveraging the latest Internet, e-commerce, and mobile computing technologies, our software and industry leading expertise help our customers maximize resource utilization, improve service delivery, and achieve substantial and measurable cost savings. Whether you are doing more with fewer resources or managing more assets with the same resources, AssetWorks provides a complete solution.



AssetWorks offers asset management solutions that embrace all aspects of capital asset and real property tracking, valuation, and reporting. Our innovative solutions help organizations to vastly improve GASB34/35 compliance, generate detailed financial reports, carry out depreciation and capitalization modeling, track property disposal, generate property insurance reports, and much more.

2. BENEFITS & FEATURES OF THE ASSETWORKS SOLUTION

2.1 CONFIDENCE IN HIGH QUALITY

AssetWorks has identified 'quality' as being the primary focus in all projects. Quality work results in a highly satisfied client and has been the basis of our success. Systems in place lead to shorter study periods, reliable data, minimized rework and a more useful reporting tool. The five stages of quality control include:

- Project Design & Implementation Plan – Project Director
- Daily Data Review – Project Manager
- Finalized Data Review – Regional Manager
- Preliminary Reports Review – Client
- Data Integrity Review – ISG Processor

Our aggressive quality control regime is led by a corporate philosophy of "Quality First, Profitability Second". Annual client surveys along with the partnerships with long-term clients have taught that this is never to be overlooked.

2.2 EXPERIENCED PERSONNEL

The core of our success is our dedicated and qualified personnel. Our asset services professional staff is comprised of consultants possessing backgrounds in a wide range of specialties, including architecture, engineering, construction estimating, accounting, real estate, finance, and business management. Members of our staff maintain affiliations with various professional associations focusing on the American Society of Appraisers (ASA). AssetWorks has a unique combination of highly skilled professionals and cutting-edge technology that allows us to assess, execute, and support each client's specific valuation requirements in a professional, timely, and cost-effective manner.

2.3 VALUE-ADDED SOFTWARE & TECHNOLOGY

AssetWorks internally designed and built the AssetMAXX system, a web-based application enabling clients to track, access and maintain their asset/property data. Insurance and accounting reporting is made possible for the client through this system. Template reports and Ad-Hoc reports provide flexibility and a customized aspect to AssetMAXX. Annual perpetuation of data saves time and money for our clients and makes the annual reporting process a much simpler task. The increased reliance on modern information technology (versus manual processes) was a core component of the reengineering of our practice.

2.4 STRONG & STABLE FINANCIAL PARTNER

It is important to have confidence in the commitments made to you and AssetWorks has the strength and stability to guarantee. Our group has been successful since 1989 performing the same services. This is a high integrity, public company that is a part of the Toronto Stock Exchange. Open books and open disclosure along with strong finances provide for an environment of quality, honesty, and commitment.

3. PROJECT SCOPE AND PROCEDURES

3.1 PROJECT APPROACH

AssetMAXX Software - Setup and Data Conversion

Prior to starting the physical inventory portion of the project, AssetWorks will set up the AssetMAXX system and successfully convert all legacy fixed asset data. This is a key step in the process because it will help the customer to establish a baseline fixed asset inventory database as well as properly track and report on exception assets such as disposals which are important for audit compliance. AssetMAXX will be utilized by AssetWorks staff to conduct the on-site inventory. This process will include the following steps:

1. Customer provides AssetWorks with legacy fixed asset data. MS Excel or comma delimited format is preferred.
2. AssetWorks reviews the data file(s) and works with the customer to get the data in the best possible format for import. Assignment of database code numbers and associated descriptions for locations, buildings, and classification codes will be established.
3. AssetWorks sets up the AssetMAXX system and all users.
4. AssetWorks maps all fixed asset fields with the fields in AssetMAXX for import.
5. Upon approval of the data mapping, AssetWorks imports all data to the AssetMAXX system.

Project 'Kickoff' Meeting

Our project team will hold a comprehensive project-planning meeting with your representatives in advance to the start of the fieldwork. We advise that members of the administrative staff or other directly involved personnel attend this meeting.

Topics of discussion include confirmation of project scope and time frames, clarification of assets to be verified, the physical inventory schedule, accessibility to buildings, contact person at each building or location, and the availability and use of original purchase records. The meeting lays the foundation for the methods and procedures used in perpetuating records upon completion of the inventory and delivery of the reports.

