



Los Alamos County Records Management System

RFP # 21-20

February 9, 2021

Glen Snider - Account Executive
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Email: Glen.Snider@tylertech.com



Restrictions on Disclosure

This proposal from Tyler Technologies, Inc. (“Tyler”) contains proprietary and confidential information, including trade secrets, belonging to Tyler or Tyler’s partners. Tyler is submitting this proposal on the express condition that the following portions will not be duplicated, disclosed, or otherwise made available, except for internal evaluation purposes:

- Response to the Functional Requirements, or “Checklist”
- Line-item pricing (total proposed contract amount may be disclosed)
- Screen shots, if any
- Detailed information regarding current customers
- Detailed employee resumes/CVs
- Customized Statement of Work/Implementation Plan

To the extent disclosure of those portions is requested or ordered, Tyler requires written notice of the request or order. If disclosure is subject to Tyler’s permission, Tyler will grant that permission in writing, in Tyler’s sole discretion. If disclosure is subject to a court or other legal order, Tyler will take whatever action Tyler deems necessary to protect its proprietary and confidential information and will assume all responsibility and liability associated with that action.

Tyler agrees that any portions not listed above and marked accordingly are to be made available for public disclosure, as required under applicable public records laws and procurement processes.

Trademarks Disclaimer

Because of the nature of this proposal, third-party hardware and software products may be mentioned by name. These names may be trademarked by the companies that manufacture the products. It is not Tyler’s intent to claim these names or trademarks as our own.



February 9, 2021

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Office of the Chief Purchasing Officer
Procurement Division - 101 Camino Entrada
Building 3
Los Alamos, NM 87544
ATTN: Alicia Garcia, Senior Buyer

Re: RESPONSE – RFP21-20 Records Management System for Los Alamos County Clerk

Dear Ms. Garcia:

Tyler Technologies, Inc. is pleased to respond to your request for a Records Management System (RMS) for the Los Alamos County Clerk's Office. We offer a solution that will uniquely meet your expectations for this initiative.

Tyler Technologies is absolutely committed to the success of your project. The need to do more with less has never been more apparent. This requires a high level of service to your citizens and the corresponding potential for increased workloads.

We have long appreciated that the evolution of technology means different things to different counties. Our clients seek innovative, yet stable technologies. Our experience with land and vital records implementations throughout New Mexico make us distinctively qualified to offer the Los Alamos County Clerk a successful transformation to a web-enabled, browser-based solution. Tyler's evergreen strategy assures the Clerk that as technology continues to evolve; you will remain current and enjoy the benefit of Tyler's continual re-investment.

We understand the success of this project will be measured at the Clerk's level and on the level of each individual stakeholder who has a hand in the selection or implementation of the solution. Tyler's Eagle Recorder solution will integrate not only with Tyler's Munis application but also with our Eagle Assessor and Eagle Treasurer applications – resulting in synergies that will benefit the county and its citizens not possible with disparate systems. The sum is greater than the parts.

Tyler's various divisions – ERP & Schools, Local Government, Public Safety, Courts & Justice, and Appraisal & Tax – have many implementations within the State of New Mexico and Tyler is firmly committed to expanding our footprint in New Mexico.

Tyler's primary contact for this procurement is Glen Snider; he can be reached at any time at 800.554.4434, x758083 or glen.snider@tylertech.com.

This proposal is valid for 180 days from the date of this letter. Again, we thank you for the opportunity to submit this proposal and we look forward to working with you and your staff on this special project.

Sincerely,

A handwritten signature in blue ink that reads "Gus Tenhundfeld".

Gus Tenhundfeld
Inside Sales Manager

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Executive Summary

Understanding the Issues

Tyler Technologies understands the Los Alamos County Clerk is looking for a comprehensive Records Management System (RMS) and a long-term, stable business partner. Your office requires an RMS that is widely used throughout the State, allowing the User Group greater influence on the development of future enhancements. You need your new system to be able to integrate with solutions throughout the County in order to provide workflow efficiencies within the County and a better experience with the County for your citizens and taxpayers.

Tyler Solution and Benefits

Tyler's Eagle software is a comprehensive solution designed to address your software, training, and support needs well into the future. Integrated applications and cutting-edge technology will allow the County to streamline processes, minimize redundant data entry, improve management coordination, maximize inter-departmental communications, and improve public relations.

Los Alamos County's employees will have access to all the tools needed to achieve optimal efficiency and effectiveness throughout the organization. These tools include extensive query capabilities, messaging options, export/save options to a wide range of file formats, mail merge capability using Microsoft Word, and a multitude of reporting tools. Applications also include drop-down menus, radio buttons, countless drill-down abilities, and on-line documentation.

While organized in a modular configuration, the Eagle Solution uses a single database for all applications and supports unlimited concurrent users. The flexible design of the software will provide the ability to define the structure and content of the system according to the best business practices pertinent to the County's environment.

Thirteen counties in New Mexico are using Tyler's Eagle Recorder application – nearly 40% of the state. Two additional counties in New Mexico have kicked off projects with Tyler at the end of 2020, bringing the total of New Mexico Clerk clients to 15. This should give the Los Alamos County Clerk peace-of-mind knowing so many peers throughout the state perform the duties of their offices every day with this technology. This also provides a large User Group that can compare tips and request future enhancements.

We are also including Tyler Content Manager (TCM) in our proposal to satisfy your requirement for Election recording. TCM is a comprehensive records management system that can be used by the entire County, not just the Clerk's office. This user-friendly solution includes many features such as full text OCR searching and auto-indexing, full audit trail, and restore options. Tyler's license will allow all of Los Alamos County's offices to use this bonus functionality.

Project Approach

Tyler's Project Approach

Tyler uses a proven phased implementation approach, which ensures that process specific details are mastered prior to each subsequent stage. A formalized sign off process, defined by a clearly stated deliverable, are the key to a successful implementation. For multi-phase projects, such as sites that implement more than one Tyler product, the stages are repeated as necessary.

Staff Acceptance

Good communication is critical. This includes our understanding the requirements, steady and thorough communication of project status through all phases of the project and the appropriate involvement of your staff during the implementation.

- **Understanding the specificity of your needs:** The comprehensive nature of our requirements gathering process will ensure that we have a firm grasp of all your requirements while we execute through the project.
- **Staff involvement:** We will need to work with a County liaison to facilitate change management for the office and ensure the staff is appropriately trained, that their concerns are recognized and resolved, and that they fulfill their responsibilities, most principally in the conversion, interface, and testing phases of the project. This is a significant task, and we stress the County's recognition of this by assigning a liaison from the staff.

County Investment

When you make an investment in technology, you need it to deliver a solid return today and over the long term. Tyler's evergreen development philosophy gives you access to the latest technology developments, releases and updates without additional relicensing fees as part of your maintenance agreement or SaaS subscription. This allows you to deploy a steady stream of enhancements over the life of your Eagle Recorder RMS solution that will expand the capabilities of your Clerk's office. This is part of Tyler's mission to ensure that our clients are always working with the industry's latest and best technology solution and maximizing the return on their investment. Our evergreen philosophy is part of our continuing long-term relationships and outstanding support, which have set Tyler apart from all other public-sector software companies.

Example Return on Investment

One example of the benefits of using Tyler software in general and Eagle Recorder specifically is seen in San Miguel County. The County was looking for more efficient ways to turn data to action and streamline workflows. They knew they needed a software solution that could allow different roles in the organization to maximize their potential, minimize redundant effort, and limit bottlenecks. San Miguel would require a way to integrate office interaction and make data actionable. Eagle Recorder has provided the County with significant changes in their workflow and has improved interoffice communication and data management.

Additional information about Tyler's work with San Miguel County is included later in this proposal.

Connected Communities

Our vision is to give clients the unprecedented ability to connect data, people, and processes across local governments — transforming operations and leading to synergistic efficiencies, more informed decision making, enhanced transparency, and improved service to constituents. We call this vision Connected Communities. Tyler provides local governments with leading software and services to simplify complex operations. We strive every day to deliver on our Connected Communities vision through the development and integration of our complete solution portfolio.

Many of the Los Alamos County Clerk's key interfaces and inter-department relationships are with offices that are currently using Tyler applications. The County has the Munis financial system and the Assessor's office uses Eagle Assessor. Now the Clerk's office has the opportunity to join the Tyler ecosystem and provide an important connection to these systems. Eagle Recorder will provide a tighter integration and a better experience than a third-party system will.

Our mission is to enable connected communities where local governments function efficiently, effectively, transparently, and responsively on behalf of their constituents — so they may feel engaged and empowered. Tyler is the only company in the industry uniquely positioned to lead and empower our clients to create these types of thriving communities.

Why Choose Tyler

Each element of this project—the required conversions, interfaces, inter-department relationships and performance levels—are familiar to us and are in keeping with Tyler's core business. That is, dealing with the challenges these activities present is our core business function—the very reason Tyler exists.

We continually invest in research and development that leads to exciting new functionality in our solutions, giving our clients the best possible long-term value.

The County will benefit from the experience we have gained during our other implementations – Including our experience converting data and images from your current vendor – and through the level of service we will provide. Our advanced level of service is especially important in conversion, integration with other existing applications, and most importantly, continued maintenance and support for both the office staff and the software. We have the experience to meet and exceed your expectations in all these vital areas.

Project Team and Experience

About Tyler

Tyler Technologies is the largest and most established provider of integrated software and technology services focused on the public sector. Tyler's end-to-end solutions empower local, state, and federal government entities to operate more efficiently and connect more transparently with their constituents and with each other. By connecting data and processes across disparate systems, Tyler's solutions are transforming how clients gain actionable insights that solve problems in their communities. Tyler has more than 27,000 successful installations across more than 11,000 sites, with clients in all 50 states, Canada, the Caribbean, Australia, and other international locations.



With decades of exclusive public sector experience, Tyler Technologies is the market leader that provides integrated software and services; our singular focus, subject matter experts and in-depth products result in a sustainable client partnership that delivers the industry's most comprehensive solution. We provide the industry's broadest line of software products, and offer clients a single source for all their information technology needs, in several major areas: Financial & Human Resources, K-12 School Solutions, Public Safety, Courts & Justice, Property Appraisal & Tax, Pension Management, Citizen Services, Land & Vital Records, and Document Management.

We are known for long-standing client relationships, functional and feature-rich products, and the latest technology. In addition to software products, Tyler provides related professional services including mass appraisal services, software installation, data conversion, consulting, training, customization, support, disaster recovery, and application and data hosting.

Tyler always puts our clients first. We succeed because we take our client's success seriously, and we have a proven record of delivering superior software solutions and services. The overwhelming majority of clients are up and running on time, and within budget. Whether it's developing, enhancing, and implementing our software, or providing excellent service and client support—we succeed because our clients succeed. We want clients for life. In fact, across every solution many of Tyler's first clients are still clients today – some with relationships that span decades.

Tyler's Appraisal & Tax Division

Tyler's Appraisal & Tax Division, formerly Cole Layer Trumble (CLT), was established in 1938 and remains the country's only national mass appraisal company. The Division provides software solutions and appraisal services exclusively to State, Provincial and local government in the area of mass appraisal, property tax administration and tax billing and collection. The Appraisal & Tax organization has completed more projects in more states than any other vendor in this industry.

Public Sector Focus

In addition to Tyler's Appraisal and Tax Division's 80 years of service, other Tyler Technologies' business units have provided software and services to customers for more than fifty years and have long-standing reputations in the local government market for quality products and customer service. Tyler is the largest company in the United States focused solely on providing software solutions to the public sector. While many of our competitors compete in multiple vertical markets, Tyler is singularly focused on the public sector. It is 100 percent of our business.

Tyler recognizes that the public sector is generally stable, risk averse and craves community accessibility, security, and transparency. That is why local government and school entities seek reliable and efficient software and services from Tyler—a vendor who is professional, reputable, dedicated, and achieves results. Tyler has the experience to understand the unique requirements of the public sector, the necessary resources to invest in its products, and the ability to deliver quality services.

Tyler's expansive offering of professional services is designed to complement its software offerings and produce the optimum working environment for local government customers.

Industry Leadership

Tyler strives to provide the best client services in the industry. Our products undergo testing by trained quality assurance and certified usability analysts; therefore, our clients benefit from products that work logically based upon user experience and input. We also focus our implementation and support professionals on specific groups of applications, so they are able to offer more specialized services tailored to the needs of the client.

Our commitment at Tyler is to ensure the highest level of client satisfaction through the efforts of Tyler's most valued resource: our people. We challenge our employees to pursue new initiatives aggressively and become industry leaders in their respective fields. Tyler employs over 5,500 individuals, many of whom are seasoned professionals with unique and proprietary skills and years of industry experience.

Company Recognition

Tyler Technologies has earned the reputation as an industry leader based on our products and services, as well as our commitment to clients. These factors, along with our financial strength and industry partnerships, have resulted in numerous accolades.

Tyler has been named to the following prestigious lists alongside some of the most innovative and influential companies in the United States.

Innovative and Strong

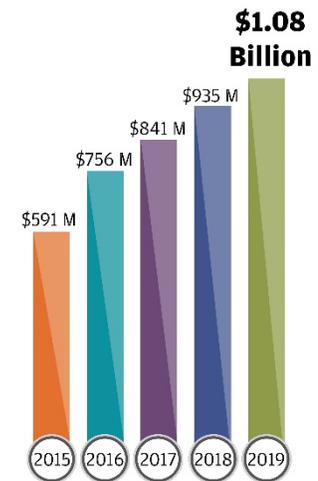
- Dallas Business Journal ranked Tyler’s Plano office #8 in its “North Texas Fastest-Growing Public Companies” list (2017)
- Forbes’ “Best Midsize Employers” list (2018)
- Forbes’ “Most Innovative Growth Companies” list (2016, 2017)
- Forbes’ “America’s Best Small Companies” list (nine times)
- Barron’s 400 Index ranking, a measure of the most promising companies in America (eight times)
- Software Magazine’s “Software 500” ranking of the world’s largest software and service suppliers (seven times)

Employer of Choice

- “Best Places to Work in Maine” recognized Tyler’s three Maine offices (eleven times)
- Dallas Morning News’ “Best in DFW: Top Workplaces” recognized Tyler’s Plano, Texas, office (seven times)
- Dayton Daily News’ “Top Workplaces in the Dayton Metro Area” recognized Tyler’s Moraine, Ohio, office (2013)
- Tyler’s Lubbock, Texas, office named to the “Best of Lubbock” list by the Lubbock Avalanche-Journal (three times)
- Detroit Free Press named Tyler’s Troy, Michigan, office a top workplace (2017, 2018, 2019)
- Phoenix Business Journal named Tyler’s Tempe, AZ, office on Best Places to Work list (2017)

Financial Strength

Tyler consistently maintains a solid balance sheet and strong cash flow and low debt, experiencing consistent revenue growth with 28 consecutive quarters of profitability, and a total revenue for 2019 of \$1.08 billion. While experiencing significant growth opportunities from an increase in staff and expanding territories, we anticipate additional product offerings and new technology will accelerate this growth substantially in the future. We believe a debt-free balance sheet, substantial cash reserves, and a committed customer base put Tyler in a great position in our industry to weather any unexpected turbulence in the economy.



Tyler Revenue (in millions)

Audited Financial Statements

Please reference the 2019 Annual Report included in the **Appendix**. The 2020 Annual Report will be available in the coming weeks at www.tylertech.com.

Project Team Experience

Staffing Approach

Tyler actively seeks the best talent to help us develop, implement and support our solutions for our clients. Our staff consists of seasoned professionals with unique and proprietary skills, and years of industry experience, who are focused into dedicated departments. Our product expertise is strengthened by the fact that many of our employees have years of experience working at public sector agencies prior to joining Tyler. These professionals bring a unique perspective to Tyler's mission because they truly understand what our clients need to operate at their best. We recognize that our ability to hire the best candidates ultimately impacts our clients. We hire exceptional people who become part of the project team for the duration of the project.

Tyler recognizes the value of our employees. In support of them, we provide a stable work environment that fosters collaboration and teamwork, values integrity, and enables them to deliver outstanding service to our clients. Our relationship with our staff is one of mutual respect, leading to a high retention rate. In fact, our staff turnover rate is about half of the industry average. With the right balance of experience, technology and innovation to ensure satisfaction, Tyler empowers our clients with the expertise and tools they require to do business.

Tyler Project Team

Upon award of contract, Tyler Technologies assigns a Project Manager and quality project team to ensure your implementation success. In reviewing and understanding your goals and requirements, we provide an implementation team best suited to deliver services to achieve your needs. We believe this is an important step in the implementation process and appreciate your patience as we make arrangements for resources to be allocated to your project. Tyler staff perform services in a professional, workman-like manner, consistent with industry standards.

The included resumes are representative of the staff who will be assigned to this project.

CONFIDENTIAL AND PROPRIETARY**Scott H., Senior Director Support and Professional Services**

Hire Date Employee since 1999

Summary Scott oversees Tyler's Support and Professional Services teams. He provides leadership for the project management and consulting services for Tyler's Land and Vital Records and Tax solutions. Scott also acts as Tyler's Executive Sponsor for Tyler's very large installations across multiple product lines for installations such as Wayne County, MI, Riverside County and the City of Los Angeles. During his tenure with Tyler, Scott has performed or managed all roles in the project including Trainer, Consultant, Project Management and now oversees all these areas for Tyler; he has overseen the implementation of literally hundreds of installs across the country in all sizes and levels of installation complexity.

Previous Experience Implementation and Conversion Manager
Product Manager
Support Manager
Implementation Consultant
Project Manager
Support Technician
Training

Education Executive MBA – University of Nevada
Bachelor of Arts – University of Iowa

Juli P., Supervisory Team Lead

Hire Date Employee since 2004

Summary Juli Manages the customer services efforts for the Eagle Recorder product line. Juli has more than 15 years in customer service and software support for local government.

Project Experience During Juli's tenure at Tyler she has performed all the roles in the project including trainer, consultant, project management, and support. This experience allows Juli to truly understand clients needs at all stages of the project.

Work Experience 2019-2020- Supervisory Team Lead
2017-2019- Team Lead
2007-2017 Senior Software Support Specialist
2005-2007 TCM/Recorder Software Support Specialist
11/15/04-01/05 Office Coordinator

Education Certified Support Professional; Business Administration
Northwest Shoals; Chattanooga State; Southern University

CONFIDENTIAL AND PROPRIETARY**Chris K. Product Director**

Hire Date Employee since 2005

Summary Chris oversees the priorities and direction of the Land and Vital Records product-line. He currently works with the development team and business analysts to guide the future of the products and meet the changing needs of the market. In his 15+ years with Tyler, he has helped lead teams and resources in implementation, support, and development to deliver products and services that exceed customer expectations.

Previous Experience Product Owner
Business Analyst
Implementation Consultant
Systems Analyst

Education University of Colorado
Arapahoe Community College

Margo H., Implementation Manager

Hire Date Employee since 2005

Summary Margo has been with Tyler for 15 years. Her previous job was working for one of our clients.

Project Experience Implemented small to large clients for our property tax products, Managed projects for the Recorder team for the last 1.5 years. These include, San Bernardino, CA; Santa Barbara, CA; Macomb County, MI

Work Experience 14 Years as Chief Deputy Treasurer for Eagle County, Colorado, 15 Years with Tyler Technologies.