Client Staff Expectations

AssetWorks believes that clients retain our services with the expectation that AssetWorks staff, as paid professionals, and consultants, will perform the necessary tasks in a high-quality manner to successfully complete the project on time. We do, of course, view our clients as active participants and anticipate their assistance with the following:

- **Pre-Project Planning and Announcement** – AssetWorks will identify key items to have prepared for the project kickoff meeting. We ask that you prepare a memo for staff members to announce the project, give the general purpose, and time frame.
- **Access to All Sites** – AssetWorks appraisers will be granted access to all sites and buildings based on a mutually agreed upon appraisal schedule.
- **Timely production of customer supplied data** – Certain types of assets or pieces of financial information such as capital improvement projects, licensed vehicles, or land parcel information

are required for financial reporting purposes. AssetWorks will need this information supplied in a timely manner or it will not be possible to achieve on-time completion of the project.

Project 'Closeout' Meeting

Upon completion of the on-site investigation, the AssetWorks project manager will conduct a final closeout meeting with your staff. The focus is to ensure that all sites and properties have been accounted for and to answer any questions that you might have. This is also the time at which your staff should ensure that they have transferred all client supplied data to the project manager. Later delivery of data could delay final report processing.

3.2 INVENTORY & VALUATION PROCEDURES

Buildings & Structures

The buildings/structures subject to our survey will be carefully inspected and measured. Professional AssetWorks appraisers will independently calculate the square foot area of each building appraised through the review of "as-built" blueprints or physically measuring each building. Building photographs will be prepared for each structure to become part of our proof-of-loss documentation, in addition to assisting with the valuation efforts. A description for each building will be developed and recorded, depicting construction type and materials utilized.

Primary Construction, Occupancy, Protection, and Exposure (COPE) data include:

- a) Occupancy Type
- b) Construction/ISO Class
- c) Framing
- d) Roofing
- e) Ceiling
- f) Exterior Walls
- g) Square Footage
- h) Foundation/Footings
- i) Condition
- j) Construction Date
- k) Heating/Cooling Systems
- l) Electrical
- m) Plumbing
- n) Elevators
- o) Identify Protection Systems
- p) Additional Features
- q) GPS Coordinates
- r) Flood Zone Classifications

During the office valuation portion of the engagement, property exclusions (those items not typically covered by an insurance policy) will be segregated to properly report the site preparation and excavation, footings and foundations, and a portion of plumbing costs (below grade).

Construction/ISO Classifications

In addition to the analysis of individual building components, construction classes will also be recorded. ISO classes 1-6, as defined by the Commercial Fire Rating Schedule (CFRS) are defined in terms of the Marshall and Swift construction classes as follows:

<u>ISO Class</u>	<u>M&S Class</u>	<u>Description</u>
1	D	Frame/Combustible
2	C	Joisted Masonry
3	S	Noncombustible
4	C	Masonry Noncombustible
5	A	Modified Fire Resistive
6	B	Fire Resistive

Capital Improvements

In addition, capital improvements that extend the useful life of a building (i.e., roofing projects, energy projects, remodeling, and replacing major building components) should be capitalized and become a part of the statement of assets for purposes of complying with GASB 34. To ensure that these assets are recognized and recorded, AssetWorks will document recent capital project data as the customer supplies it. This information will include:

- a) Project Description
- b) Project Cost
- c) Year Completed
- d) Funding Source

Machinery, Furniture, and Equipment

A detailed inspection and field inventory will be conducted at all buildings, identifying each asset by location, building and room. All assets included in our inventory and appraisal will be recorded and categorized by major account. This segregation of items will assist in reporting asset valuation totals for capital asset reporting formats. Our appraisers will utilize handheld computers equipped with laser scanners to document the required information for each asset where available:

- | | |
|--------------------------------|--|
| a) Asset Identification Number | j) Site/Location |
| b) Description | k) Room/Sub-location |
| c) Quantity | l) Historical (and Replacement) Costs |
| d) Acquisition Date | m) Miscellaneous/User Defined (i.e., old tag#) |
| e) Manufacturer | n) Funding, Department and Program Source* |
| f) Model | o) Normal Useful Life |
| g) Serial Number | p) Accumulated Depreciation |
| h) Asset Account | |
| i) Building | |

*Fund, Department and Program numbers will be included with the assistance of customer personnel. AssetWorks appraisers will apply barcode tags to each asset and enter the tag numbers along with all corresponding asset information into the database. Tags will be applied in a consistent location on like items, enabling ease of future re-inventory efforts. Our base fee includes the cost of all tags necessary for the initial inventory.

- **Capital Assets** – All assets with an original cost of \$3,000 or more and having an estimated useful life of three years or greater will be inventoried and identified individually and capitalized in the resulting reports and data. Only these assets will appear in the capitalized accounting reports.
- **Grouped Assets** – All assets with a unit cost less than \$3,000 will be grouped per location by asset class code for insurance purposes.

Land/Site Improvements

Improvements outside of a building and particular to a parcel of land will be inventoried and valued individually. Included are assets such as parking lots, fencing, exterior lighting, signs, and flagpoles.

Licensed Vehicles

Licensed vehicles will be included in our inventory and valuation based upon information provided to AssetWorks staff. Listings provided should include vehicle assignment, description, VIN number, acquisition date and cost, make, manufacturer and model, where available.

Land Parcels

Land will be recorded in our database of information and reports based on information provided to AssetWorks staff. This information should include, but is not limited to location, description, acquisition date and cost, and source of funds. Once a beginning inventory has been established, AssetWorks will perform additional research, as needed to complete the inventory. AssetWorks will develop accurate estimates of acquisition dates and costs where information is not available in your records. Our work for this portion of the engagement will include the research necessary to document/estimate cost for all deeded parcels of land.

3.3 VALUATION METHODOLOGY

The offsite valuation portion of the project entails the research and calculations necessary to formulate both historic and/or replacement costs. The project manager and quality control supervisor work hand-in-hand to ensure the integrity of the data. The focus is on completeness, accuracy, and proper formatting of all data prior to final processing and delivery.

Our investigation of the property will follow generally accepted appraisal techniques and will include the use of specific techniques necessary to develop valid and acceptable original cost and date of acquisition for each asset. This includes use of the straight-line method of depreciation. We will determine original cost by using the following costing methods:

- The **Direct Costing** method will be used where historical data is readily available from district records. The actual purchase cost and acquisition date will be maintained for those assets. While AssetWorks is not proposing a detailed line-by-line reconciliation, our staff will work with records as provided by the district to tie back original cost and dates of recent acquisitions.
- The **Standard Costing** is used when inventoried property units/groups not reconciled to a historical record receive an estimated cost, where possible, based upon a standard cost (a known average installed cost for a like unit) at the estimated acquisition date.
- The **Normal Costing** method will be used where no historical information is readily available. These assets will be valued on a current basis and back trended to an estimated date of acquisition to estimate the original cost. During the costing and valuation procedures, all items will be assigned a useful life. The useful life of an item will determine its approximate replacement year.

During the course of the valuation research, our appraisers will examine all assets to determine date of acquisition, original cost and/or replacement cost new, defined as follows:

- **ORIGINAL COST** is the amount originally paid to acquire the asset, including such cost as set-up charges; transportation; taxes; engineering and architectural fees; and title insurance. If an asset was donated or bought for a nominal sum, GAAP requires that the asset be accounted for at market value as of the date of acquisition.
- **REPLACEMENT COST NEW** is the amount required to reproduce property in like utility and function, in accordance with current market prices for materials, labor, equipment, contractor's overhead, profit and fees, but with no provisions for overtime or bonuses for labor and premiums for material or equipment, based upon replacing the entire property at one time.

Classification of Assets

During the inventory and coding processes, AssetWorks will classify each asset by distinct type or category. Assets will be assigned to more than twenty different classifications, each with its own estimated normal useful life. This classification structure will enable the district to select data for flexible reporting, as well as provide a benchmark for projecting replacement of capital equipment.

Additionally, this structure will provide the asset life schedule for calculation of depreciation for current reporting requirements and eventual compliance with GASB 5-34 requirements. Your involvement in the establishment of these guidelines will be essential at the front end of our engagement. Our team can review our recommended asset life schedules with you (and your external auditor) to reach mutually agreeable determinations in this area.

AssetWorks was selected by the accounting subcommittee on GASB No. 34 Implementation to assist in the development of standard asset classifications and normal useful life guidelines.