Education Barnes Business College, Denver, CO – 1984-1986

Skills General Ledger, MS Products, Dynamics, Leadership, Project Process, Project Management

CONFIDENTIAL AND PROPRIETARY**Shauna S., Senior Project Manager, PMP**

Hire Date Employee since 2001

Summary Shauna manages recording projects from contract signing through transition to support, working with implementation consultants, technical services, development, and others as necessary to ensure projects remain on budget, in scope, and on time. Shauna earned her Project Management Professional certification in 2008 and has maintained the certification. In 2018 Shauna earned her Change Management Certification. In her 18+ years at Tyler, she has worked in support, implementation, and project management for both recording projects and property tax projects.

Previous Experience Implementation Manager
Project Manager
Implementation Consultant
Software Support Specialist

Education Bachelor of Arts, English – Brigham Young University

Reference Projects Managed 200+ projects, including San Bernardino CA, Riverside CA, and Fresno CA

Angelica H., Project Manager, PMP

Hire Date Employee since 2019

Summary Angelica is a highly trained multilingual professional with over ten years of experience in a variety of disciplines including technical analysis, project management, finance, and customer service. She is familiar with working with different departments to ensure implementations and projects are delivered on time, accurate, and satisfactory both domestically and international. Angelica earned her Project Management Professional certification in 2017 and has maintained the certification.

Previous Experience Service Delivery Manager- Key Accounts
Implementation & Support Project Team Lead LATAM
Finance Manager
Account Manager

Education B.B.A Accounting, Oglethorpe University,
PMP Certification
Certified Scrum Master

Reference Projects Managed 100+ projects, including Department of Veterans Affairs, Mondelez, Amgen, Apple, Mohawk

CONFIDENTIAL AND PROPRIETARY***Sheri T., Conversion Manager – Eagle Products***

Hire Date Employee since 1997

Summary The conversion manager is responsible for supervising staff and delegating tasks to assure the completion of conversion projects in a timely and efficient manner.

Work Experience **Conversion Manager, Eagle Products:** Supervise staff and delegate tasks to assure the completion of a conversion in a timely and efficient manner; Monitor all elements associated with data conversion, including quality of data and programmers capabilities; Adjust and better streamline project processes; Perform one on one meetings with team members; Define scope of projects; Direct and guide team in delivering a quality end product to users; Respond to sales team questions regarding pricing and scope; Perform annual reviews; Work with team to complete work orders for existing clients; Work with management teams to continue to establish and retain cohesive working relationships to better the product, customer experience and work processes.

Conversion Team Lead: Duties include one on one meetings with team members, goal setting, annual reviews; working with Project and Implementation managers to schedule conversions and to ensure project scope is in alignment with each other; answer questions regarding future conversion sales; assist team members in removing roadblocks and potential bottlenecks in order to meet conversion deadlines; help to identify standard conversion scope with the goal of instilling more streamlined processes; communicate with appropriate teams on all aspects of table and process changes.

Conversion Specialist/Programmer: Responsible for all programming to convert current county data from Clerk & Recorder, Assessor and Treasurer offices to conform with Eagle Computer Systems' database layouts and Oracle tables using fixed length text, comma delimited text, tab delimited text, and pipe files. Proficient in ObjectView programming, SQL queries and SQL Loader. Extensive customer communication with County elected officials, County IT departments and other appropriate county employees. Transfer and implementation of all converted data until the project is completed and all requests have been satisfied.

Application Specialist: Front line contact with new and existing clients. Assist end users in Clerk & Recorder, Assessor and Treasurer offices with the functionality of Eagle Computer Systems' software. Assist end users with data entry and scanning of documents, balancing their general ledger, posting of receipts, posting of journal entries and other basic accounting functions as well as support of the overall procedures and reports available within the software. Perform programming changes as well as testing of new products and enhancements. Create, document and close tickets in an incident tracking system. Proficient in using

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remote control tools (Remote Desktop, Terminal Server, PCAnywhere, Cisco VPN, Microsoft VPN, FTP etc.).

Hardware Technician: Install, support and troubleshoot networked Windows based computer systems for new and existing clients. Support in-house network, programs, printers and computers. On-site installation of database, networks, printers and any other required hardware to help with the transition for Eagle Computer Systems' clients.

Education Cumberland High School, Cumberland RI
Graduate of College Course

Skills Excellent verbal and written communication
Strong analytical and problem-solving skills
Strong leadership skills

Sean R., Technical Services Deployment Manager

Hire Date Employee since 2014

Summary Sean manages our nationwide team of deployment specialists that is responsible for installing, upgrading, and migrating all of Tyler Technologies' Local Government Division product lines. Sean has over 15 years of technical experience in support of government agencies, including 11 in support of the Department of Defense.

Previous Experience Technical Project Manager
Field Service Engineer

Education Bachelor of Science – Tarleton State University Central Texas
Master of Business Administration – Texas Tech University

Technical Skills Cisco, Microwave systems, Telephony, Windows Support, Unix Support, Hardware support

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References

Tyler is proud of our past project and we are pleased to offer the following references. Although our client base extends across the nation, our references below are examples of our successful projects in New Mexico. We encourage the County to contact any of our references, including those listed below or any of our other clients. Furthermore, we encourage the County to contact the clients of other vendors to determine their level of satisfaction. We are confident that our client satisfaction is unmatched in this industry.

Bernalillo County, New Mexico

Contact Name	Linda Stover
Contact Title	Clerk
Address	One Civic Plaza, NW, 6 th Floor, Albuquerque, NM 87102
Phone	505.243.8683

Rio Arriba County, New Mexico

Contact Name	Linda Padilla
Contact Title	Clerk
Address	10 State Road 531, Tierra Amarilla, NM 87575
Phone	505.588.7724

Cibola County, New Mexico

Contact Name	Michelle Dominguez
Contact Title	Clerk
Address	700 East Roosevelt, Grants, NM 87020
Phone	505.285.2535

Client Profile: San Miguel County

We are proud to present the attached Client Profile for San Miguel County, New Mexico, as an example of how Tyler's expertise and Eagle solution enables quality outcomes.

2019 TYLER PUBLIC SECTOR EXCELLENCE AWARD WINNERS

★ San Miguel County, NM

Data Shines Through Streamlined Workflows and Modernized Operations

Challenges

San Miguel county was looking for more efficient ways to turn data to action and streamline workflows. Nestled between the Santa Fe National Forest and the Las Vegas National Wildlife Refuge, the county had experienced its fair share of struggles with software regarding access, accuracy, and efficiency. After evaluating its operations, the county knew it needed a software solution that could allow different roles in the organization to maximize their potential, minimize redundant effort, and limit bottlenecks. San Miguel would require a way to integrate office interaction and make data actionable.

The county also found this communication and sharing of information between offices and staff needed to be more proactive. Then, it could minimize gaps in collecting data, streamline processing transactions, verify important information, and keep tasks moving. This meant access to data shared between accounts, roles, and offices was critical to operations, and a welcome capability.



Organization Profile

- Industry: County Government
- Location: Las Vegas, New Mexico
- Number of Employees: 11
- Population: 27,760
- Number of Years as a Tyler Client: 3
- Tyler Products Used:
Eagle™, Incode® Financial Management,
Incode® Human Capital Management

However, this shared internal data would need to be accurate and reliable. Through the process of a conversion from one database or software tool to another, it is very challenging to sort and extract the appropriate data for use in a new system. So, with the county migrating from a software tool that did not employ the capability to mass change or batch process, there existed invalid or unreliable data. This caused excess paperwork with significant manual data entry and wasted time and effort. The county needed software that could truly allow the staff to command the land and official records operations, as well as optimize various appraisal and tax processes.

“In the beginning it was a single-entry database. We processed less affidavits. We lost revenue by missing change of ownership exemptions. It was hard on the taxpayer,” said Desiree Trujillo, computer information specialist for the county.

“Numbers never balanced, and they never agreed with what we were reporting. So, it was difficult to report and make decisions off those values,” she noted.

Ultimately, the visibility, up-to-date data, and actively managed tasks were the keys to much of the transformation San Miguel was seeking — a transformation the county noticed upon implementing Tyler’s Eagle™ software.

Solution

As the county began its implementation of Eagle, operations saw a shift in accuracy and accountability almost immediately. The organization now clearly views data, removing the constraints of the previous software’s lack of capabilities. San Miguel also employs customized processes to ensure data and tasks progress through streamlined day-to-day workflows. Software tools from Tyler now enable significant opportunities for staff in regard to what they can do. Employees now have the ability to share data, access relevant information, and reduce redundant effort.

Specifically, the interaction through Eagle's appraiser and assessor modules allows the assessor's office to do more than it thought possible. After processing roughly 160 affidavits a year, staff noticed certain tasks were incomplete. In 2018, the county processed more than 300 affidavits — realizing an undiscovered opportunity in potential revenue it had not noticed before. Not only can appraisers process parcels faster, they can link documents to parcel information and rely on accurate and real-time data to back up their day-to-day operations. And, with the system tracking these tasks through appropriate workflows, the software holds people accountable and helps to mitigate gaps or errors.

On the tax billing and collections side, the Eagle treasurer module offers San Miguel a way to incorporate the data the assessors provide and keep track of existing internal documentation, transactions, and tasks. At the same time, the software's collaboration with Eagle assessor features makes the staff's lives so much easier. If an assessor updates a record, it also appears updated on the treasurer's side. This allows the offices to confirm the right information and send to the correct address. Now the flow of information helps to eliminate unnecessary paperwork and legwork. The use of more capable technology opens a line of communication the county needs — and it is facilitated by the processing of tasks and data.

Of all the technology implemented by San Miguel, the county's use of Eagle's records management module provides the most significant changes to communication and effort — at least from Trujillo's perspective. Offices minimize bookkeeping duties due to indexing capabilities, process files faster, and access a more reliable database. Staff notice that simply less manual work and keystrokes are necessary with Tyler's software. Now, county employees have tailored solutions to optimize everyday tasks through the new, fully-capable solutions.

In Their Own Words:

“The great thing about Eagle is it's something that everybody can use. It's user-friendly and it can be developed based on the unique processes the user takes on.”

— Desiree Trujillo, Computer Information Specialist

Another benefit for San Miguel is the improved visibility of a person's account. Noting sibling accounts within a record was something the office didn't excel at previously, and now it is able to take ownership of the data with confidence before proceeding with any changes. Missing adjustments to records can result in a tax lien on a person's property. However, with software solutions from Tyler, staff can quickly and easily view whether an ownership record has multiple accounts and apply changes to all related records almost effortlessly, and with data reliability.

Quite simply, the transition to Eagle and the use of multiple features within the solution allowed San Miguel county to get its balance back. County offices are very pleased with the ability to customize workflows and stay on top of day-to-day tasks. The tools are easy to use and are tailored to fit the organization and roles within it.

Trujillo noted, “It's user-friendly and can be developed based on the unique processes the user takes on.”

The county is just beginning to take command of operations with its new software solutions, and it doesn't appear to be slowing down.

Results

It is impressive to note that San Miguel county has only been working with Tyler solutions for a few years, though it is already reaping the benefits of improved workflow in its offices. Data is directed, tracked, and processed with complete control. Overall, the county is more productive, processes more affidavits, spends less time engaging in redundant data entry, and offers employees more access to critical information at their fingertips.

By implementing Eagle and various components to make operations easier, San Miguel county can develop digital workflows and refine processes for maximum efficiency. Taxpayers are experiencing more transparency, and Tyler's software and support give the offices the ongoing ability to implement changes quickly. As statutes and laws change, the county is prepared to be agile now that its tools can keep up.

Learn How Eagle Delivers Accuracy, Efficiency, and Transparency

Tyler's Eagle software solution has been an industry leader for more than 40 years by providing the advanced functionality tax and recording offices need to achieve the highest levels of efficiency, accuracy, and customer service. The Eagle suite includes modules for recording, assessing, and tax billing and collections — all designed to help you accomplish your goals.

When you turn to Eagle, you can take advantage of the industry's most advanced tools to streamline operations, ensure fair and equitable taxation, and efficiently manage land and vital records.

Get Started Today

Contact Tyler today to learn more about Eagle software and services, along with our many other best-in-class solutions for Appraisal & Tax and Land & Official Records.



CALL
800.554.4434



EMAIL
eagle.sales@tylertech.com



VISIT
tylertech.com

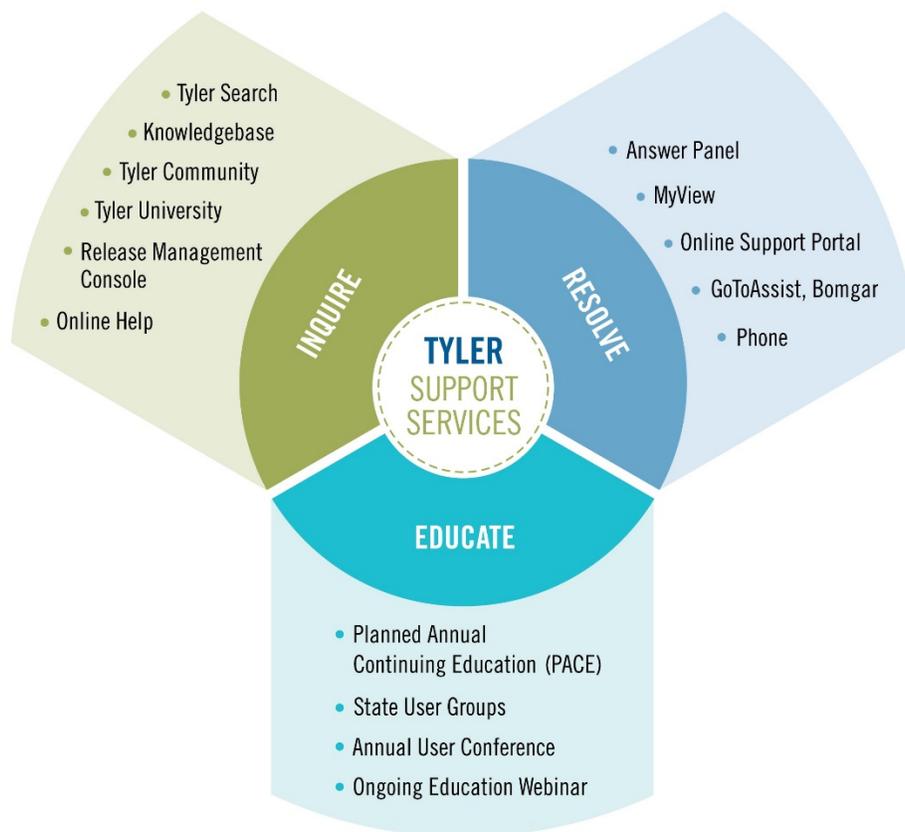


Support and Ongoing Maintenance

Our mission is to deliver superior service by providing a timely response, issue resolution and operational support, resulting in a high-level of client satisfaction. Unlike some companies who outsource their application support to a third party, Tyler offers a complete solution of customer support services provided by our in-house experts.

Transparency is important, that is why every support incident is logged into Tyler’s Customer Relationship Management System and given a unique incident number. This system tracks the history of each incident and each incident is assigned a priority number, which corresponds to your needs and deadlines. Clients can track the progress of these incidents online using Tyler’s support portal.

Tyler provides online and continuing education resources for our clients, including but not limited to the following resources.



Support Channels

Tyler offers Live telephone support on our toll-free support hotline (8am – 5pm across four US time zones). For urgent or complex questions, users receive, unlimited telephone software support.

On-line submission (portal) for less urgent and functionality-based questions, users may create unlimited support incidents through the customer relationship management portal available at the Tyler Technologies website.

Our E-mail support allows our clients to ask unlimited detailed questions, attach documents and screenshots, and explain the issues so that our staff can create a resolution efficiently.

Tyler Community – your direct link to thousands of Tyler software users across the country, as well as Tyler personnel in support, implementation, sales, etc.

Support Resources

- **Tyler Search** – an online query tool that provides answers for your questions by culling through all Tyler’s online resources using Knowledge Centered Service
- **Tyler Knowledgebase** – a documentation library in a single, easily accessible location
- **Tyler Community** – Tyler’s online forum available 24/7
- **Tyler University** – Tyler’s e-learning solution to enhance support and training of your employees using your data
- **Tyler Release Management Console** – Shows all release version information, with a summary of each release and associated enhancements, open, closed and non-critical issues
- **Online Help** – context sensitive field help and procedural information to assist your team in completing program tasks
- **Answer Panel** – As you begin entering your case details, Tyler Search presents results in the panel that matches your question. Answers provided are the most relevant to your question, regardless of the source of the information.
- **MyView** – MyView is a screen capture tool to give Support more information to assist clients with a case. The recording is linked to the case and visible in the Online Support Incidents portal.
- **Online Support Portal** – log or manage incidents and attach documentation and screenshots
- **GoToAssist & Bomgar** – remote assistance from Support used to connect to your desktop
- **Phone** – Tyler provides a dedicated 800 number that places no limits on who from your team may contact Support, or the number of calls placed
- **State User Groups** – forums organized by Tyler staff and attended by existing clients to get the latest information on Tyler products
- **Annual Conference** – Tyler Connect features online courses taught by Tyler subject matter experts hosted in a different city each year

Support Availability

Regardless of how your team contact us, we are here to help. Tyler Technical Support is divided into application specific teams to enable product specialization and provide timely resolution of support incidents. This application specific approach allows our Technical Support Representatives to focus on a small group of applications offering a high level of product expertise to our clients. Customer support’s goal is to return all requests for Support within one business hour.

Tyler Technologies support is available during the local business hours of 8 AM to 5 PM (Monday – Friday) across four US time zones (Pacific, Mountain, Central and Eastern). Clients may receive coverage across these time zones. Tyler’s holiday schedule is outlined below. There will be no support coverage on these days.

- New Year’s Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Day

Issue Handling

Tyler records all your contacts and incidents in a customer relationship management system. This system tracks the history of each incident, including the contact, time, priority level, case description, correspondence, attached files, support recommendations, your feedback, and the resolution. The priority is assigned to each case as it is logged based upon the initial information provided and can be modified.

PRIORITY	DESCRIPTION	RESOLUTION
CRITICAL	Issue is severe and requires immediate resolution. A critical issue is one where there is a complete work stoppage, or the loss of multiple essential system functions for all users.	1 day or less
HIGH	A high priority issue is one where there is a repeated, consistent failure of essential functionality affecting more than one user, or the loss or corruption of data. Your system is operational, but an essential piece of functionality is not working.	10 days or less
MEDIUM	Issue is non-severe.	30 days or less
NON-CRITICAL	Issue is a lower priority and you will work with Support as time permits.	60 days or less

Problem Escalation

The goal of the Tyler Support department is to provide technical assistance to Tyler Product users in overcoming issues, understanding certain functionality, and recommending approaches to various situations.

An incident is originated when a customer contacts Tyler’s support staff. Support can be contacted via the toll free support line, e-mail, or the support website. The incident can be received in several different ways via our flexible support systems.