3.4 PROJECT SCHEDULE

AssetWorks' automated approach and depth of experienced staff qualify us to complete all phases of this project in a timely fashion. Upon receipt of your authorization, AssetWorks will arrange a mutually agreeable schedule for the project planning meeting and our on-site inspection.

4. DELIVERABLES

Added quality control waypoints include the issuance of preliminary reports prior to final report distribution and optical electronic report for future perpetuation.

4.1 PRELIMINARY REPORTS

Draft Summary and detail reports will be sent via email in .pdf format for review. Our clients have two weeks from the point of issuance to determine acceptability of the final data. Upon acceptance, AssetWorks will then prepare and deliver final reports in electronic and hard-copy format.

4.2 FINAL REPORTS

The final reports will be presented in an easy-to-read format. Detail as well as summary reports are included in the final product. A narrative section that will certify our inventory and valuation and document our procedures will precede your reports. Your reports will include:

Accounting Reports

- Accounting Summary Report Sorted by Fund, Asset Type
- Accounting Detail Reports Sorted by Fund, Location
- Current Year Depreciation Summary by Program
- Accounting Summary report Sorted by Category

Insurance Reports

- Insurance Summary
- Insurance Detail
- Building Detail

Note: *Assets acquired after the most recent fiscal year end will be identified separately and NOT included in the accounting reports listed above, to establish true fiscal year end totals for financial reporting.*

5. QUOTE

 Risk Management Inc. 400 Holiday Drive, Suite 200 Pittsburgh, PA 15220	TO: Wellsboro Area School District ATTN: Jordan DeHaas ADDRESS: 227 Nichols Street Wellsboro, PA 16901	<h2 style="margin: 0;">QUOTE</h2> Quote Created: August 23, 2023 Valid Through: November 21, 2023			
ASSET INVENTORY SERVICES FEES					
SERVICE	THRESHOLD	UOM	QTY	RATE	FEE
Asset Inventory Services	\$3,000	Assets	1	\$9,250	\$9,250.00
TOTAL FEE:					\$9,250
<p>Notes:</p> <p>* All fees quoted are in US Dollars and inclusive of all out-of-pocket expenses.</p> <p>* AssetWorks will invoice seventy percent (70%) of the Service fees upon completion of the fieldwork portion of the project and the remaining thirty percent (30%) of fees upon delivery of the preliminary reports.</p>					

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is effective June 2, 2022 ("Effective Date") and entered into between AssetWorks Risk Management Inc. ("AssetWorks"), a Delaware corporation, located at 400 Holiday Drive, Suite 200 Pittsburgh, PA 15220, and Smethport Area School District ("Client"), located at 414 South Mechanic Street, Smethport, PA 16749. In consideration of the mutual covenants contained herein, the parties agree as follows:

1. Services.

1.1 **Services and Statements of Work.** In consideration of the fees paid by Client hereunder, AssetWorks will provide Client with the Services described in Statements of Work (each, a "SOW") executed by the parties which reference this Agreement. The SOW will set forth the relevant project details. Project completion will be upon delivery of the final reports, which reports will be delivered to Client electronically via a link to AssetWorks' proprietary application ("Application"). Final report delivery occurs upon the earlier of: (i) acceptance of the preliminary reports by Client or (ii) ten (10) business days after the date of preliminary report delivery, at which time the preliminary reports are then deemed the final reports.

1.2 **Access.** Client agrees to cooperate with AssetWorks in providing access to Client's property and assets as required for AssetWorks to perform the Services. Failure to provide such access will cause delay in Service delivery and be subject to additional fees.

1.3 A Summary Appraisal Report will be provided by AssetWorks in the final reports package. This report includes Value Definitions, Effective Dates, Valuation Methodology, Summary Values and general Assumptions and Limiting Conditions for the valuation findings provided.

2. Intellectual Property Rights.

2.1 **Ownership.** AssetWorks owns all intellectual property rights in and to the Services any related data (excluding Client Data as defined below), documentation, techniques, tools and software used by AssetWorks to deliver the Services. For clarity, Client obtains no interest in the Services except as expressly provided in this Agreement.