If the support incident is received via the toll-free support line, a support representative will create and log the support issue into our help desk system. The support representative will take ownership of the incident and see it to resolution. The support representative will use many different resources to resolve the issue including on-line help, Knowledge Base, advisors, team leaders, managers, and software developers.

If the support incident is received via e-mail or online support portal, an incident is created and a support representative will contact the customer based on a combination of the priority of the issue and the order that the issue was received. The support representative will take ownership of the incident and see it to resolution. The support representative will use many different resources to resolve the issue including on-line help, Knowledge Base, advisors, team leaders, managers, and software developers.

The Team Leaders and Manager of Support Services monitor the status of all support incidents received during the day. In situations where the Team Leaders or Manager identify an incident that needs escalation, the Team Leader or Manager may manually escalate the incident or assign it to a specific support representative. If the software support representative cannot resolve the incident, they have several different levels of help in order to resolve the incident in a timely manner. The levels are as follows: Support Specialist > Advisor > Team Leader > Manager of Support Services > Director of Client Services.

Support Goals

Though our Live Telephone Support reduces call-backs, it does not eliminate them. Goals have been established for those incidents and are monitored via constant communication with the Customers and specific metrics. The information presented below does NOT include live support, only incidents where live support was not available, such as high-volume seasons.

Type of Call	Response Goal
Standard Call	2-8 Hours
High Priority	30 minutes – 1 hour
Critical	10 – 30 minutes

Support Analysis

With many our customers taking advantage of our Live Telephone Support, we track First Call Resolution. The Industry Standard for Call Back Resolution falls below 49 percent. Tyler stays well above the industry standard in resolving issues upon first contact by our customers, with an average 70 percent resolution rate. Taking support calls live allows us to resolve issues more quickly creating a more efficient environment for our customers.

Tyler carefully gauges all the aspects of support to maintain a customer-conscious atmosphere, so in addition to tracking First Call Resolution, we track relevant data that helps us to better serve our customers.

- Average wait time in the queue
- Average response time
- Average resolution time
- Average call volume by day
- Average incidents closed by agent by day
- Incident trend analysis

Tyler Community

As America's largest software provider dedicated to serving the public sector, Tyler is uniquely qualified to leverage the combined experience of tens of thousands of users with our staffs' deep domain knowledge to bring a one-of-a-kind interactive online community.

In the Tyler Community clients connect with other users and Tyler staff to share information, collaborate, access support and receive training. In this interactive environment, individual knowledge is amplified exponentially across the community. You can connect with colleagues from neighboring communities or from across the country. Clients stay connected by joining groups with other users who are in the same geographic region, share common job functions or use the same software products. User discussions include topics that impact your daily life, keeping up with the latest software tips and tricks, and what other agencies around the nation are doing to connect and empower their constituents.

Software Updates & Maintenance

Tyler has proven history of providing upgrades and enhancement releases on a continual basis, which are available to all clients. Our evergreen philosophy ensures that those upgrades and enhancements are provided at no cost to those current with their annual software maintenance contract. Enhancement releases take place every year and are scheduled with the client to provide the best possible timeframe for both the client and Tyler. Upgrades, however, occur periodically and are initiated by the client at any time via the Internet through a process called Live Update, making the process as convenient as possible for our clients. Patches and fixes are provided to the client through Live Update as well.

Our evergreen development philosophy has been a strong differentiator that separates us from our competitors and provides a significant cost savings to our family of clients. Through evergreen, our clients receive the latest technology developments, releases and updates without paying additional license fees – for the life of their Tyler product. While this has provided our clients with a return on investment that is unrivaled in our industry, the frequency and complexity of software releases can sometimes create a consumption gap for our clients.

The gap exists when new features are released and, over time, users don't learn and apply these features to their work environments. EverGuide® is a Tyler-wide continuous improvement initiative to address the consumption gap. With EverGuide, our goal is to help our clients continue to grow and evolve their use of the functionality and enhancements of their Tyler product over time. Through our EverGuide initiative, we will:

- Help clients better leverage product enhancements
- Provide a workflow “maturity model” for clients to follow
- Offer strategic planning services and training resources
- Offer a client executive program to help clients build and implement a continuous improvement plan
- Provide domain expertise, with defined integration points and common support methodology

With EverGuide, our goal is to help our clients continue to grow and evolve their use of the functionality and enhancements of their Tyler product over a long period of time. It’s also our hope that this initiative is a catalyst for our clients’ organizations to embrace change, commit to training and developing their staff, and fully use the wide ranges of Tyler’s service and support offerings available to them.

EverGuide Continuing Education

Our evergreen development philosophy has been a strong differentiator that separates us from our competitors and provides a significant cost savings to our family of clients. Through evergreen, our clients receive the latest technology developments, releases and updates without paying additional license fees – for the life of their Tyler product. While this has provided our clients with a return on investment that is unrivaled in our industry, the frequency and complexity of software releases can sometimes create a “consumption gap” for our clients.

The gap exists when new features are released, and, over time, users don’t learn and apply these features to their work environments. In these instances, this consumption gap increases, causing the user to fall further and further behind on optimally using the product. Clients facing this situation are no longer benefiting from the full functionality of the product, or from the latest technology enhancements.

EverGuide™ is a Tyler-wide continuous improvement initiative to address these issues. EverGuide is an extension of our evergreen philosophy and will offer services and consulting to help clients maximize, protect and get the most from their software investment.

Through our EverGuide initiative, we will:

- Help clients better leverage product enhancements
- Provide a workflow “maturity model” for clients to follow
- Offer strategic planning services and training resources
- Offer a client executive program to help clients build and implement a continuous improvement plan
- Provide domain expertise, with defined integration points and common support methodology

As every Tyler product is different, EverGuide will be customized by product group and client type to ensure we are delivering the right level of services and support to meet the unique needs of our clients.

With EverGuide, our goal is to help our clients continue to grow and evolve their use of the functionality and enhancements of their Tyler product over a long period of time. It’s also our hope that this initiative is a catalyst for our clients’ organizations to embrace change, commit to training and developing their staff, and fully use the wide ranges of Tyler’s service and support offerings available to them.

Support Agreements

Tyler’s Support Agreement is included in the Exception and Sample Agreements section of this proposal.

Hardware Requirements

On Premises Hardware Recommendations

Tyler Technologies' Eagle Solution is designed to operate on networks and operating systems that meet certain requirements. Systems that do not meet the required specifications may not provide reliable or adequate performance, and Tyler cannot guarantee acceptable results.

Server Requirements

Component	Requirement	
General Server	Dedicated Server	
	MS Windows Certified Server ⁴	
	Removable Media (for backups)	
	Gigabit Ethernet	
Operating System	MS Windows 2012 R2 Server	
Database Component	MS SQL Server 2012 Standard or Enterprise ⁵	
Network Environment	Domain w/Active Directory Services	
	Internet Information Services (IIS) ⁷	
	.NET 3.5 or 4.0 Framework	
Hard Drive Arrays	For OS	SAS RAID1
	For SQL, Transaction Logs, DB files,	SAS RAID5 or SAS RAID10

⁴ Nationally recognized brand

⁵ If running a dual server configuration, this is only needed on the database server.

Workstation

Component	Requirement
Hardware	Microsoft Windows Certified PC ⁶
Processor	Multi-Core CPU
Memory	4 GB RAM
Disk Space	10 GB available
Operating System	Windows 7 Professional ⁷ Windows 8, or 8.1
Network	Gigabit Ethernet
Network Environment	Workstation is a member of the Domain ⁸ .NET 3.5 or 4.0 Framework
Graphics	128 Dedicated Graphics—Running 1280x1024 ⁹

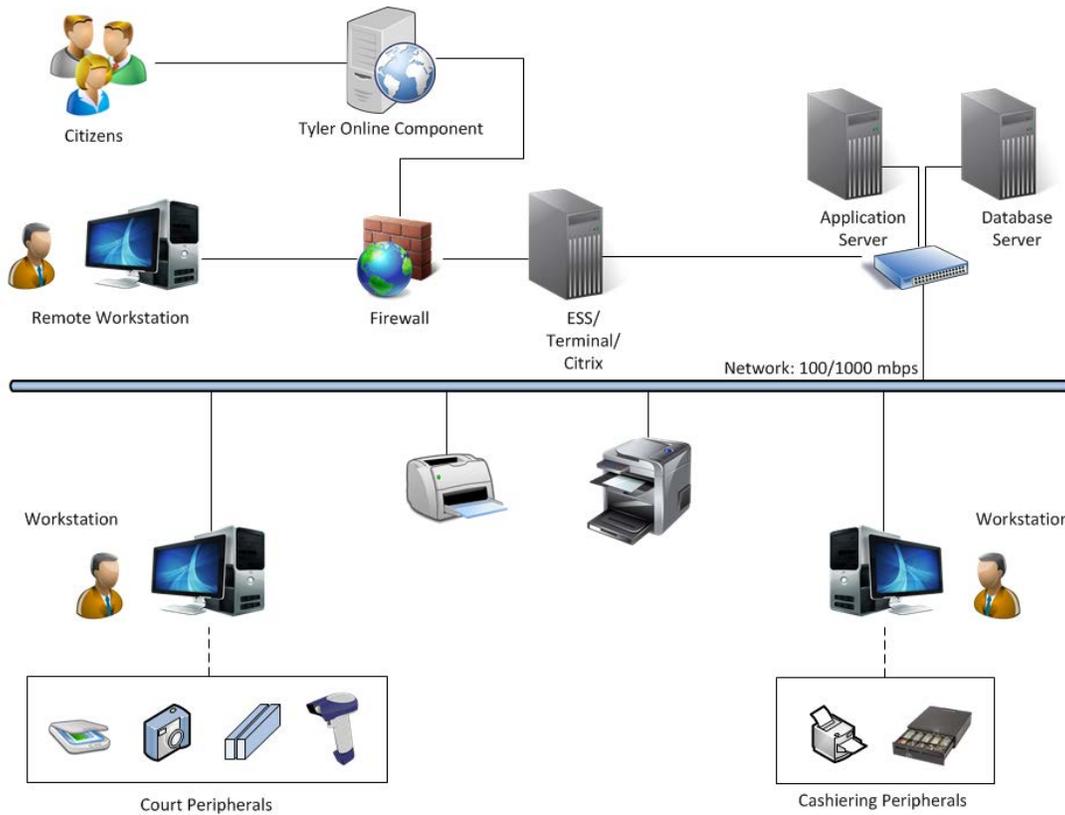
⁶ Nationally recognized brand

⁷ Windows 95/98/ME, XP Home, and Vista Home editions and workgroup or peer-to-peer networks are not supported.

⁸ Tyler's servers and workstations must authenticate with and be members of a Microsoft Active Directory network. Workgroup and peer-to-peer networks are not supported.

⁹ The application windows are not fully visible at resolutions lower than 1280x1024.

Architecture Diagram



Tyler Hosted System Requirements

Tyler’s hosted solution is designed to operate on networks and operating systems that meet certain requirements. Systems that do not meet the required specifications may not provide reliable or adequate performance, and Tyler cannot guarantee acceptable results. This should include a reliable Internet connection provided by your ISP.

Workstation Requirements

Component	Requirement
Hardware	Microsoft Windows Certified PC
Processor	Pentium Core 2 Duo
Memory	2 GB
Disk Space	5 GB available disk space
Operating System	Windows 7 Professional or Windows 8 Professional, 8.11
Network	Gigabit Ethernet
Network Environment	Latest Windows Updates

1 Windows 95/98/ME, XP Home, and Vista Home editions and workgroup or peer-to-peer networks are not supported.

Full Hardware Specifications

For complete details on hardware recommendations the County can visit the Site Assessment website. There you can select specific details that will determine what hardware configuration would be the best fit for your site. The County will also be able to compare recommendations for an on-premises solution versus a Tyler-hosted solution.

To complete your site assessment, log in to <http://check.tylertech.com>

Enter your email address and the password “Tyler”.

Select the Eagle product to begin your system assessment. You will also be able to download PDF copies of hardware requirements from within the process. We strongly recommend that you download and keep a copy of the full hardware requirements as this document also covers recommended data backup procedures.

Solution Validation

Making sure your new system works the way you need it to is paramount to the success of the implementation. Tyler’s quality management and validation plan addresses both the project and the product, while ensuring project objectives are met. The project teams validate the solution throughout the life of the project to expose issues that would normally only be revealed in a production environment. A comprehensive validation plan is set in place and may include system infrastructure audits, conversions, and modification delivery.

A controlled environment is created for high-level product modification validation, import and export interface, functional flow, and reliability.

The goal of validation is for end users to gain extensive product experience, develop a high level of confidence in Tyler’s products, and understand their specific functions within the solution.

Expected benefits from the completion of validation also include:

- The infrastructure of hardware and network design is thoroughly vetted
- Modifications are delivered and fully integrated into the solution
- A managed issues list is fully quantified

Issue tracking, resolution accountability, and completed issue resolution are necessary in a successfully completed project. The validation phase is a shared responsibility and must be recognized as such.

Solution Requirements

Tyler's Eagle Recorder is more than just a product, it's a concept in document recording. It's not just about the features themselves—it's really about how those features are implemented that determine the overall benefits to your staff and patrons.

We've specifically developed Eagle's feature-rich functionality based on our extensive domain experience, including more than 400 Clerk and Recording office implementations in 27 states. Quite simply, at Tyler, we know how to create, deliver, and support the types of solutions that don't just meet your needs, we exceed them.

Our state-of-the-art solutions turn even the most complicated tasks into streamlined, fast, efficient processes that will fit smoothly into your daily workflow, enabling you to get more done with less time, energy, and resources.

Accounting Capabilities

Receipting

The Receipting module supports documents, applications, copies and other miscellaneous products. If a fee can be calculated, it can be created in Eagle's financial fee system. Documents and other products can be added, deleted, the sequence changed, etc., until the cashier processes the payment, or parks the receipt to be processed later. The order in which the documents are recorded can be changed. All information entered in at the time of receipting is available later throughout the application. Additionally, receipting supports copying products; for example, with a group of 50 city tax liens, the first lien can be receipted, and the County's name is entered as the grantee; then the Cashier can quickly select "copy" and input "49" additional liens. All 50 liens appear on the receipt and all will have the City's name as the grantee.

Payments

After documents have been cashiered, a payment can be applied, or the receipt can be parked for deferred processing. Tender types are user-defined, and typically include Cash, Check, EFT, On-Account and Credit Card. Multiple tender types can be applied to a single receipt. Combined tender types can also be defined e.g., cash and check. Additionally, the system can handle overages and shortages, and maximum amounts for those can be set, as well. Supervisors can override the payment amount when necessary, as in a no-charge document. A reason for the override can be a required entry. Once the receipt balance has been paid in full, the documents are officially recorded. Each document is automatically assigned a sequential Instrument Number, book/page number (if used), and recording date and time.

Receipt Corrections

Auditors will appreciate how Eagle Recorder complies with Generally Accepted Accounting Practices (GAAP) when Receipt Corrections and Voids happen. Using a receipt correction wizard, authorized staff can add or delete pages, correct other fees, etc., simply by calling up the original receipt and making the adjustment; then applying an appropriate payment or journal transaction. Receipts can also be voided and reissued. In this instance, the voided receipt and new receipt are linked for auditing purposes.

A receipt can be corrected more than once, if needed. Standard financial reports allow management to track the number of voids, the user creating the void, as well as the reason for the void. The system can require supervisory approval for the change and require that a reason for the change or void.

Balancing Tills

Tills can be assigned to specific staff, or shared. At till closing, a Balance Till process is run. This process requires the cashier to enter the totals for each tender type used. These totals will be compared to the system calculated totals and any discrepancies will appear as an Over/Short amount. Discrepancies are handled according to the County's current processes.

Bank Deposit Reports

After all tills have been balanced, a Bank Deposit Summary report is run. This report summarizes all of the funds being deposited with the County's bank or at the Treasurer's Office (Cash, Checks, Money Orders, etc.).

Account Summary Report

Also, at end of day, an Account Summary report is produced. This report includes all of the sales / transactions for the day, including those not listed on the Bank Deposit report, such as charges, EFTs, and journal transactions.

Over / Short Account

If your County allows it, an overage / shortage account can be created. The system administrator selects the amount that the user is allowed to be over or short per transaction. Funds are automatically added to (overage) or withdrawn (shortage) from this account. Reports will show the date of the overage/shortage, the amount, the tender type, and the user.

Receipt Reports

A variety of receipting and balancing reports are available. Here are some examples:

- Account Totals
- Other Payments
- Workstation Balance
- Bank Deposit
- Bank Deposit Summary
- Check Register
- Credit Card Transactions
- Journal Summary
- Product Sales
- Receipt Report

Reports can be run on-demand, or schedule to run at a specified time.

Printing or emailing Receipts

Receipts can be printed automatically, or on demand, and in detail or summary form. Receipts can be printed to any Windows compatible laser printer or to a receipt printer that has been certified by Tyler to work with the system. Receipts can also be emailed instead of or in addition to printing the receipt. Frequent users can have their receipts automatically emailed to them, so that they always have a record of each transaction.

Customer Statements

Charge and pre-pay accounts are supported. Customer statements can be automated and mailed or emailed on a daily, weekly or monthly basis. Cashiers see the account balance in real-time whenever they apply an account payment. The system is designed so that a transaction cannot be completed if the account lacks sufficient funds (pre-pay) or has exceeded its credit limit (charge).

Automated ACH Processing Wizard

An automated ACH Processing Wizard complements the Charge accounts. Counties can implement the Automated ACH Process with any account where payment is received electronically (Electronic Fund Transfer or EFT). The ACH Process Wizard allows staff to quickly create all the ACH account statement reports in electronic form, review them and email the statements. When desired, an ACH file is created and can be sent to the County's financial institution. The County financial institution will process the ACH file and will automatically pull funds from the ACH accounts and deposit those in the County's accounts.

Customizable Workflows

A flexible workflow means that the Eagle Recorder solution can be configured to fit your needs. You have the ability to automate, simplify, and direct the flow of documents through the County, which results in more efficient operations, better customer service, and consistent information in the hands of the people who need it. If you are unsure of your current needs, or desire a better workflow plan, our experienced implementation staff can guide you with best business practices based on our past experiences with Counties like yours.

Workspace Management

User Workspace configuration is client-defined. Users can be restricted to pre-defined templates for their workspaces, creating a controlled work environment. Multiple screens can be open, allowing users to easily switch from one task to another. Individual screens are displayed as tabs in the Workspace; however, they can also be undocked and used as stand-alone screens, perfect for dual monitors and power users.

Widgets

Workstations are customized by including user-defined widgets in the space. Widgets can include system information, outstanding tasks, user notes, contact information, news feed, County information or many other types of data within the application.



Key Performance Indicators (KPI)

One of the strengths of role-based workstations is the ability to add configurable KPIs relevant to the user's work processes. Managers can quickly configure widgets to show key workflow metrics and user productivity statistics, which allows them to quickly reassign or readjust staff workflow priorities.

Drill-Down Functionality

All data used from the application to create Widgets include full capability to drill down into the data and jump to active processing screens directly from a workspace. Data is automatically updated each time the Widget is used. All Widgets in the application are fully interactive and allow users to customize queries, add/change column orders, groupings and more.

Indexing Capabilities

The system allows the creation of indexing and verification workflow that best meets the needs and requirements of your office. Re-key and sight verification are supported - you decide what works best for your office and your documents.

Some index fields are system-generated during the cashiering process. These include: Type of Document; Instrument / File Number; Number of Pages; and Recording Fee. Other information, such as Recording Request By and/or Return Address can be input at the time of cashiering or later, during indexing. If the data has been entered at the cashiering process, it does not ever need to be entered again.

Data Entry

There are two methods for entering information into the index: keyboarding and via the Eagle Automated Indexing functionality. Eagle Recorder supports indexing via keyboarding and keyboarding shortcuts. Tabbing order can be controlled by the location of the index fields. User defined short-cut keystrokes can quickly move the user from one index field to another.

Intelligent Indexing with OCR

Eagle has built-in Optical Character Recognition (OCR) tools that scan images. Tyler works with the County to build business logic based on indexing rules to help automate data entry. The system learns from users as they select or remove fields that were automatically indexed. Auto-index can be applied to any and all recordings. In addition, users can manually use clickable and ropable OCR tools to index any information straight off the documents image.

Most standard, legible information can be retrieved from a scanned document. The system uses a series of data recognition and processing techniques, as well as information identification rules to extract relevant data. Site specific data and indexing rules are customized for each specific client.

Eagle OCR AI increases the productivity of your indexing staff by pre-filling index fields with the data extracted and processed during OCR. This process is completely transparent to the staff. Once the documents are processed, they appear in the Indexing/Data Entry workflow queue. The image and index information is presented side-by-side for the indexer to review with color coded auto indexed information highlighted on the document. Changes and additions can be made as needed. At the point when your staff is reviewing the document, much of the indexing has already been done... automatically!

The Name Learning Algorithm

The OCR engine uses a number of learning algorithms to refine its name libraries. The system's ability to extract correct information is entirely dependent upon the name libraries and indexing rules it runs against. The logic behind Eagle OCR consists of extraction, naming, parsing and data transformational rules (automatically transforming "Bostonian CU" into "Bostonian Credit Union" to match a County's indexing rules). The system tracks the data that is automatically indexed, as well as the changes that are made by the staff. Using this information, the system can suggest changes that improve the integrity of the name libraries. Tyler staff will review these suggestions and implement changes by adding and removing names that increase the accuracy of Automated Indexing.

Auditing

Eagle OCR makes use of the auditing utilities in Eagle Recorder to track data that is automatically indexed, to track changes made to that data, and to track new data that is indexed manually. The information in the audit logs helps us to fine-tune the system and to identify areas for future development. As a result, our OCR applications are constantly improving.

Codes

Name codes can include commonly used grantor and grantee names, e.g., WMS = WASHINGTON MUTAL SAVINGS. Enter a code and then Tab - the name will automatically be inserted into that index field. Return address codes include commonly used return addresses, e.g., WSB = WASHINGTON STATE BANK, 10101 WEST DENVER BLVD, 3RD FLOOR, SPOKANE, WA 90909.

Table Lookups

Table lookups can be applied to any field. Typical table lookup fields are subdivision name; commonly used names (grantor, grantee fields); state, country; document rejection reasons; void reasons; return addresses; as well as many more.

Required Fields

Any field can be designated as a required field whether on the indexing, verification or cashiering screens.

Conditional Fields

Conditional fields are supported. Additional field(s) can be displayed and these fields can also be required when a certain condition is met.

User-defined Macros

System users can create their own indexing and verification field macros. The number of system-defined indexing and verification macros is limited only by the number of keys on the keyboard.

Data Auditing

Errors, omissions, and corrections can be tracked, whether using sight or re-key verification. The system includes an Audit Document applet that allows an authorized user to view the index history in a visual fashion. The previous index information is displayed on the left side of the screen; and changes, additions or deletions are displayed on the right side of the screen. This allows the supervisor to quickly determine

what errors an indexer is making. This is especially useful when working with new employees. Changes, additions and deletions are all shown in a different color, so the differences are easily seen.

Image Auditing

Image changes can be tracked, whether the change is the deletion of a page or the entire image; or the rescanning of the image. In addition to tracking the image change, an option exists to allow the retention of the previous image. This allows for the recovery of the previous image when an inadvertent change has occurred.

Redaction Capabilities

Manual Redaction

Authorized staff can manually redact confidential information using the annotation tool for redaction. Manual redactions can be applied on new or existing images. This capability is available in the basic OCR toolset that is included with Eagle Recorder.

Intelligent Redaction

The automated identification and redaction of sensitive information is achieved through the capabilities of the advanced Eagle OCR module for Automated Redaction. Based upon pre-defined and configured business rules, the system can automatically identify and apply redaction to formatted Social Security Numbers and other confidential data that can be identified by the OCR engine.

Scanning Capabilities

The scanning and imaging functionality of Eagle Recorder is provided by an integrated imaging engine that was designed and created by Tyler, specifically for the Eagle solutions product line. And, because it is a Tyler solution, it is supported by the same group that supports all of your Eagle Recorder applications and modules.

Document scanning can be implemented at any desired point in your workflow. The system doesn't dictate procedure – you do! You can define whatever workflows you need to support the efforts of your office and the way you conduct your business. In order to minimize document handling, take advantage of OCR, and promote indexing from the document image, we recommend that scanning occur prior to data entry.

Scan-First and Up-Front scanning are both supported, as well as batch scanning. Scan-First and Up-Front scanning allow Counties to scan and return over-the-counter documents, thereby reducing your postage costs, increasing staff efficiency, and enhancing customer satisfaction.

Scan-First

Scan-First can also be implemented for over-the-counter transactions. The primary difference is that the document(s) is scanned first, then the Cashier selects the pages of each document and the receipt is created based on the number of documents selected. Similar to an eRecorded document, an electronic recording label is applied to the scanned image and a copy of the recorded image is sent to the customer. The physical document can be handed back to the customer. If the County desires, a physical recording label can be applied to the physical document that is handed back.

Up-Front Scanning

Up-Front Scanning is typically implemented for over-the-counter transactions and can be configured by the workstation. The scanning screen automatically appears after the document(s) is receipted; the Cashier is prompted to apply a recording label and to scan the document(s). After the document(s) is scanned, the scanning screen verifies that all pages receipted have been scanned; if a discrepancy occurs in the number of pages scanned, the Cashier is notified and can fix the issue. Additionally, the Cashier can quickly review all the pages of the document prior to handing it back to the customer.

Batch Scanning

Batch scanning processes are typically implemented for large batches of documents, such as title company drop-offs, mail, or other large volumes of paper documents. Batch scanning allows the scanner to quickly and efficiently scan the documents, while verifying the number of pages scanned, as well as providing automated image quality control tools.

Bar Code Labels & Validation Labels

The system can be configured to produce and process first page bar code labels, cover pages or multiple page bar code labels. Electronic labels can be applied in place of bar code labels, or in combination with first page bar code labels. Both labels and electronic labels are user defined and can include the client's name, instrument / file number, recording date and time, fees, document type, etc.

Image Quality Control

The system includes a utility for image quality control which allows staff to review each page of the document image. QC can happen while scanning, or as a planned workflow step that occurs later in the process. Each page of the document appears on the screen, along with a visual indication of a successful scan or an error, such as two pages recognized – only one page receipted. Errors must be corrected, or the error message be overridden, before the document can be processed and released to the next step in the workflow.

Electronic Annotations

Electronic annotations can be applied to images at any step of the process. Annotations are an overlay and do not alter the original image. For example, if a redaction annotation is applied to a Social Security Number or a bank account number, the redaction annotation does not affect the original image. A user with proper security can view the redacted information and print an un-redacted copy of the image. A public user (or other person without proper security) cannot view the redacted information and cannot print an un-redacted copy.

eRecording Capabilities

Tyler's Eagle Quickdocs feature makes electronic recording or rejecting documents an efficient, simple process for users. An eRecording queue will be configured to make e-recording submissions visible and accessible to all intake users. Eagle works with vendors to deliver packages with documents and related documents in the correct format. Images are paired with the package information and any index data the County elects to allow the submitter to populate. Users assign new packages to their Task List to approve or reject the batch. Users with the appropriate permissions can reassign these tasks. Visible fields for

reviewing electronic documents include all pages, filing fees for each document, number of documents in a package, and document type. An electronic stamp is automatically applied on e-recordings from the Eagle system. Users have flexibility and control over the electronic recording ranging from adjusting the stamp location and size to how the fee calculates before the receipt is submitted.

eRecording submissions communicate securely through an HTTPS connection with Eagle Recorder, and all approved eRecording vendors are provisioned an account to ensure only authorized users can access the interface. eRecording vendors can accept level 1, 2, or 3 documents, and as part of the recording process, Eagle Recorder archives the image as TIF, which is consistent with industry best-practices and how other scanned images are stored.

eRecording Rejections

Eagle Recorder can efficiently reject transactions with a simple pull-down of frequent rejection reasons. We take it a step further and allow the county to setup certain auto rejection rules for packages. This is beneficial to the county because packages that don't follow counties recording requirements will be automatically rejected and go back to the submitter with notice of what needs to be corrected. This saves your staff time from eliminating obvious rejections. Furthermore, the system tracks all rejected and auto rejected packages for county auditing. Additionally, once a rejected packaged is fixed and re-submitted, the county staff will be able to see why the package was originally rejected to verify that has been corrected in the newly submitted document.

Cash Management

Payment can be applied, or the receipt can be parked for later processing. Payment types are user-defined and typically include cash, check, credit/draw-down, EFT/ACH, and credit card. Daily ACH processing can be automated, where billing statements are created, then funds pulled from the users account and deposited directly into the County's account. Upon receipt completion, receipts may be emailed, auto emailed to accounts, or printed using a laser or EPSON slip printer. Please see the "Accounting Capabilities" section for further details on receipts, auditing and tracking for detailed reports.

Reporting Capabilities

The system's integrated Report Writer was used to create the library of reports that comes with the system. Unlike a third-party report writer solution that can potentially expose your data and images to security issues, the Eagle Recorder Report Writer is tightly integrated, providing the highest level of security for your data and images – and peace of mind for you. Additionally, the integrated report writer allows users to create their own user defined reports. Also included is an integrated Forms Printing Module which allows users to print letters and data to County forms, either manually or through automated workflow processes. The Forms module also allows the printed forms to be saved as a secondary attachment to the associated record.

Integrated Report Writer

The Report Writer is included with all of Tyler's Eagle applications at no additional cost. Also included, is an extensive library of standard reports. These are described in other sections of the Eagle Recorder Product Narrative.

By including an integrated Report Writer with the Eagle applications, you do not have to purchase, support, learn or manage 3rd party report writers, or deal with the additional security management that is required for 3rd party report writers.

The library of standard reports Includes Grantor, Grantee, Reception Book, Summary, Document Transactions, etc. Each report can be ran on-demand, or can be scheduled to run during off-peak hours. Reports may be printed or emailed to recipients. Scheduled reports can be automatically emailed to specified recipients. And, because these standard reports were created using the Report Writer, the Report Writer can be used to copy and modify any standard report to create a new report. This is a real time saver when only slight modifications to an existing report are needed for a new report.

In addition to modifying existing reports, you can use the Report Writer to create new reports. Report formatting features (font, font size, width of field, etc.) are all defined by the user as each new report is created.

The integrated Report Writer provides several print formats which are accessible from the search menus via a Quick Print option. These formats are: reception book format, grantor index format and grantee index format.

Recording Reports

These are some of the standard recording reports that are included with the system:

- Missing Names Report lists any key fields missing from the index, e.g., reception date, reception time, number of pages, document code, return address, grantor, grantee, and recording fee.
- Reception Book is the index of recorded documents for a user-specified date range. It can be run for all recorded document types, or a subset of document types (i.e., marriage licenses, liens, etc.). The data elements included on this report are: instrument / document number, book, page, recording fee, excise number, document type, return address, recording date and time, document date and legal description. The report is sorted by Instrument / Document Number.
- Document Summary summarizes the number of recordings, scans and fees collected, for a user-specified date range. Beginning and ending instrument numbers by date are listed with totals. This would be useful to calculate the number of recordings and fees collected within a user- specified period of time.
- Missing Scans Report displays the instrument number of recordings where the number of pages recorded is different from the number of pages scanned.
- Grantor Index is sorted in grantor order, and can be printed for all recordings, or for a user-specified book type. Printed on this report are: grantor, grantee, instrument number, book, page, reception date, reception time, lot, block, tract, section, township, range and document type.
- Grantee Index is sorted in grantee order, and can be printed for all recordings, or for a user-specified book type. Printed on this report are: grantee, grantor, instrument number, book, page, reception date, reception time, lot, block, tract, section, township, range and document type.
- Many financial reports are included but are not limited to Journal Activity, End of Day Till Balance, Bank Deposit, Finance Data Extract and Product Sales reports.

There are also standard reports that list the contents of all the user-defined tables, such as the document code table, subdivision table, etc.

Printing Reports from the Search Screen

There are several standard print formats to select from to print Search Results: reception book format, grantor index format and grantee index format. Reports can be printed on-demand, or can be scheduled to print at a specific time.

User Defined Reports

Users can create their own ad hoc reports using the system's Report Designer functionality. One of the unique features of Eagle Recorder is the ability to create an "alias" of an existing report, then to change some of the new "aliased" report criteria.

Automated Attachment of Correspondence

Correspondence for non-returned marriage licenses, assumed name/business name renewals, and other correspondence can be generated through the Report Manager and emailed or printed for mailing to customers. Automated Attachment allows the correspondence to be automatically attached to the record that generated the specific correspondence. The attachment can be a public or staff-only secondary document. Automated Attachments are created in the Report Manager, and therefore can be scheduled to run and complete the generation of the correspondence or emails with little to no staff involvement.

Forms Module

Eagle Recorder supports the creation of a multitude of County forms. Forms may include comment Document Rejection Letters, Refund Letters, No Record Found Letters, etc. County specific Marriage License applications and certificates, Assumed Name/Fictitious Business Name reminder letters, etc., can be quickly and easily implemented.

Tyler Munis Integration

Since Eagle Recorder and Munis are both Tyler products, as you can imagine, Eagle Recorder already has a standard Finance Data Extract integration with Munis. This gives the county piece of mind knowing we have an existing integration to Munis and will be able to integrate accurately and without error.

Automated Fee Calculation

Documents can be cashiered in batches or individually. Fees are automatically calculated based upon document type and number of pages, or other criteria based on type. Fees such as transfer tax, documentary fee, oversize page, number of names, etc., are easily configured. Other required information can be input, as well, including parcel numbers, excise tax numbers for transfer deeds, recording requested by name, etc. Receipting is quick and easy through the pre-configured drop-down lists of products and pre-configured fee schedules that are associated with each product. Fees be adjusted, waived, added to, and exempted as needed.

Automatic Generation of Document Numbers

As explained in previous sections, Document Number, Book and Page, Recording Date and Time will be automatically generated by Eagle Recorder and applied to the counties document stamps.

Automated Rejection Process

Tyler's Eagle solution allows staff to accept or reject documents submitted for recording. Paper and eRecording documents may be rejected through the application. The system will capture the rejected document and rejection reason, which is populated from a drop-down list of the counties current rejection reasons with the ability to add new ones. For paper rejections, a rejection letter can automatically print. Scanning the rejected document is also optional and a common practice many counties are utilizing today for better auditing. Please see earlier section on eRecording rejections for more explanation of electronic rejections.

Accessibility of Records

Eagle Self Service

Tyler's Eagle Self-Service is an online platform that provides the public with access to your county's land and official records. Members of the public can search, download and retrieve official and unofficial copies of documents ranging from property deeds to marriage licenses. Self-Service helps counties improve public access while reducing the burden on their staff.

Whether on desktop, laptop, tablet or smartphone, the responsive design of Self-Service ensures that every transaction and search runs optimally from any device. More than a website, Self-Service is a powerful platform that provides intuitive navigation similar to popular consumer websites. From submitting forms electronically to monitoring existing accounts, Eagle gives users the ability to take control of their own documentation needs whether they are seeking official or unofficial records.

The search function of Self-Service is highly advanced and includes an intuitive auto-suggestion feature to help users find what they need more quickly. Users can select multiple options directly from search, including "contains all" and "contains only" parameters so customers can locate documents quickly and easily. They can filter on Grantor/Grantee, dates and document types, for example. For frequent users, the account history remembers documents purchased previously and provides hyperlinks to those documents for faster access, similar to how popular consumer websites remember order histories and preferences.

Self Service is designed for web, in-office ("kiosk"), and other county department access to your records. User accounts may be created for agents and other county users. Accounts may be linked to their pre-paid/charge account for payment. Online fee collection via credit cards may be collected for any online request to documents (certified and non-certified) as well as marriage applications. Staff may email document requests to the requestor as needed.

Reliability

Clients can review all system requirements for Tyler Products at the following location. <https://check.tylertech.com> this site will provide you with all the latest information needed for the Eagle product. Infrastructure requirements and redundancy are at the discretion of the client. Regarding Tyler Hosted, we provided all the infrastructure needed to provide a SaaS solution to the client. Our SaaS Services are audited at least yearly in accordance with the AICPA's Statement on Standards for Attestation Engagements ("SSAE") No. 18, which includes a SOC 1 and SOC 2 report. The client can request these reports with a signed NDA.

Response Time

Issue Handling

Tyler records all your contacts and incidents in a customer relationship management system. This system tracks the history of each incident, including the contact, time, priority level, case description, correspondence, attached files, support recommendations, your feedback, and the resolution. The priority is assigned to each case as it is logged based upon the initial information provided and can be modified.

PRIORITY	DESCRIPTION	RESOLUTION
CRITICAL	Issue is severe and requires immediate resolution. A critical issue is one where there is a complete work stoppage, or the loss of multiple essential system functions for all users.	1 day or less
HIGH	A high priority issue is one where there is a repeated, consistent failure of essential functionality affecting more than one user, or the loss or corruption of data. Your system is operational, but an essential piece of functionality is not working.	10 days or less
MEDIUM	Issue is non-severe.	30 days or less
NON-CRITICAL	Issue is a lower priority and you will work with Support as time permits.	60 days or less

Problem Escalation

The goal of the Tyler Support department is to provide technical assistance to Tyler Product users in overcoming issues, understanding certain functionality, and recommending approaches to various situations.

An incident is originated when a customer contacts Tyler’s support staff. Support can be contacted via the toll free support line, e-mail, or the support website. The incident can be received in several different ways via our flexible support systems.

If the support incident is received via the toll-free support line, a support representative will create and log the support issue into our help desk system. The support representative will take ownership of the incident and see it to resolution. The support representative will use many different resources to resolve the issue including on-line help, Knowledge Base, advisors, team leaders, managers, and software developers.

If the support incident is received via e-mail or online support portal, an incident is created and a support representative will contact the customer based on a combination of the priority of the issue and the order that the issue was received. The support representative will take ownership of the incident and see it to resolution. The support representative will use many different resources to resolve the issue including on-line help, Knowledge Base, advisors, team leaders, managers, and software developers.