2.2 **Client Data.** Client shall retain all rights, title, and interest in and to the Client Data provided by Client to AssetWorks in connection with the Services (collectively, "Client Data"). AssetWorks shall provide guidance to Client in determining the Client Data required by AssetWorks for purposes of performing the Services. Client agrees to provide AssetWorks with all data specifically requested, including documentation and information, in a timely manner. In its performance of the Services, AssetWorks will rely on the Client Data provided by Client. AssetWorks shall assume, without incurring liability therefore, that all Client Data provided by Client is correct and complete. If Client provides additional and/or corrected Client Data at a later date, AssetWorks' efforts with respect to such additional and/or corrected Client Data shall be deemed additional Services and subject to additional fees. Client grants AssetWorks a royalty-free, non-exclusive, non-transferable license for the term of this Agreement to use Client Data to the extent necessary to perform the Services. Client is solely responsible for the accuracy, quality, integrity, legality, reliability, and appropriateness of all Client Data.

3. Fees and Payment.

3.1 **Fees.** Client shall pay the Service fees set forth in the applicable SOW.

3.2 **Payment.** AssetWorks will invoice seventy percent (70%) of the Service fees upon completion of the fieldwork portion of the project and the remaining thirty percent (30%) of fees upon delivery of the preliminary reports. Unless otherwise provided in the SOW, Client agrees to pay all fees set forth in the applicable SOW within thirty (30) days of the invoice date. With regard to any invoiced amount that is not

paid when due, AssetWorks reserves the right to charge, and Client agrees to pay, a late payment fee on the unpaid balance from the due date until paid equal to the lesser of one- and one-half percent (1.5%) per month, or the maximum amount allowable by law. All fees are non-refundable, except as otherwise explicitly stated in this Agreement.

4. Term and Termination.

4.1 Term. This Agreement shall commence on the Effective Date and continue for a term of one (1) year (“Initial Term”). Thereafter, this Agreement shall automatically renew for additional terms of one (1) year (each, a “Renewal Term”) unless either party provides written notice to the other party at least thirty (30) days prior to the expiration of the then current Term. The Initial Term and any Renewal Term are collectively referred to as the “term” of this Agreement.

4.2 Termination. Either party may terminate this Agreement if the other party breaches any material provision of this Agreement and does not cure the breach within thirty (30) days after receiving written notice. Either party may terminate any individual SOW in accordance with the terms stated in such SOW or, if there are no such terms, upon providing ninety (90) days’ written notice to the other party.

4.3 Effect of Termination. Upon termination of this Agreement, Client shall immediately cease using the Services and all SOWs will be deemed terminated. Client shall pay AssetWorks all fees due for Services provided through the date of termination in accordance with Section 3.2.

4.4 Suspension or Termination of Services. AssetWorks may suspend or terminate Client’s access to the Services if Client fails to pay any fees when due which remain unpaid for thirty (30) days after receipt of notice. AssetWorks reserves the right to temporarily suspend the Services based on its good faith belief that it is necessary to protect the integrity of the Services.

5. Confidentiality.

5.1 Confidential Information. Each party (the “Disclosing Party”) may from time to time during the term of this Agreement disclose to the other party (the “Receiving Party”) certain information relating to trade secrets, data, designs, drawings, documentation, software (regardless of form or media), prototypes, processes, methods, concepts, research, development, facilities, employees, vendors, clients, marketing, financials, business activities, and other confidential or proprietary information (collectively “Confidential Information”). To the extent practicable, the Disclosing Party shall mark and/or identify Confidential Information as confidential or proprietary at the time of disclosure; provided however, this Agreement shall also apply to information which, based on its nature, is reasonably expected to be deemed confidential. In addition, the terms of this Agreement shall be deemed Confidential Information. Furthermore, whether or not so marked or identified, the Services and any related data, and any quantitative analysis of the Services or performance of the Services are deemed the Confidential Information of AssetWorks, and the Client Data is deemed the Confidential Information of Client.

5.2 Exceptions. Confidential Information shall not include information that: (a) becomes generally available to the public through no fault of the Receiving Party; (b) is lawfully provided to the Receiving Party by a third party not under an obligation of confidentiality; (c) was lawfully possessed by the Receiving Party prior to receiving the Confidential Information from the Disclosing Party, as evidenced by the Receiving Party’s records; or (d) the Receiving Party can demonstrate was independently developed by Receiving Party without use of the Disclosing Party’s Confidential Information. The Receiving Party may disclose Confidential Information pursuant to applicable law, regulation, court order, or other legal process; provided, (i) if allowed by law, the Receiving Party has given the Disclosing Party prompt written notice of such required disclosure so that the Disclosing Party may seek a protective order or other

appropriate remedy and (ii) the Receiving Party discloses only that portion of the requested Confidential Information that, in the opinion of its legal counsel, it is required to disclose.