The Team Leaders and Manager of Support Services monitor the status of all support incidents received during the day. In situations where the Team Leaders or Manager identify an incident that needs escalation, the Team Leader or Manager may manually escalate the incident or assign it to a specific support representative. If the software support representative cannot resolve the incident, they have several different levels of help in order to resolve the incident in a timely manner. The levels are as follows: Support Specialist > Advisor > Team Leader > Manager of Support Services > Director of Client Services.

Support Goals

Though our Live Telephone Support reduces call-backs, it does not eliminate them. Goals have been established for those incidents and are monitored via constant communication with the Customers and specific metrics. The information presented below does NOT include live support, only incidents where live support was not available, such as high-volume seasons.

Type of Call	Response Goal
Standard Call	2-8 Hours
High Priority	30 minutes – 1 hour
Critical	10 – 30 minutes

Performance Management

Tyler HUB

Tyler Hub™ is a powerful platform that improves the efficiency of users across Tyler applications. By connecting powerful and diverse data sources, Tyler Hub enables you to monitor key processes, quickly execute routine tasks, and eliminate time-consuming data searches. Tyler Hub is built on a series of preconfigured cards designed to visualize standard sets of data for various job functions and tasks. Cards are used to build pages that offer insight into staff productivity, outstanding tasks, office statistics, and more. Users have the option to adjust the data as needed and specify how it is presented — or simply use the cards as they are. A Tyler Hub page can be assembled to focus on a specific process, such as recording or marriage, or can be configured to reach across Tyler solutions to combine cards from finance and the recording office. A page can combine data analytics, reporting, and task functions, and users can add or modify pages to their platform stack as their job functions evolve. Real-time data analytics and active links give Tyler Hub users an advantage. Instead of taking the time to open multiple programs to find data, Tyler Hub centralizes the data you need and makes it instantly accessible — quickly click on line items to access transactional details, locate a site on a map, or approve or reject a transaction. By having everything visible and accessible, users have more time to analyze their data rather than searching for it.

Features

- Out-of-the-box standard content packs with the options to personalize as needed
- Real-time data with active links to process tools
- HTML5 browser compatibility
- Widespread Excel® integration
- Easily configurable content
- Combined content connections
- Embedded reporting
- Built-in migration for dashboard users

User experience is central to the Tyler Hub design. The screen features easily identifiable color blocks, graphs, and charts to present the latest UX best practices and provide click-through access to interactive supporting data and applications. Users can modify and add content layers as needed to keep their pages targeted on the essential data points. Tyler Hub improves efficiency of all Tyler software users, regardless of their job function. With customized pages and content packs, each user has access to the data and analytics they need to stay on top of operations and minimize time spent navigating from one software program to another.

Source Code in Escrow

Tyler has an escrow agreement in place with Iron Mountain whereby our clients with on-premises installations can enroll as beneficiaries to the software deposit. In the highly unlikely event that an event would occur that would trigger release of the source code, then all clients with an active beneficiary agreement in place with Iron Mountain would then be eligible to receive the source code. The annual cost is paid through Tyler and is currently \$1,500 per year.

Security

A common issue with recording offices and online credit cards is PCI compliance. Eagle Recorder provides credit card processing through a defined gateway that integrates seamlessly into the Cashiering module and is our best-practices approach for integrated credit card acceptance. This gateway works with the leading merchant services providers and is also certified as PCI compliant. The gateway and Tyler will ensure eCommerce in Eagle Self-Service adhere to PCI requirements today, and into the future as these security requirements continue to evolve and change.

Security measures are built around PPII data. Utilizing Eagle's automated redaction tool, social security numbers will be redacted for public view. Additional redacted PPII data will be protected from public view. Security is then put into place so only granted users may have access to that PPII data.

End User Security and Administration

Tyler's Eagle product line was developed with an extremely robust security system. Security can be enforced at the field level, document level (index or image), and by function. Security is applied to groups (roles) and to individual users. Permissions allow or limit what each group (role) can do. Security groups may be added or taken away from individual users to adjust their access to the system as needed.

Auditing

The system audits all changes to instruments and configuration. Configuration changes are saved to a logging system. All instrument activity is logged and kept in perpetuity. Logging is based on county settings. Logging is based on county settings. Each time something changes on a document, the system tracks the date, time, and operator who made the change. All index adjusted will show the original and new values as well as changes to the document image will show if it was changed, deleted, or added and display the image state at that time.

Shared Access

Simultaneously document access are allowed by multiple users. For proper editing and auditing, the first person to access the record will be able to make corrections as needed. All subsequent users that access the same record will be in read only mode. This insures data security and accuracy.

Processing Speed and System Performance

Eagle Software employs a number of application services, each providing a distinct service to the system. Each embodies a large part of the business logic of the system. Each of these server components may use services from the other components, in a distributed manner. For example, every subsystem uses the services of the persistence and security subsystems; the search subsystem uses the services of the job scheduling and document store subsystems; the workflow automation subsystem uses job scheduling and messaging services, etc. In this manner, the whole collection of services can offer complex functionality, while each particular subsystem can be kept simple and modular for increased processing speed, system performance, efficiency and maintainability. Furthermore, the architecture allows for each of these services to be exposed as Web Services or accessed directly through an open Java API.

Backup and Disaster Recovery

SaaS Solution

Tyler maintains two primary data centers for our hosted clients. One is owned by Tyler and is located in Yarmouth, Maine. The other is a co-location facility located in Dallas, Texas, in the former Federal Reserve Building. The co-location provides bandwidth, power, physical security and facilities. Every piece of the infrastructure is redundant and available 24x7x365. Tyler owns and manages all of the servers and network infrastructure that is located at the Dallas facility. The Yarmouth datacenter is owned by Tyler and also architected the facility with no single point of failure.

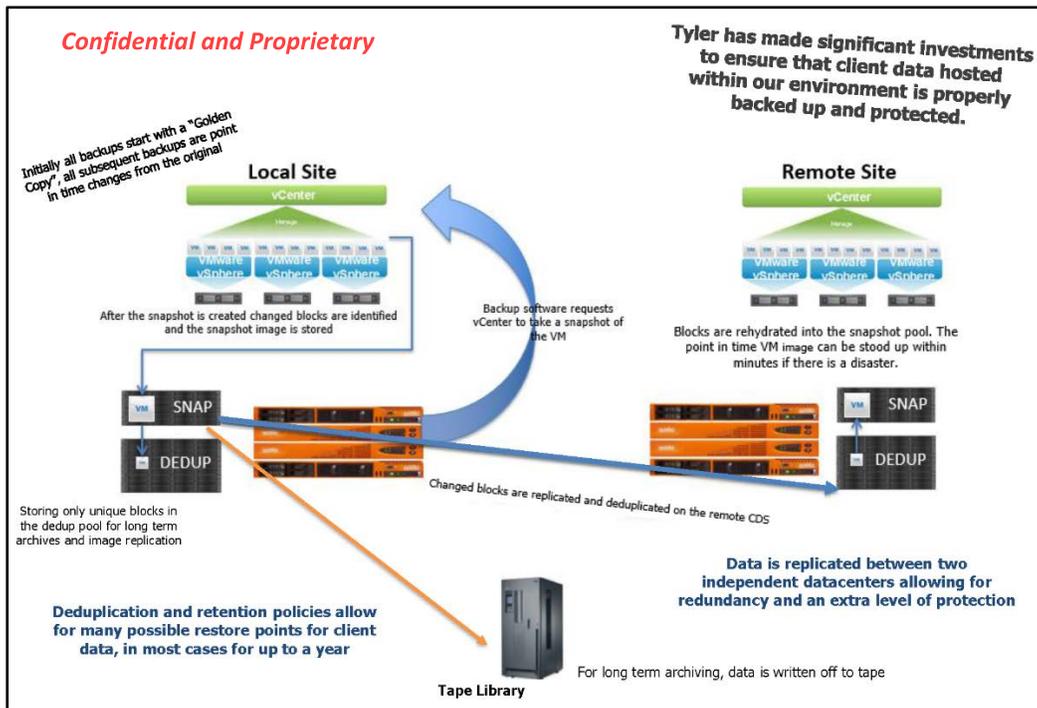
One location will be assigned as the production datacenter for the County. Each night the backups would be sent electronically to the other location to be used in the event of a catastrophic disaster.

In Dallas, security includes an armed guard on duty 24x7x365. Access is granted to authorized personnel only. Biometric readers allow doors and elevators to open for authorized areas only. In Yarmouth, the datacenter requires a special key card, reserved for authorized Hosting personnel only.

Tyler has a dedicated Disaster Recovery team staffed with an IT Manager and five (5) Disaster Recovery Engineers. This team is responsible for managing and testing the backups and offsite storage as well as managing clients' tests. They also lead Tyler's annual disaster recovery test.

Tyler's standard RPO/RTO is 24 hours.

The following graphic depicts our backup strategy for SaaS installations.



Tyler’s Disaster Recovery Service for On Premises Solutions

When it comes to your securing your critical information assets and serving the public, you simply can't afford downtime. Tyler provides an optional Disaster Recovery service that will allow you to be up and running your critical processes within hours of a disaster. We provide the servers, the operations staff and your stored data from our state-of-the-art data centers located in Falmouth, Maine and Dallas, Texas.

The high cost of replication has inhibited widespread data protection and left risk of slow or failed recovery from a disaster. Most IT departments have been forced to rely on tape-based disaster recovery. Tyler Disaster Recovery Services enables a rapid return to normal business operations. This is because the data and images are recovered from high speed disk rather than being dictated by the pace of the slow tape-based recovery. Getting data and images restored quickly enables all other aspects of recovery to be complete sooner. Recovery refers to the restoration of Tyler application data.

Our dedicated disaster recovery team helps you identify critical business processes. They help you define and document recovery procedures to create an overall response plan that meets your organization’s unique needs. When a disaster strikes, your organization—and our response team— has the right policies and procedures in place to quickly restore your data.

With your data’s security our priority, your IT personnel are free to focus on other strategic initiatives and employees can focus on what’s really important— meeting the needs of citizens. Using an efficient and secure “sync” process, your encrypted archive log files are transferred to our servers within minutes, without the time-consuming manual involvement of your employees.

With our state-of-the-art Data Center, Tyler can transparently retrieve a copy of your data every night, thereby ensuring your critical users can always process work via internet or by traveling to one of two Tyler locations.

The Disaster Recovery team helps you identify critical business processes and users, define and document recovery procedures, printing solutions, etc. Tyler provides disaster recovery services for your Tyler applications, including: off-site backup, recovery server, alternate processing location & remote access. A database export is transferred every night to a server in Maine using a network efficient “sync” process that enables the transfer to be completed in minutes, even for extremely large databases. In the event of a disaster, your live database is loaded into a Tyler application environment on the Recovery Server and your critical users are setup to access that server. You can access your Tyler Disaster Recovery Environment using an SSL (Secure Sockets Layer) VPN client from any remote location with an Internet connection or come to one of our offices and use our facilities.

Backup Process

Tyler uses a utility to perform a differential transfer of the database and critical files, meaning that only the differences between one night’s snapshot and the previous night’s snapshot actually go over the wire. There is not a minimum bandwidth requirement. Even for sites with large databases the transfers are very small. The process typically yields a 10-1 compression ratio, meaning most differential transfers only consist of a few megabytes.

This is not to be confused with a traditional differential backup, in which a “ful” backup is required followed by many “differential” backups to re-establish the data; the net result of our transfer utility is that every night a full backup is obtained. Only the differences between the current night’s full backup and the previous night’s full back up are transferred over the wire.

Disaster Declaration

A disaster is an unplanned event that shuts down your system, threatening your financial standing or public image. It does not include hardware or network failures that are covered by standard service agreements, or repairs that can be made within 24 hours. Provided we have your data, we guarantee you'll be back in business within 12 business hours. A disaster may be declared between the hours of 8AM and 6PM, EST Monday-Friday

Post-Disaster Services

Tyler delivers an export of your database. Our Tyler Systems Management Department provides on-site installation services free of charge to customers with a current Tyler System Management contract. Otherwise, this is a billable service.

Hosting or SaaS Premises

Our solutions have been designed to support a wide variety of software platforms, hardware configurations, and database engines which ultimately allows County to take advantage of existing investments in software and hardware systems, or choose new configurations to better serve the County on site. Additionally, many public-sector organizations are seeing a significant shift from traditional on-premise software installations to hosted installations. Tyler’s hosted services are computing resources (hardware and software) that are delivered as a service over a network. Simply put, it is another choice for delivering your data and the software that manages it.

With the Tyler Hosted platform, Tyler hosts software applications and client data in Tyler-owned data centers. We deploy, configure, maintain, and update the software applications and related data. All you need is a browser and reliable Internet connection to access software and data from a Tyler managed data center. More than 1,200 public sector organizations use Tyler cloud-based solutions, with nearly 40,000 public sector users relying on Tyler cloud-based systems to access the software they need to perform their jobs.

Features of Tyler Hosted Solutions

When Tyler hosts your Eagle solution in the Tyler-owned data centers, Tyler maintains responsibility for deploying, configuring, maintaining and updating your Eagle software and related data. Through a simple browser connection to our secure facility, County staff has the Eagle application at its fingertips without any concern for the status of the Eagle application and technical environment.

Connectivity, Reliability and Availability

- Ensures connectivity through secure, fault tolerant, enterprise-class data centers designed to provide the highest levels of availability
- Allows you to determine timing of upgrades and enhancements to avoid disruptions
- Increases remote access capability, allowing you to accommodate alternative work arrangements

Security

- Minimizes security risks by controlling user access and securing data
- Provides certified and compliant data center and security practices

Data Ownership

- Provides clear ownership of data – the County owns the data

Predictable Cost

- Offers fixed annual costs for the initial term of the contract – unique in the marketplace
- Allows you to use highly optimized servers with state-of-the-art redundancy at a fraction of the cost

Disaster Recovery

- Shifts the burden of backups and restoring software and data from you to Tyler
- Includes disaster recovery as a standard feature, not an add-on

With all the benefits and advantages of Eagle’s cloud-based solution, you no longer need to worry about excessive costs, ongoing maintenance, upgrades, associated IT staff and complex management. By freeing up these and other resources, your staff can better focus on your core business – serving the citizens of Los Alamos County

Multi-User Environment

The system accommodates an unlimited number of named users, based on licensing allotments. Eagle was built on an easy to use, user friendly framework that works similar to Windows. If your staff knows how to use Windows, they can use Eagle Recorder with ease.

Query and Search

The ability to search and find information is paramount to clients – and to your clients, the public and other County offices. The Eagle Recorder solution provides an extremely powerful search engine with features that are available to your staff and the public. Security can be applied to specific search fields that limit information retrieval by certain users.

Document Search Screen

The search results can be displayed in several pre-defined formats and can include as many names as desired or a limited number to allow for more documents to show in the search results. The maximum number of search results returned can be managed by the system administrator. Typically, the search result set is limited to between 5,000 and 10,000 records for manageability. Users receive a message asking them to further define the search query when the search result set exceed the maximum number.

Exact Name or Boolean Searches

Exact name and “Boolean” searching are available. Boolean searches are Google-type searches – you can use quotes for exact names, + when searching for two grantor names on the same document, and “NOT” when searching for one name but excluding those records where it occurs on the same record with the “NOT” name i.e., Swiss NOT Twiss. This can drastically reduce the amount of results, which gets you to the data you need faster.

Sort

The query result set can be sorted. The fields on which the data can be sorted are set by the System Administrator and typically include Instrument / File Number; Book/Page Number; Grantor Name; Grantee Name; Recorded Date; Subdivision, Lot, Book / Section, Township and Range; and Related Number. Once sorted, search results may be exported to excel.

Filters

Filters can be set to filter and customize a search to specific document types. Key example filters could be Land, Marriage, Election and Probate. Since Eagle will be the central repository for all of your county records, you can search over all your records at once or use these filters to specify the type of record you wish to search. When filters are used, a Filter On indicator will display on the Document Search Screen. Filters can be easily reset and reselected.

Search Results Screen

The information that displays on the Search Results Screen is defined by each client. A typical Search Result Screen will include Instrument / File Number, Date/Time of Recording, Document Type, Grantor and Grantee names, Related Number and Legal Description. Index entries can be selected using standard Windows conventions and the index and image information for the documents selected can be viewed.

Related Documents

Searchers can easily check to see if a document is related to another document as the related information is displayed on the search screen. For example, a Tax Lien is related to the Release of Tax Lien which is filed at a later date, and visa versa. By clicking on the Related Number, both the original document and

related document information and images can be accessed. Professional searchers find this feature very useful.

Saved Searches

A query can be saved by a system user with proper security. Saved queries can be accessed and run from a Bookmarked Search View. For example, a saved search may include 10 different document types and a certain date ranges. Bookmarking and saving the search criteria makes it easy to run the search any time. Bookmarked Searches are often created for Oil and Gas researchers as well as other searchers with specific needs.

Internal Searching vs. Public Searching

Internal staff will search your records directly within Eagle Recorder. The public and other county offices typically will use our Self-Service online portal for searching records. The functionality is almost identical between the two.

Integrating Converted Index Data and Images

The data conversion process can be the most time-critical element of your project plan. As such, Tyler develops crucial steps in our implementation process to support a successful data conversions plan. Our resources conduct hundreds of data conversions for our implementation projects every year using a process involving data mapping from our clients' legacy system and programs/scripts written by our conversion programmers. While Tyler's data conversions team has extensive experience with data mining, conversion and migration, it your responsibility to provide Tyler with readable conversion data and to review the converted data for accuracy and completeness. Your Tyler implementation team guides you through the process, starting with conversion analysis and mapping, followed by interactive data conversions and validations, and ending with final testing and loading into your production environment. Within three implementation stages, critical data conversion work packages outline the steps needed. This process will used to convert your pertinent records ranging from the different land to vitals records your office officially records and files. One item not converted is financial data. Typically, when we implement a new county, our GAAP compliant system is able to handle finances for better integration with your finance department. As such, that data is not a one to one correlation for conversion.

Stamps

Electronic stamps are an integral part of Eagle Recorder. From digital eRecording stamps to certified copy stamps, Eagle can customize these stamps per county specification and stamp them at the desired workflow step. Additional standard stamps commonly configured are digital multi page stamps and governmental/information use only stamps for certified copies. We look forward to working with the county to identify any additional stamps you may need to make your processes more efficient.

Special Project Queues

Special project queues are a part of Eagle's standard installation. A common queue many counties use currently is the Historical Index queue for a back indexing project. This allows the county to import or scan records into Eagle and assign them to the Historical Index queue for indexing. This separate queue allows these records to be processed as time allows, utilize OCR for assisted indexing and keeps them separate from your daily recordings.

Tyler Content Manager - Enterprise Edition

In addition to Tyler's Eagle Solution, we are proposing Tyler Content Manager (TCM) for the management of the County's election records.

Records Management

Records management features allow for document version control, full audit trail and restore options, and comprehensive purge management related to your specific retention schedules and suspend requirements. Your organization remains in compliance, has improved efficiency and reduces overall organizational liability. The integrity of your documents is ensured with a valid audit trail, only deleting documents when appropriate.

Information & Reports

- Supports a variety of electronic file formats whether you are dealing with scanned images, word processing documents, or spreadsheets
- Accepts other electronically received content such as faxes, TIFF images, PDFs, electronic forms, photos, Microsoft file formats, and emails
- Allows all items to be saved in the same location regardless of format

User Friendly

- Manages electronic documents and lessens the need for file cabinets
- Eliminates misfiled documents, lost paperwork and the search through paper files, saving time and money while increasing productivity
- Provides automatic text stamps, which rubber stamps documents as a workflow step
- Utilize the data within TCM to create specialized forms and allow users (internal or public) to submit data and print forms
- Email forms containing content from TCM to groups of users
- Configure workflow templates to route content throughout various departments and specific to your business requirements
- Multiple users can simultaneously retrieve vital business documents
- Disaster Recovery and Long-term protection is assured with a minimum of administration
- Mark up and annotate documents creating Sticky Notes, Text Stamp and more

Web Features

- Web-based browser to search and display content with keyword or metadata
- Search for content via keywords or phrases
- Use Google-like Lucene searches for retrieving content

Transaction Efficiency

- Scan directly into Content Manager from any TWAIN scanner
- Provides a TCM Print Driver, so that you can print directly into TCM
- Can use "right-click" function to save directly into TCM
- Use available utilities to "Acquire an Image" from a directory and to mass load images for batch processing

- Facilitates proper organization and indexing of records

OCR, Full-Text Searching, and Automatic Indexing

- Facilitates proper organization and indexing of records.
- Employs Optical Character Recognition (OCR).
- Incorporates full-text searching and automatic indexing with flexible “foldering” techniques to reduce costs commonly associated with misfiling, retrieval, photocopying, and content distribution.
- Auto indexes by capturing data from predefined forms
- Auto redacts sensitive information, such as SSN, bank numbers, etc. from predefined forms

Go Green with Tyler Content Manager

Create a green initiative when you transform paper-based information to electronic documents with Tyler Content Manager. Because documents are available from anywhere, moving information to those who need it is cost effective and good for the environment—fewer trees, less gas consumption and carbon emissions. What’s more, you’ll save on mailing costs and realize a significant return on investment.

Project Plan

Cost/Pricing

Below Tyler has outlined the proposed software, services, support, and hardware that Los Alamos County has requested within the RFP. This proposal is specific to the needs and requirements of Los Alamos County, and will be honored by Tyler for a minimum of 180 days from the proposal due date.

Proposed Software

Solution for Land Records

- Tyler Evergreen
 - Unlimited software enhancements and upgrades
 - Eagle Recorder Records Management System (RMS) suite
 - Self Service suite for public access
 - eRecording
 - eMarriage
 - Probate
 - eCommerce
 - Intelligent Indexing and Redaction
 - Source Code Escrow
 - Tyler Content Manager (TCM) for Election Records
 - Tyler's license will allow all of Los Alamos County's offices to use this bonus functionality.
- All licenses requested in the RFP including Software, Databases, Servers, workstations and peripherals.

Professional Services

- Conversion of indexes and images
- Business Process Review (BPR) and consultation on improving processes
- Installation and configuration of the software
- PMI certified Project Management
- Complete Training and Go-Live services
- Unlimited Support with direct phone call and screen share access
- Not just offsite backup, but true Disaster Recovery Services with hosted model and available for onsite installations.

Hardware

Tyler has provided and complete listing of recommended hardware for this system. We give you the option of having Tyler purchase and install all hardware identified in the RFP Q&A or providing you all of the technical specifications so your county IT can manage the hardware purchase and installation. This

gives you the opportunity to see if your existing hardware is compatible with our system and can be used, saving you money.

Connected Communities:

Los Alamos County is in a unique position to take advantage of existing partnerships with Tyler Technologies in the County. Acquiring Eagle Recorder for the Clerk’s office will align and enable the County to benefit from Tyler’s Connected Communities strategy for data sharing between offices and transparency for elected officials in the county.

- Integration with existing Tyler software in Los Alamos County:
 - Munis
 - Eagle Assessor
 - Eagle Treasurer

Pricing

Payments Based on a 5 Year Contract – SaaS/Hosted

Tyler provides Hosted Solution with hardware:

- One-time fees (data/image conversion, training, installation services): \$76,650
 - Professional Services fees billed as incurred during the course of the project.
- One-time fees (software): \$0
- Year 1 Annual fee (software, software updates, support, disaster recovery, hosting services): \$51,670
- Hardware total (hardware, installation services): \$40,635
 - \$1,680 annual support for hardware
 - * Tyler does not require that the County purchase hardware from us. The County can purchase the hardware directly.

Summary	One Time Fees	Recurring Fees
Total Tyler SaaS	\$0	\$51,670
Total Tyler Services	\$76,650	\$0
Total Third Party Hardware, Software and Services	\$0	\$0
Summary Total	\$76,650	\$51,670
Contract Total	\$128,320	

Payments Based on a 5 Year Contract – On Premises

Tyler provides On-Premises Solution with hardware:

- One-time fees (data/image conversion, training, installation services): \$76,650
 - Professional Services fees billed as incurred during the course of the project
- One-time fees (software): \$95,000
- Year 1 Annual fee* (support, software updates, disaster recovery): \$24,558
 - * First 12 months fees waived.

- Hardware total* (hardware, installation services): \$79,735
 - \$1,680 annual support for hardware
 - * Tyler does not require that the county purchase hardware from us. The county can purchase the hardware directly.

Summary	One Time Fees	Recurring Fees
Total Tyler Software	\$95,000	\$18,900
Total Tyler Annual	\$0	\$5,658
Total Tyler Services	\$76,650	\$0
Total Third Party Hardware, Software and Services	\$0	\$0
Summary Total	\$171,650	\$24,558
Contract Total	\$196,208	

Microfilm and Digitizing Services Available On Demand.

- Microfilming price varies depending on quantity. See separate pricing sheet.
- Tyler has a reseller agreement with US Imaging which allows Tyler to provide the services of US Imaging to its clients. As a vendor whose sole business is scanning, digitizing, enhancing, indexing, archiving, and storing microfilm and documents, US Imaging is the nation’s premier vendor for digitizing services. Their motto is “We’ll fix any issue for free, forever.”

Summary

We understand this is a competitive RFP. There are several options for Los Alamos County to choose from. But Tyler Technologies stands out from the crowd. Why?

- **Because of the company:** Tyler Technologies is financially stable, strong, and growing. This economic slow-down because of COVID 19 will have ramifications for many software vendors. For many, it will have an impact on their support, development, and R&D investment. Some companies simply will not survive. Tyler has not and will not be acquired by another company. You do not need to wonder what new ownership might mean for you. Check our stock price - ticker symbol TYL and read the news. Our strong presence in New Mexico is good for Los Alamos County.
- **Because of the product:** Over 500 counties nation-wide use Tyler software for land records. Ours is known, proven technology. Input from our clients makes it better. You cannot go wrong with Tyler’s Eagle Recorder software application.
- **Because of our Vision:** Tyler has a full line of software applications for local government, which allows us to have a Connected Communities vision. No other company can do this. None. Los Alamos County is uniquely positioned to benefit from Tyler’s vision because you have already invested in Tyler software for Financials and Assessors office. Leveraging that by adding the Clerk’s office to the Tyler ecosystem means there are synergies between the offices that will not happen if the Clerk’s office is left out of that ecosystem. The sum is greater than the parts. It would be a shame to miss out on this opportunity.

Compare Eagle Recorder by itself with other options and Eagle Recorder stands out.

Compare Tyler's Connected Communities opportunity, which includes Eagle Recorder, with any other company and there is no comparison. No one else has that vision.

Los Alamos County has been a client with Tyler Technologies for many years. The prospect to update the Clerk's office with new, modern software which will provide automation and efficiencies for the staff, ease of use for the public, and synergies between county offices is one that you would not have with any other vendor.

Financial and Administrative Information Systems Proposal

Prepared for

County of Los Alamos

Prepared By:
Tyler Technologies
Glen Snider
800.554.4434 ext.758083
February 9, 2021

Investment Summary
CUSTOMER NAME



February 9, 2021

Cost Breakdown

Proposal Valid for 120 days

Hardware & Third Party Software	Cost	Annual Fees
Basic Network Support	0	
Systems Management	6,200	
Disaster Recovery Services	6,200	
Hardware & System Software	79,735	1,680
Remote Installation and Configuration of System	-	
	92,135	1,680
Project Total	92,135	



Hardware & System Software

Network Systems and Software	QTY	Price	Maintenance Source
Eagle Application server and SelfService Server. Dell PowerEdge R440 1U Rack Mount max 8 hard drives Intel Xeon Silver 4210 10Core 20Thread 2200mhz CPU 16 GB 2666mhz 2 x 480GB SSD SATA Mix Use 6Gbps 512n Hot Plug RAID1 Usable capacity 480GB 3 x 480GB SSD SATA Mix Use 6Gbps 512n Hot Plug RAID5 Usable capacity 960GB PERC H730P Plus 2gb Controller DVDROM Drive Keyboard and Mouse Sliding Ready Rails Gigabit Ethernet Dual Redundant 495W Hot Plug Power Supply 5 year ProSupport and NBD onsite warranty Windows 2019 Standard Edition 16 Core <i>No CALS</i>	2	11,800	Dell - 60 mos on-site warranty
Change to T440 Tower Chassis no Ready Rails max 16 hard drives	2	0	
Upgrade from 16GB to 32 GB RAM	2	760	
Enhanced Database Server Dell PowerEdge R440 1U Rack Mount max 8 hard drives Intel Xeon Silver 4216 16Core 32Thread 2100mhz CPU 32 GB 2666mhz 2 x 480GB SSD SATA Mix Use 6Gbps 512n Hot Plug RAID1 Usable capacity 480GB 6 x 960GB SSD SATA Mix Use 6Gbps 512n Hot Plug RAID5 Usable Capacity 4800GB PERC H730P Plus 2gb Controller DVDROM Drive Keyboard and Mouse Sliding Ready Rails Gigabit Ethernet Dual Redundant 495W Hot Plug Power Supply 5 year ProSupport and NBD onsite warranty Windows 2019 Standard Edition 16 Core <i>No CALS</i>	1	9,550	Dell - 60 mos on-site warranty
Change to T440 Tower Chassis no Ready Rails max 16 hard drives	1	0	



Hardware & System Software

PowerVault LTO7 6TB native 12TB compressed Tape Drive with 8 Tapes HBA cable and 3 year NBD onsite warranty	1	6,200	Dell - 36 mos on-site warranty
Backup Licensing Gov			
Veritas Backup Exec for Windows Server 2K1270	2	1,450	Veritas
Veritas Backup Exec Server Agent for additional Windows Servers 2K0982	1	435	Veritas
Veritas Backup Exec Server Agent for Applications and Databases SQL Exchange 2K0910	1	725	Veritas
Keyboard Video Mouse Switch KVM allows multiple servers to share kbd mouse and monitor			
Tripp Lite 4Port Rackmount USB or PS2 KVM Swith with OSD 1U no server cables	1	295	Tripp Lite - 36mos limited warranty
Flat Panel Monitor for any server			
Dell 20inch E2020H wide screen monitor for any server	1	110	Dell 36mos Advanced Exchange
Uninterruptible Power Supplies UPS			
Tower APC 1000 SMT1000C	2	1,030	APC - 2yrs battery, 3yrs unit
APC UPS Network Management Card BC3030	2	690	APC - 2yrs repair/replace
SQL SERVER 2019 ISV RUNTIME LICENSING has 2012 2014 2016 2017 downgrade rights Minimum 5			
Microsoft SQL Server 2019 RUNTIME	1	499	Microsoft
Microsoft SQL 2019 RUNTIME CAL	50	5,500	Microsoft
<i>NOTE By selecting RUNTIME licensing the customer is legally bound to ONLY use SQL Server RUNTIME for Tyler Technologies Applications</i>			



Hardware & System Software

ANTIVIRUS LICENSING Minimum 2

Worry-Free Business Security Standard 1Yr 2 to 25 Usrs

2

56

Trend Annual Renewal

Tyler Technologies assumes no responsibility for any infections of viruses ransomware malware etc

Trend Micro requires a minimum purchase of 2 licenses

Assistance with new installations will incur normal phone support fee of 75 dollars per half hour if client is not on current support plan



Hardware & System Software

Workstations	QTY	Price	Maintenance Source
Dell OptiPlex 3080 Mini Tower Intel Core i5 10500 6 Cores 12MB 6T up to 4500mhz 65W 8 GB DDR4 non-ECC Memory Integrated Intel Video 1 HDMI and 1 DP and 1 VGA VGA Video Port M2 256GB PCIe NVMe Class 35 Solid State Drive 8x DVD RW SATA with Cyberlink Software Keyboard and Mouse Windows 10 Professional 3 year NBD onsite warranty	5	5,500	Dell - 36 mos on-site warranty
Upgrade to 16GB DDR3 SDRAM	5	500	
Parallel and 2nd Serial Port Adapter	5	200	
Dell KM636 Wireless Keyboard and Mouse	5	200	
Dell E Series E2318H 23inch Wide Monitor VGA and DP	5	775	Dell 36mos Advanced Exchange
Dell AC511 Stereo Sound Bar NCW95 for E1914 to 2420 and P1914 to 2419	5	250	Dell 36mos Advanced Exchange
Microsoft Office Software Microsoft Office 2019 Home and Business OEM Must be purchased with PC includes Excel Outlook Word Powerpoint and OneNote	5	1,450	Microsoft
TrippLite 8Outlet Protect It TLP810 Surge Suppressor from Dell	5	300	Tripp Lite



Hardware & System Software

Laser Printers	QTY	Price	Maintenance Source
Hewlett Packard LaserJet M608N 8V9092	1	1,275	Hewlett Packard
65 Pages per Minute 512MB Memory			
1200 dpi USB Gigabit Ethernet 650 sheet standard capacity			Hewlett Packard
Recommended Monthly Volume 5000 to 25000			
1yr Next Business Day On Site Warranty			
Additional 550 sheet input tray for M608 8W0435	1	375	
Additional 2100 sheet input tray for M608 8W0633	1	1,100	Hewlett Packard
HP Care Pack Hardware Support 2 year extended 3 total with new printer	1	750	
Upgrade to M608DN for added duplexer 8V9093	1	335	



Hardware & System Software

<u>Imaging Scanners</u>	<u>QTY</u>	<u>Price</u>	<u>Maintenance Source</u>
Fujitsu FI7700 Color Flatbed Duplex Document Scanner 100 page per minute 200IPM 600 DPI Duplex Ready Automatic Document Feeder Maximum Document Size 11inch x 17inch 90 day factory warranty	1	6,500	Fujitsu
Fujitsu 7770 Basic In Warranty 1 year extended service cleaning parts labor travel	1	1,100	Fujitsu
Fujitsu FI7160 Color Scanner 60 page per minute 120 IPM 600 DPI Duplex Ready 80 page Automatic Document Feeder Scans A4 Letter and custom sizes 1 year advanced nbd exchange warranty included	5	5,750	Fujitsu



Hardware & System Software

Misc. Hardware and Network Equipment	QTY	Price	Maintenance urce
Cash Collection			
<i>All Epson receipt printers include power supply and ribbon and USB Cable and 50 roll case of paper</i>			Tyler - 12 mos warranty
Epson TMH6000V Thermal Receipt Printer Black USB NEW	5	5,250	1,015
Zebra ZD420T Label Printer	5	3,000	600
Media Plus Automated Cash Drawer USB Black NEW EAGLE or INCODE	1	325	65
2 Year SSL Security Certificate	1	300	
Hardware & System Software Subtotal		74,335	1,680
Onsite Installation & Configuration			
Remote Installation & Configuration		5,400	
TRAVEL EXPENSES ARE BILLED AS INCURRED			
Hardware and System Software Total		79,735	1,680

Signature: _____

Date: _____

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- If Client has purchased any change management services, those services will be invoiced in accordance with the Agreement.
- Expenses associated with onsite services are invoiced as incurred.



Hardware & System Software

Network Systems and Software	QTY	Price	Maintenance Source
Incode Software Migration (Scheduled June 9, 2020) Fixed Rate at \$500	0	0	
Remote Installation & Configuration		0	
Hardware and System Software Total		0	0

Signature: _____ **Date:** _____

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Service

Annual Fee

Tyler Disaster Recovery Services

Tyler Servers Coverage

Annual Fee

6,200

Tyler Disaster Recovery Services includes:

Tyler Application coverage details:

- Tyler Application Data sent to our DRS facility every 24 hours
- Data integrity check to make sure your data is collected properly
- 24 Hour Recovery Point Objective
- Emergency response within 2 business hours. Application Availability within 12 business hours
- We will help you establish a SaaS connection for up to 10 concurrent Users during service activation
- We will assist you in restoring data from DRS facility to file server
- 1 Annual Disaster Planning Walkthrough
- With each application subscribed to with this service there is a 200GB max, additional charges may occur.

Eagle Recorder

Note: Tyler Disaster Recovery Services is not intended to be a replacement for local backups to removable media. It is intended solely as a supplement to those backups. It is expected that the customer will continue to monitor and maintain these local backups. In accepting the Tyler Disaster Recovery Services, it is required that remote access to client servers is provided.

Non-Participation

- \$125/hr for assistance in troubleshooting non-disaster backup/restore situation
- \$150/hr for non-ASP related data recovery assistance in disaster situations.
- One time fee: \$10,000 + \$500/day for Level 1 ASP service in disaster situations

Tyler Disaster Recovery Services Total

6,200

Signature:

Date:

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Service

Annual Fee

Tyler Systems Management

Tyler Application Servers

Annual Fee

6,200

Tyler Systems Management includes:

Proactive System Monitoring

- *Tyler application availability
- * Server Hardware Monitoring
- *Monthly System Status reports via email

Remote Technical Support 7a-7p CST

- *Troubleshoot Tyler Server and Workstation Hardware and Software Issue
- * Technical Help-Desk Support - Unlimited Remote support on technical issues.
- * Tyler Application and DB migration to new hardware

Database Administration

- *SQL Server updates and Patches
- * Database Monitoring
- *Maintenance Plan setup

Backup Assistance

- * Guide you through establishing backup procedures that will minimize your downtime in the event of a disaster.
- * Troubleshoot and resolve problems with backups

Network Protection Services

- * Service packs and windows updates
- *Tyler Application Automated update service

Reduced rate for on-site assistance

- * \$100/hr for on-site troubleshooting and consulting services

Tyler Remote Helpdesk Requirements

- * High speed internet required
- * Supported tape backup hardware and software
- * All supported computers must meet Tyler minimum hardware requirements

Scope of Service:

Eagle Recorder

Systems Management

6,200

Signature:

Date:

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- Expenses associated with onsite services are invoiced as incurred.