5.3 Non-Disclosure and Non-Use. The Receiving Party agrees that it shall not use Confidential Information, or disclose any Confidential Information to any third party, except as expressly permitted under this Agreement. The Receiving Party shall not provide access to the Confidential Information to anyone other than those of its employees, contractors, and financial and legal advisors who have a need to know, who have confidentiality obligations no less restrictive than those set forth herein, and who have been informed of the confidential nature of such information. The Receiving Party shall protect the Confidential Information from unauthorized use, access, or disclosure in the same manner as it protects its own confidential or proprietary information of a similar nature, and in any event with at least a reasonable degree of care.

6. Representations and Warranties.

6.1 General Warranty. Each party represents and warrants: (i) it has the full power and authority to enter into this Agreement; (ii) its execution and performance of this Agreement have been duly authorized by all necessary corporate action on behalf of such party; and (iii) the person signing this Agreement on behalf of such party has the full authority to do so.

6.2 Limited Warranty. AssetWorks warrants it will perform the Services in accordance with the Agreement and any applicable SOWs. AssetWorks further warrants that all Services will be performed in a good and workmanlike manner in accordance with industry standards. Client's exclusive remedy, and AssetWorks' sole liability, for breach of this warranty shall be for AssetWorks to use commercially reasonable efforts to re-perform the affected Services, provided that Client has given written notice to AssetWorks within ninety (90) days of discovery of the non-conformance. AssetWorks shall, to the extent reasonably possible and permissible, pass-through or assign to Client all available warranties it receives from a third-party provider for third party products or services provided by AssetWorks to Client under this Agreement.

6.3 Disclaimer of Warranty. The express warranties set forth in this agreement are in lieu of all other warranties, expressed or implied, including, but not limited to, any warranty with respect to third-party products or third party services, the performance of any hardware or software used in performing services, the results to be obtained from the services or the results of any recommendation AssetWorks may make, and any implied warranties concerning performance, merchantability, fitness for use for a particular purpose, and non-infringement.

6.4 Client Responsibilities. Client is responsible for maintaining a backup of Client Data on its computer system. AssetWorks will not be responsible for loss of or damage to any data or loss of use of any computer or network systems. Client acknowledges that AssetWorks' performance and delivery of the Services are contingent upon: (i) Client providing safe and hazard-free access to its personnel, facilities, equipment, hardware, software, network, and Client Data and (ii) Client's timely decision-making, notification of relevant issues or information and granting of required permission and/or approval. Customer will promptly obtain and provide AssetWorks with any required licenses, approvals or consents necessary for AssetWorks' performance of the Services.

7. Indemnification.

7.1 AssetWorks will defend and indemnify Client against any claim, action, suit, or proceeding brought by a third party ("Claim") to the extent Client's use of the Services within the scope of this Agreement directly infringes a United States patent or copyright issued to or held by a third party, or misappropriates a trade secret of such third party; provided, Client notifies AssetWorks promptly in

writing of such Claim and provides AssetWorks with the sole control, authority, information and assistance necessary to defend or settle such Claim.

7.2 In the event of an infringement Claim, or AssetWorks believes that such a Claim is likely, then AssetWorks shall, at its expense: (i) procure the right for Client to continue using the Services; (ii) replace or modify the Services so that it becomes non-infringing, without materially decreasing the functionality of the Services; or (iii) if neither (i) or (ii) is commercially practical, then, at AssetWorks' sole option, terminate this Agreement and refund a portion of the Service fee paid by Client for the period in which the Services were affected by such infringement.

7.3 AssetWorks will not be liable for any infringement Claim based upon any (i) modification of the Services made by anyone other than AssetWorks; (ii) use of the Services in combination with any service, software, or other technology not supplied by AssetWorks or in which the Services were not intended to be used, to the extent such Claim would not have arisen but for such combination (regardless of whether or not AssetWorks has advised Client that such use would likely result in a Claim of infringement by a third party); or (iii) use of the Services contrary to the terms of this Agreement.

7.4 The foregoing states AssetWorks' sole and exclusive liability and the sole and exclusive remedy of client with respect to any claim of infringement or misappropriation of intellectual property rights or proprietary rights of any third party.