Service

Annual Fee

Tyler Basic Network Support

Tyler Application Servers

Annual Fee

0

Tyler Basic Network Support includes:

Remote Technical Support 7a-7p CST

- * Troubleshoot Tyler Server and Workstation Hardware and Software Issue
- * Technical Help-Desk Support - Unlimited Remote support on technical issues.
- * Tyler Application and DB migration to new hardware

Backup Assistance

- * Guide you through establishing backup procedures that will minimize your downtime in the event of a disaster.
- * Troubleshoot and resolve problems with backups

Tyler Remote Helpdesk Requirements

- * High speed internet required
- * Supported tape backup hardware and software
- * All supported computers must meet Tyler minimum hardware requirements

Scope of Service:

- <Product 1 Name>
- <Product 2 Name>
- <Product 3 Name>
- <Product 4 Name>

Basic Network Support

0

Signature:

Date:

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Proposal to:

**Scan and Process Miscellaneous and Mortgage Books
For Los Alamos County, NM**

Presented to:

**Tyler Technologies, Inc.
One Tyler Way
Moraine, OH 45439**

Presented by:

**US Imaging, Inc.
400 S. Franklin Street
Saginaw, MI 48607**

Eric Nejedly
Western Account Manager
enejedly@us-imaging.com
(303) 319-9457

February 2, 2021

Los Alamos County Requirements:

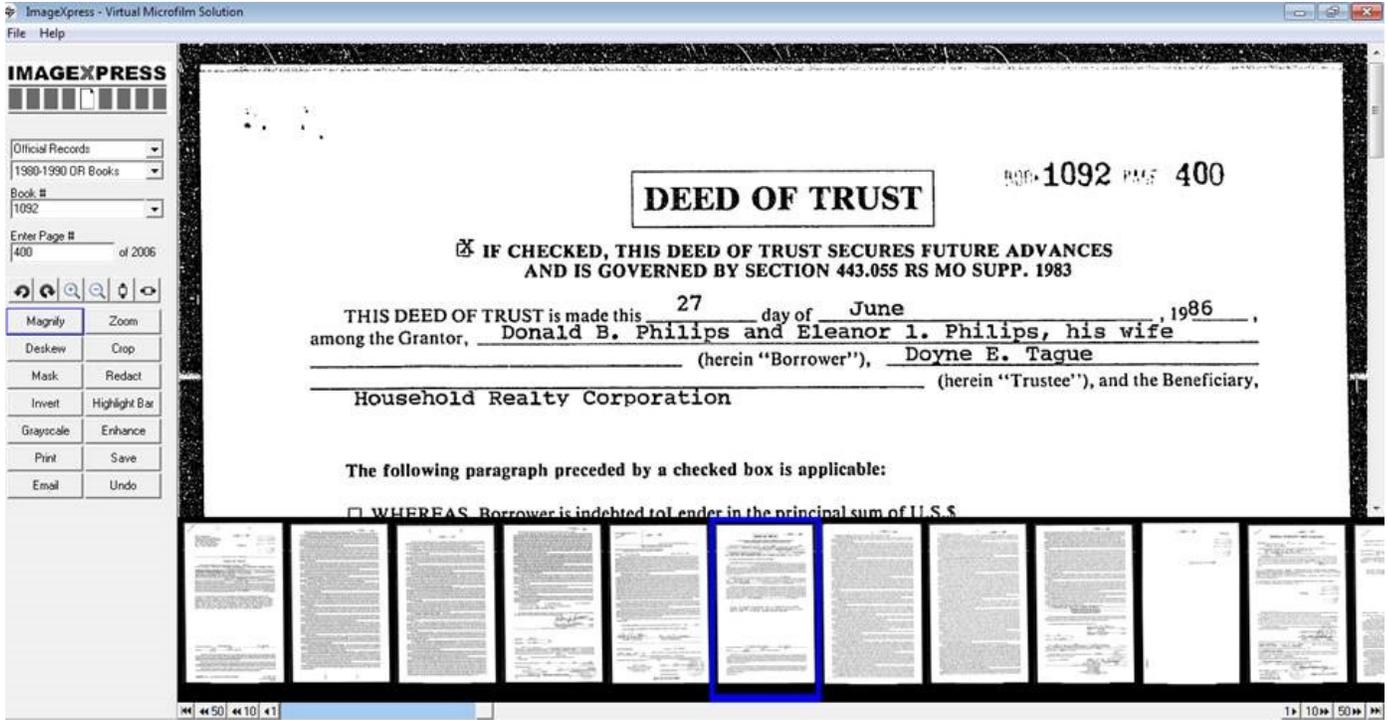
- **Original Microfilm** - County will retrieve all of the original aperture cards for the range of this project and confirm that all the desired book ranges are present.
- **Packing & Shipping** – US Imaging will provide the County with boxes, waterproof pelican cases and UPS shipping labels to ship the Aperture Cards to Saginaw, MI for scanning. The County will pack the cards in order into boxes, fill empty space of boxes with plastic bubble wrap and label the outside of the box with the Book # range.
- **Hardware** – County will allocate sufficient hard drive storage to import TIFF images into the system.
- **Import** – County will work with **Tyler Technologies** to convert the images into the Eagle Recorder application.. **The County will also provide US Imaging with any available indexing information in the current database for the documents to be scanned and/or processed.**
- **Pilot** - County will inspect the first 1,000 images each time that the media changes and approve image quality and index accuracy.
- **Poor Quality Image Report** – County will review images on the poor quality image report and approve the enhancement and indexing of Poor Quality images.

US Imaging Requirements:

Stage 1 – Capture & Pilot

- **Microfilm Transportation** – US Imaging will arrange for delivery and pickup of pelican cases via UPS Ground, with tracking.
- **Inventory Report** – US Imaging staff will create an inventory report of all the media types for the entire range of images that require capture. This on-line report will be utilized to track the progress of the project from start to finish.
- **Aperture Card Inspection** – Each Aperture Card will be inspected for staples, damaged film, bent cards, torn cards, and density throughout each Aperture Card. If Diazo copies are interfiled with silver film, the Diazo card will be removed from the original filing system and stored in order in a separate Diazo filing system away from the silver Aperture Cards. If cards are duplicates, damaged, deteriorating from Vinegar Syndrome or Redox, we will notify the County and request different copies. If satisfactory copies do not exist, we will provide an estimate to correct the problem with the cards by mounting the film into new cards or duplicating the cards.
- **Aperture Card Scanning** – Aperture cards are scanned in grayscale at 300dpi and saved as grayscale JPEG images that contain 256 shades of gray. The entire card is scanned as single grayscale image and our sophisticated software extracts the individual pages into individual JPEG images. Touching pages are highlighted and our operators can manually separate them as needed.
- **Reference Data Scanning (Optional)** – Our staff will scan the front of each aperture card in order to capture the reference data that has been typed or written on the front of each card. The cards will be scanned at 300dpi as a color JPEG image, the color JPEG will be converted to a black & white TIFF and the TIFF image of the face of each card will be added as the last page of document, so end users can easily access the reference data.
- **Page Extraction** – A single aperture card image can contain multiple pages; our staff will manually extract each individual page and save it as a new single page image. Excess borders will be removed during this process if the original pages are not skewed within the card.
- **JPEG to TIFF Conversion** – All JPEG images will be converted to 300dpi single page Black & White TIFF images with Group IV compression. TIFF images will be sequentially numbered by a zero filled 8 digit number and stored in folders named by the Document Type and Book #.
- **Automatic Crop & Deskew** - Each TIFF image will be run through a software program to remove solid black borders and automatically deskew crooked pages to reduce file size by approximately 25%. Despeckle is not performed on scanned images as it has a tendency to remove punctuation.
- **Automatic Polarity Reversal** – Each TIFF image will be automatically reversed so that black images with white text will be reversed to white images with black text. If Dual Polarity exists, it will be corrected in Stage 3.
- **Pilot Images** – 1,000 images from each media change will be cropped, enhanced, grouped as documents, indexed by Document # or Book-Page # and saved as multi-page TIFF's that can be easily viewed by any imaging viewer. We will e-mail a link, user name and password to download the Pilot Images from our FTP site.
- **USB Hard Drives** – All single page JPEG images will be copied to 2 sets of external USB Hard Drives. 1 set will be shipped to the County for review and on-site backup. 1 set will be stored at US Imaging for post processing and off-site backup.

ImageXpress Software – We will provide the County with a retrieval software program called **ImageXpress** that will allow the County to easily access images by book-page #, document #, quickly scroll through an entire book, roll, jacket or aperture card, view both TIFF & JPEG images, adjust JPEG grayscale contrast, crop, deskew, redact, mask, print, save or e-mail images as needed.

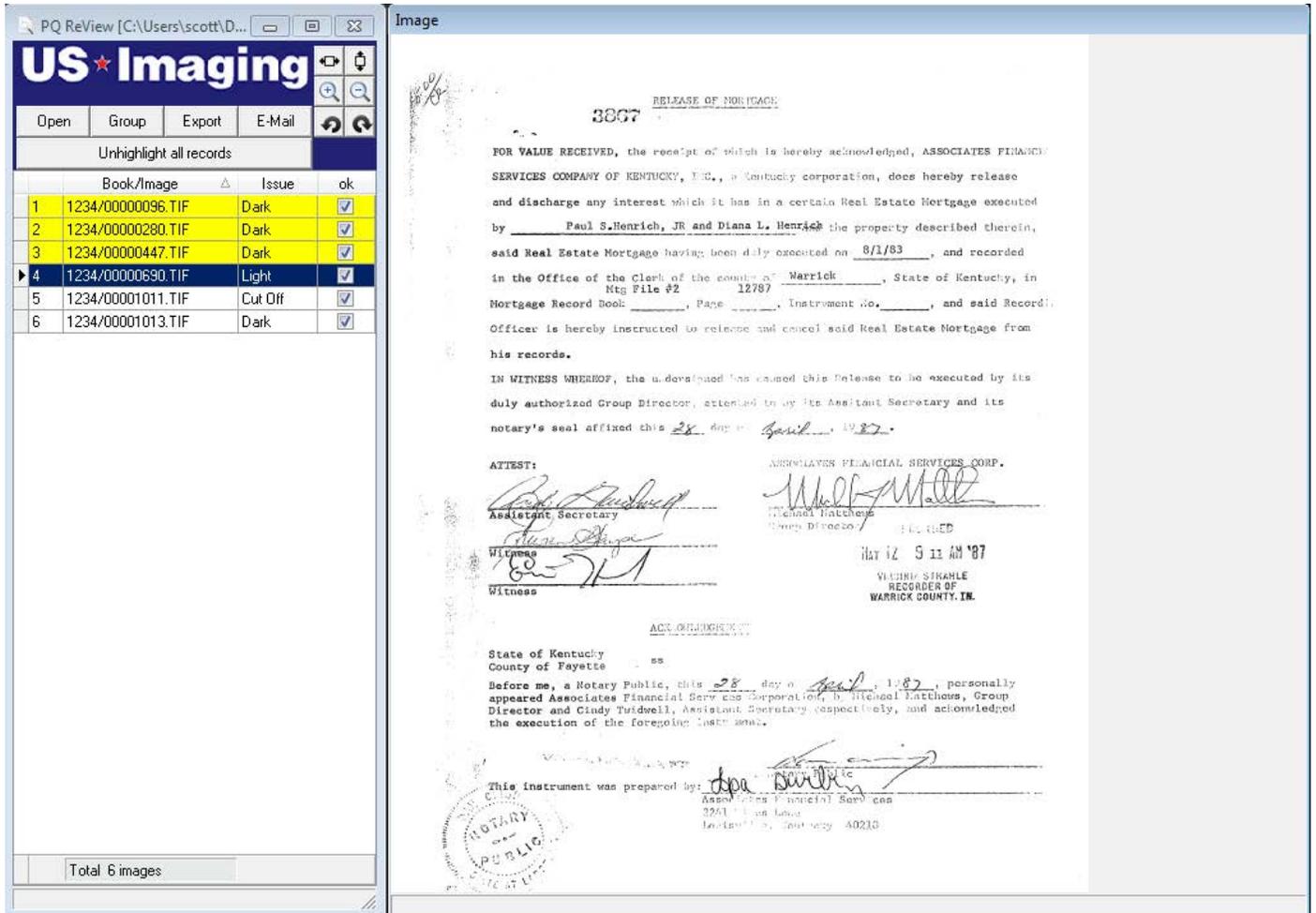


Stage 2 – Crop, Double Inspect, Group, Index & Verify

- **Excess Border Removal**– Due to certain Aperture camera copy boards, page sizes, scratches on film and film formats, the automatic crop included in Stage 1 may leave large white borders, black borders, black lines and shadows on the images. Manual cropping can be performed to provide a more accurate original page size, fewer bytes per image and better performance of your system and overall appearance of every image. No data or marginal notations will be removed from the image during this process.
- **Single Inspect & Report Quality** – Each black and white TIFF image will be visually inspected as a 12”W x 16”H image on 20” Portrait monitors and compared to the color or grayscale JPEG image on a second monitor and TIFF images with missing light data or gray shaded boxes that turn black with be reported as poor quality. Our staff will also check for sequential page order, missing pages, duplicate pages, “A” pages, retakes and image quality. Particular attention is to be given to the Party Names, Dates, Legal Descriptions and Signatures during this process. If any part of the image is considered illegible it will be added to the Poor Quality Image Report. The poor quality issues that will be identified on the report are image too dark, image too light, blurry, white spots, black spots, poor original, out of order, missing, duplicate, “A” page & retake.
- **Double Inspect & Verify (Optional)** – Image quality is subjective, and we highly recommend a second opinion. 100% of the images will be inspected and reported a second time by a second inspector. The poor quality images identified by the first inspector and the second inspector will be combined into one Poor Quality Report to guarantee the highest image quality possible.
- **Page Duplication** – Handwritten Books commonly have multiple documents on a single page. These pages are duplicated so that each document can have their own set of images. A 600-page handwritten book will typically contain 900 documents; thus 300 pages will be duplicated.
- **Double Page Duplication (Optional)** – Duplication of pages is performed a second time and the second set of duplicated images are electronically compared against the first set of duplicated images and any mismatches are corrected by a third set of operators to provide the most accurate duplicating possible.
- **Manually Group & Index** – Our staff will manually group individual images together as documents and index each document by the Document # and the Book-Page # of the first page of each new document in a single pass at 98% accuracy.

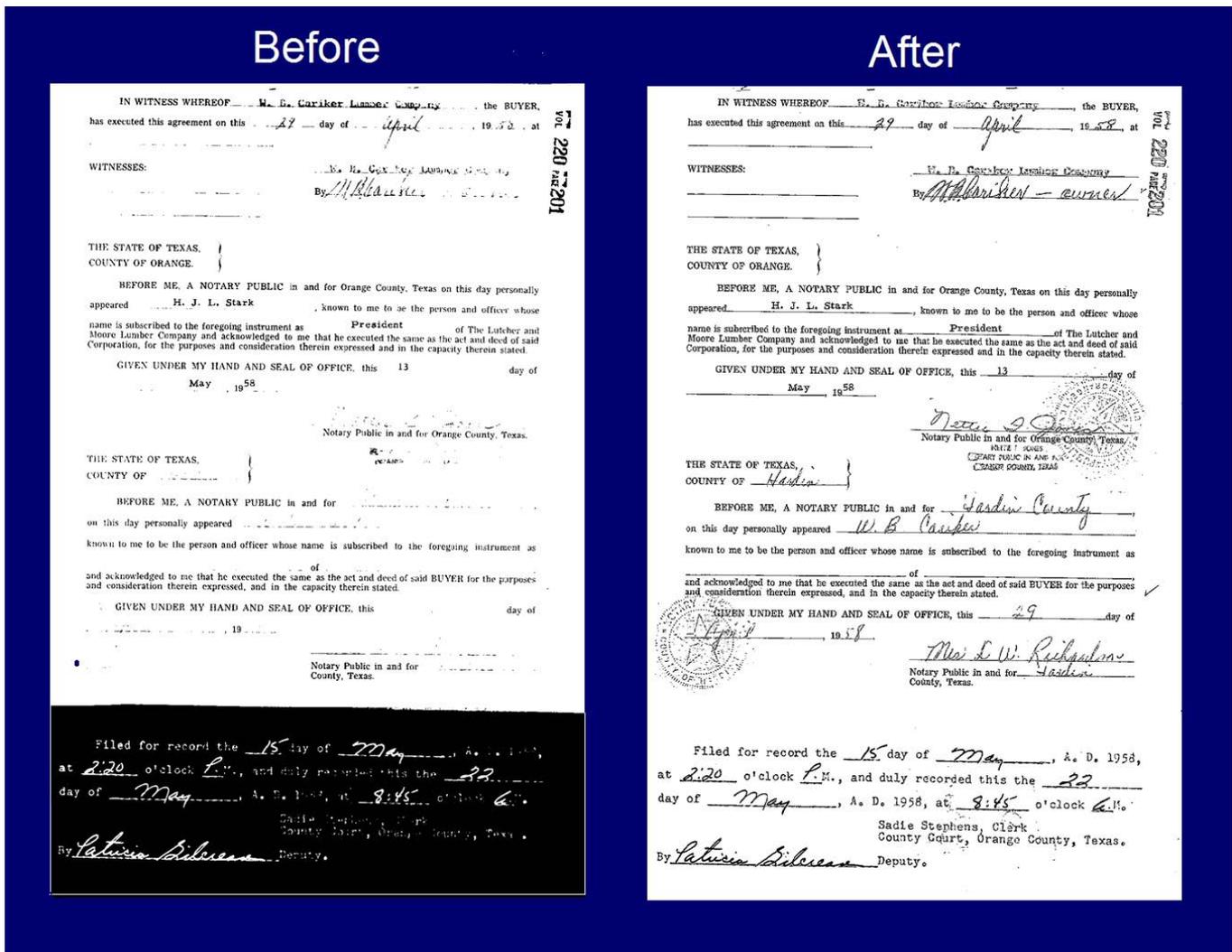
- **Double Group, Index & Verify (Optional)** – Manual grouping and indexing is prone to human errors and we highly recommend double grouping and indexing to eliminate them. 100% of the images will be grouped and indexed a second time by a second indexer. The documents and indexes identified by the first indexer and the second indexer will be compared electronically and any mismatches will be inspected, verified and corrected by a third indexer to guarantee the highest grouping and indexing accuracy possible.
- **USB Hard Drives** – 100% of the inspected, cropped, grouped, indexed and verified TIFF images, the Poor Quality Image Report and *ImageReview* Software will be copied to 2 sets of external USB Hard Drives. 1 set will be shipped to the County for review and on-site backup. 1 set will be copied to the Stage 1 drive and stored at US Imaging for off-site backup.
- **USB Hard Drives** – 100% of the inspected, cropped, grouped, indexed and verified TIFF images, the Poor-Quality Image Report and *ImageReview* Software will be copied to 2 sets of external USB Hard Drives. 1 set will be shipped to the County for review and on-site backup. 1 set will be stored at US Imaging for Stage 3 enhancing and off-site backup.

- ImageReview Software** - We will provide a reviewing software program called **ImageReview** that will allow the County to easily sort the Poor-Quality Report by Document-Page #, Book-Image # or Poor-Quality Issue (light, dark, blurry, etc.). **ImageReview** can also filter the images by poor quality issue to isolate specific issues of concern and minimize the number of images that need to be reviewed. **ImageReview** will display the poor quality image so the County can see the problem with the image. Images can be deselected from the list if the image is of acceptable quality to the County. **ImageReview** highlights images on the list after they have been inspected so the users know if the image has already been inspected or not. Once inspection is complete, **ImageReview** exports an approved list of images to be enhanced that can be easily e-mailed to US Imaging and provide approval to proceed to Stage 3. This tool dramatically reduces the number of images that need to be inspected by the County and provides the County with complete control over the quality and budget.