7.5 Client shall defend and indemnify AssetWorks from and against any and all Claims, liabilities, damages, costs, and expenses, including reasonable legal fees, arising from, or related to the exclusions set forth in Section 7.3 or violation of Section 2.2.

8. Limitation of Liability.

8.1 Neither party shall be liable for any indirect, incidental, consequential, exemplary, special, or punitive damages including, without limitation, any damages resulting from loss of use, loss of business, loss of revenue, loss of profits, or loss of data, even if a party has been advised of the possibility of such damages.

8.2 AssetWorks' entire liability under this Agreement or in any way related to the Services will be limited to direct damages in an amount equal to the fees paid by Client to AssetWorks pursuant to the applicable SOW during the twelve (12) month period immediately preceding the Claim.

9. General.

9.1 **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without regard to conflicts of law principles.

9.2 **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable for any reason, such provision will be changed and interpreted to accomplish the objectives of such provision to the greatest extent possible under applicable law and the remaining provisions hereof shall be unaffected and remain in full force and effect.

9.3 **Modification and Waiver.** Any modification, amendment, supplement, waiver, or other change to this Agreement must be in writing and signed by duly authorized representatives of each party. Any waiver or failure to enforce any provision of this Agreement on any occasion shall not be deemed a waiver of any other provision or of such provision on any other occasion.

9.4 Assignment. Neither party may assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the other party's prior written consent, which shall not be unreasonably withheld; provided, however, either party may assign this Agreement in its entirety, without the other party's consent, in connection with a merger, acquisition, corporate reorganization, or sale of all or substantially all of its assets. This Agreement shall be binding upon and inure to the benefit of the successors in interest and permitted assigns of the respective parties.

9.5 Remedies. The parties agree that monetary damages are an inadequate remedy for breach of Sections 2 and 5, and further recognize that any such breach would cause irreparable injury for which there would be no adequate remedy at law; therefore, the parties agree that the non-breaching party may seek equitable remedies, including, without limitation, injunctive relief and specific performance (without obligation to post a bond) from a court of competent jurisdiction, in addition to other remedies available at law or in equity.

9.6 Survival. All provisions of this Agreement, which by their nature should survive termination of this Agreement, will so survive.

9.7 Force Majeure. Neither party shall be in breach of this Agreement nor liable for delay in performing or failure to perform any of its obligations under this Agreement if such delay or failure result from events, circumstances, or causes beyond its reasonable control; provided, that the party affected by such failure or delay gives the other party prompt written notice of the cause and uses commercially reasonable efforts to correct such failure or delay within a reasonable period of time.

9.8 Headings. The headings and subheadings contained herein are inserted for convenience of reference only and shall in no way be construed to be interpretations of terms.

9.9 Notices. All notices under this Agreement shall be in writing and shall be deemed given upon personal delivery, delivery by prepaid overnight courier, facsimile or electronic mail transmission with receipt acknowledged, or three (3) business days after deposit in the mail via first class mail postage prepaid to the intended recipient at its address listed above or other such address as the parties may indicate in writing.

9.10 Entire Agreement. This Agreement, including SOWs or other attachments hereto and any amendments or written documentation executed by the parties, are the final, complete, and exclusive agreement between the parties relating to the subject matter hereof, and supersede all prior or contemporaneous proposals, understandings, representations, warranties, promises, and other communications, whether oral or written, relating to such subject matter.

9.11 Counterparts. This Agreement, and any amendment or waiver of the terms hereof, may be signed in counterparts, each of which will constitute an original and all of which together will constitute one and the same instrument. Any signature may be delivered by facsimile or electronic format, which will have the effect of an original signature.

The parties, through their authorized representatives, have executed this Agreement as of the Effective Date.

Client **AssetWorks Risk Management Inc.**

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

ASSET INVENTORY SERVICES FEES					
SERVICE	THRESHOLD	UOM	QTY	RATE	FEE
Asset Inventory Services	\$3,000	Assets	1	\$9,250	\$9,250.00
TOTAL FEE:					\$9,250

Attachment A – Property Listing

Charlotte Lappla	37,565 Sq. Ft.
Don Gill	64,741 Sq. Ft.
Rock L. Butler	96,242 Sq. Ft.
Wellsboro Area High School	126,602 Sq. Ft.
Administration Building	60,168 Sq. Ft.