Stage 3 – Enhance & Format

- **Image Enhancement** – US Imaging will adjust the poor contrast of an entire page or any specific area on a page to provide the most legible images possible. If the County is not satisfied with the legibility of any image, at any time, US Imaging will enhance the TIFF image from the JPEG backup image without having to physically rescan the original media.
- **Masking (Optional)** – Pages with multiple documents on a page can have unwanted documents masked so only 1 document is visible at a time. Page #'s, page margins and overall format of the page will not be changed.
- **Marginal Notations** – Photostat Books commonly contain a white border around the black page. Book-Page #, Reference Book-Page # and Release information is commonly located in this white border and are called Marginal Notations. We have the unique ability to include these notations in the image and make all the background white and all the text and handwriting black.
- **Dual Polarity Correction** – The majority of Photostat pages are Black background with white text, however some pages contain a mix where a portion of the page contains black background white text and another portion contains white background with black text. US Imaging has the unique ability to correct this issue and adjust the background polarity so the entire page contains white background with black writing. This will reduce storage space and will save a huge amount of toner when printing.
- **Formatting** – US Imaging will format the images and indexes to the requirements provided by **Tyler Technologies**.
- **USB Hard Drives** – All formatted images will be copied to 2 sets of external USB Hard Drives. 1 set will be shipped to the County for review and on-site backup. 1 set will be stored at US Imaging for off-site backup.



Stage 4 – Import/Conversion

Tyler Technologies will convert all images into the Eagle Recorder system. Two conversions have been identified and will occur upon the conclusion of Phase 1 and Phase 2 as defined below. Upon completion of the conversion Tyler Technologies will notify the County the images have been converted and data ready for review. The County will review the data for validation and acceptance per the acceptance process.

Phase 1: Estimated Investment to Process Previously Scanned Miscellaneous and Mortgage Books On-Site (Los Alamos County Pricing)

Previously Scanned Images

38 Books	@	1,000 Documents per Book (Miscellaneous Vols. 18-55)	=	38,000 Documents
38,000 Docs	@	2 Pages per Document	=	76,000 Images
78 Books	@	1,000 Documents per Book (Mortgage Vols. 23-100)	=	78,000 Documents
78,000 Docs	@	6 Pages per Document	=	468,000 Images
544,000 Images	@	25% Poor Quality Images	=	136,000 Poor Quality
544,000 Images	@	10% Multiple Documents per Page	=	54,400 Multi-Docs
544,000 Images	@	2% Dual Polarity	=	10,880 Dual Polarity
544,000 Images	@	0% Marginal Notations	=	0 Notations
544,000 Images	@	4,000 Images per Gigabyte for TIFF Format	=	136 GB for TIFF's

Stage 2

			Required	Optional
544,000 Images	@	\$0.04 Per TIFF to Remove Excess Borders	= \$21,216.00	
544,000 Images	@	\$0.04 Per TIFF to Single Inspect & Report to 98% Quality*	=	\$21,216.00
544,000 Images	@	\$0.04 Per TIFF to Double Inspect & Report to 100% Quality*	=	\$21,216.00
54,400 Images	@	\$0.07 Per TIFF to Single Duplicate Pages to 98% Accuracy	= \$3,536.00	
54,400 Images	@	\$0.07 Per TIFF to Double Duplicate Pages to 100% Accuracy	=	\$3,536.00
598,400 Images	@	\$0.07 Per TIFF to Single Group & Index to 98% Accuracy	= \$38,896.00	
598,400 Images	@	\$0.07 Per TIFF to Double Group & Index to 100% Accuracy	=	\$38,896.00
1 Drive	@	\$250.00 Per USB Hard Drive, Copying	= \$250.00	
1 Shipment	@	\$40.00 Per USB Hard Drive Shipment	= <u>\$40.00</u>	<u> </u>

Stage 3

136,000 Images	@	\$0.52 Per TIFF to Enhance & Replace Poor Quality*	=	\$70,720.00
108,800 Images	@	\$0.04 Per TIFF to Mask Unwanted Documents	=	\$4,243.20
10,880 Images	@	\$0.04 Per TIFF to Reverse Dual Polarity	=	\$424.32
0 Images	@	\$0.04 Per TIFF to Reverse Marginal Notations	=	\$0.00
1 Drive	@	\$250.00 Per USB Hard Drive, Copying	= \$250.00	
1 Shipment	@	\$40.00 Per USB Hard Drive Shipment	= <u>\$40.00</u>	<u> </u>

Total Investment = \$64,228.00 \$160,251.52

*Enhancement can only be done if the County also has color or grayscale JPEG images. The RFP does not state whether these images have been scanned in a color or Grayscale format. If the County does not have these images, US Imaging / Tyler can scan the images in a proper format to be able to enhance the images in the best way possible. We encourage the County to ask for samples of these images from the final vendor(s), to determine the best quality possible.

Phase 2: Estimated Investment to Scan Miscellaneous and Mortgage Books from Aperture Cards Off-Site (Los Alamos County Pricing)

Aperture Cards

17 Books	@	1,000 Documents per Book (Miscellaneous Vols. 1-17)	=	17,000 Images	
17,000 Images	@	1.5 Pages per Document	=	11,334 Documents	
17,000 Documents	@	2 Images per Card	=	8,500 Cards	
23 Books	@	1,000 Documents per Book (Mortgage Vols. 1-23)	=	23,000 Images	
23,000 Images	@	1.5 Pages per Document	=	15,334 Documents	
23,000 Images	@	2 Images per Card	=	11,500 Cards	
20,000 Cards	@	120 Cards per Inch	=	167 Inches	
167 Inches	@	14 Inches per AP Card Box	=	12 Boxes	
40,000 Images	@	20% Estimated Poor Quality Images	=	8,000 Poor Quality	
40,000 Images	@	40% Estimated Skewed Pages	=	16,000 Skewed	
40,000 Images	@	50% Multiple Documents per Page	=	20,000 Multi-Docs	
40,000 Images	@	0% Dual Polarity	=	0 Dual Polarity	
40,000 Images	@	0% Marginal Notations	=	0 Notations	
40,000 Images	@	400 Images per Gigabyte for JPEG Format	=	100 GB for JPEG's	
40,000 Images	@	4,000 Images per Gigabyte for TIFF Format	=	10 GB for TIFF's	

Stage 1

				Required	Optional
2 Cases	@	\$275.00 Per Case to Ship Aperture Cards to Saginaw, MI	=	\$550.00	
20,000 Cards	@	\$0.20 Per Card to Scan 300dpi Grayscale JPEG	=	\$3,900.00	
40,000 Images	@	\$0.04 Per Image to Extract Individual Pages	=	\$1,560.00	
40,000 Images	@	\$0.020 Per Image to Convert JPEG to B&W TIFF	=	\$780.00	
2 Drives	@	\$250.00 Per USB Hard Drive, Copying & Backup	=	\$500.00	
1 Shipment	@	\$40.00 Per USB Hard Drive Shipment	=	<u>\$40.00</u>	_____

Stage 2

16,000 Images	@	\$0.04 Per TIFF to Deskew Pages & Remove Excess Borders	=	\$624.00	
40,000 Images	@	\$0.04 Per TIFF to Single Inspect & Report to 98% Quality	=	\$1,560.00	
40,000 Images	@	\$0.04 Per TIFF to Double Inspect & Report to 100% Quality	=		\$1,560.00
20,000 Images	@	\$0.04 Per TIFF to Single Duplicate Pages to 98% Accuracy	=	\$780.00	
20,000 Images	@	\$0.04 Per TIFF to Double Duplicate Pages to 100% Accuracy	=		\$780.00
60,000 Images	@	\$0.04 Per TIFF to Single Group & Index to 98% Accuracy	=	\$2,340.00	
60,000 Images	@	\$0.04 Per TIFF to Double Group & Index to 100% Accuracy	=		\$2,340.00
1 Drive	@	\$250.00 Per USB Hard Drive, Copying (Incl. in Phase 1)	=	\$0.00	
1 Shipment	@	\$40.00 Per USB Hard Drive Shipment	=	<u>\$0.00</u>	_____

Stage 3

8,000 Images	@	\$0.52 Per TIFF to Enhance & Replace Poor Quality	=	\$4,160.00	
40,000 Images	@	\$0.04 Per TIFF to Mask Unwanted Documents	=		\$1,560.00
0 Images	@	\$0.04 Per TIFF to Reverse Dual Polarity	=		\$0.00
0 Images	@	\$0.04 Per TIFF to Reverse Marginal Notations	=		\$0.00
2 Cases	@	\$275.00 Per Case to Return Ship Aperture Cards to County	=	\$550.00	
1 Drive	@	\$250.00 Per USB Hard Drive, Copying (Incl. in Phase 1)	=	\$0.00	
1 Shipment	@	\$40.00 Per USB Hard Drive Shipment (Incl. in Phase 1)	=	<u>\$0.00</u>	_____

Total Investment	=	<u>\$17,344.00</u>	<u>\$6,240.00</u>
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Please check the approved Phase(s) / Service(s):

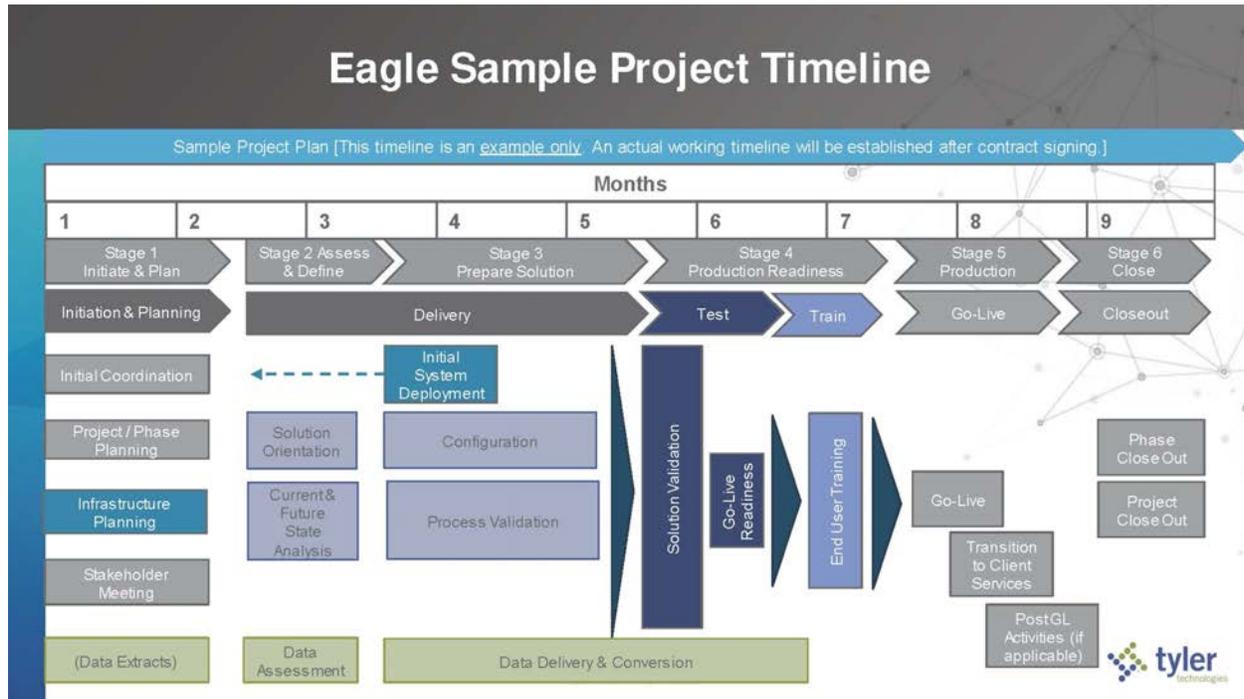
Required Services

_____ Phase 1: Process Previously Scanned Miscellaneous and Mortgage Book Images	=	\$64,228.00
_____ Phase 2: Scan Miscellaneous and Mortgage Books from Aperture Cards Off-Site	=	<u>\$17,344.00</u>
Total Estimated Investment	=	\$81,572.00

Optional Services

_____ Stage 2: Single Inspect & Report to 98% Quality (Phase 1)	=	\$21,216.00
_____ Stage 2: Double Inspect & Report to 100% Quality	=	\$22,776.00
_____ Stage 2: Double Duplicate Pages to 100% Accuracy	=	\$4,316.00
_____ Stage 2: Double Group, Index & Verify to 100% Accuracy	=	\$41,236.00
_____ Stage 3: Enhance and Replace Poor Quality (Phase 1)	=	\$70,720.00
_____ Stage 3: Mask Unwanted Documents	=	\$5,803.20
_____ Stage 3: Reverse Dual Polarity	=	<u>\$424.32</u>
Total Estimated Investment with All Options	=	<u>\$248,063.52</u>

Deliverables Schedule and Project Timeline



Deliverable Acceptance Process

The following process will be used for accepting Deliverables and Control Points:

- The County shall have five (5) business days from the date of delivery, or as otherwise mutually agreed upon by the parties in writing, to accept each Deliverable or Control Point. If the County does not provide acceptance within five (5) business days, or the otherwise agreed upon timeframe, not to be unreasonably withheld, Tyler deems the Deliverable or Control Point as accepted.
- If the County does not agree the particular Deliverable or Control Point meets requirements, the County shall notify Tyler Project Manager(s), in writing, with reasoning within five (5) business days, or the otherwise agreed-upon timeframe, not to be unreasonably withheld, of receipt of the Deliverable.
- Tyler shall address any deficiencies and redeliver the Deliverable or Control Point. The County shall then have two (2) business days from receipt of the redelivered Deliverable or Control Point to accept or again submit written notification of reasons for rejecting the milestone. If the County does not provide acceptance within two (2) business days, or the otherwise agreed upon timeframe, not to be unreasonably withheld, Tyler deems the Deliverable or Control Point as accepted.

This acceptance process is followed for all Deliverables and Control Points throughout the Project.

Tyler’s Implementation Approach

Tyler’s implementation process demonstrates our long-term commitment to our clients, with a methodology tailored specifically to the public sector. Your organization benefits from the fact that we perform our own implementations and know our software better than anyone. As a Tyler client, you receive guidance throughout implementation from experienced Tyler professionals who have implemented Tyler products in more than 10,000 public sector implementation projects. Tyler’s methodology is based on three vital foundations:

- Industry experience
- A globally recognized project management approach
- In-house expertise

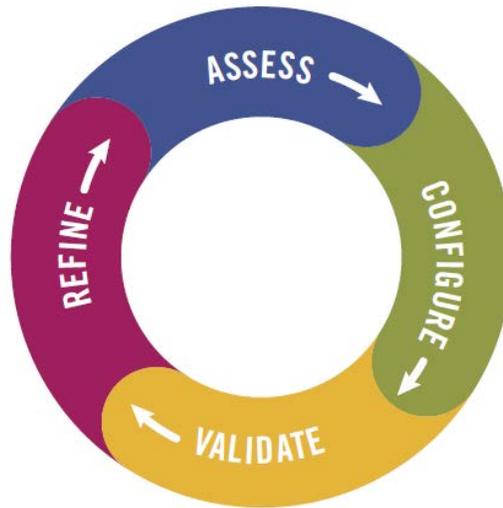
Tyler utilizes its depth of implementation experience, working in tandem with our clients to put our methodology into practice. While each Project is unique, all will follow Tyler’s six-stage methodology. Each of the six stages is comprised of multiple work packages, and each work package includes a narrative description, objectives, tasks, inputs, outputs/deliverables, assumptions, and a responsibility matrix.

Tailored specifically for Tyler’s public sector clients, the project methodology contains Stage Acceptance Control Points throughout each Phase to ensure adherence to scope, budget, timeline controls, effective communications, and quality standards. Clearly defined, the project methodology repeats consistently across Phases, and is scaled to meet the County’s complexity and organizational needs.



The methodology adapts to both single-phase and multiple-phase projects. To achieve Project success, it is imperative that both the County and Tyler commit to including the necessary leadership and governance. During each stage of the Project, it is expected that the County and Tyler Project teams work collaboratively to complete tasks. An underlying principle of Tyler’s Implementation process is to employ an iterative model where the County’s business processes are assessed, configured, validated, and refined cyclically in line with the project budget. This approach is used in multiple stages and work packages as illustrated in the graphic below.

Iterative Project Model



The delivery approach is systematic, which reduces variability and mitigates risks to ensure Project success. As illustrated, some stages, along with work packages and tasks, are intended to be overlapping by nature to, efficiently and effectively complete the Project.

Work Breakdown Structure

The Work Breakdown Structure (WBS) is a hierarchical representation of a Project or Phase broken down into smaller, more manageable components. The top-level components are called “Stages” and the second level components are called “Work Packages”. The work packages, shown below each stage, contain the high-level work to be done. The detailed Project Schedule, developed during Project/Phase Planning and finalized during subsequent stages, lists the tasks to be completed within each work package. Each stage ends with a “Control Point”, confirming the work performed during that stage of the Project has been accepted by the County.

Work Breakdown Structure (WBS)



Implementation Plan Stages

Stage 1: Initiate & Plan

During the Initiation stage, the Tyler team leads discussions with you to accomplish the following:

- System infrastructure planning
- Outline goals and timelines
- Finalize processes for the implementation of products in scope
- Define project expectations
- Deliver project plan, project schedule and management plans
- Identify stakeholders to monitor project and conduct stage acceptances

Stage 2: Assess & Define

The Assess and Define stage includes:

- Identifying and examining unique business needs
- Translate needs to system design
- Plan data conversions and third party exchanges
- Identify forms and reports needed

Goal: the formal acceptance of project deliverables and outcomes

Stage 3: Prepare Solution

After the system is built, your internal team will work with the Tyler team to establish and validate the system configuration and complete due diligence for systems readiness during the Build & Validate stage. Your project staff will:

- Validate system design, third party exchanges and reports and forms
- Convert data
- Ensure key individuals are trained on system operations for daily processing
- Validate converted data

Goal: A system configured to align with goals, objectives and business processes that has been verified by key users.

Stage 4: Production Readiness

The Production Readiness stage is designed to facilitate maximum knowledge transfer. Tyler will work with your team to:

- Develop a cutover plan
- Schedule final trainings
- Complete interface testing and validation
- Finalize the conversion cutover timing
- Complete User Acceptance Testing (UAT)
- Roll Out End User Training schedule

Goal: End Users have been training and formal training is completed to move forward to go live.

Stage 5: Production

The vital stage of Production is comprised of go-live and post go-live activities. Final data conversion is completed as necessary.

Goal: all users are operating with daily functions in the production environment.

Stage 6: Close

The final stage of implementation is to bring a formal closure to the project or individual phases. This may involve:

- Lessons learned
- Review of accomplishments
- Final acceptance of the project work completed

Project Management

Tyler follows the standard Project Management governance principles that contend there are three connected constraints on a Project: budget, timeline, and scope. These constraints, known as the 'triple constraints' or Project management triangle, define budget in terms of financial cost, labor costs, and other resource costs. Scope is defined as the work performed to deliver a product, service or result with the specified features and functions, while time is simply defined as the schedule. The Triple Constraint theory states that if you change one side of the triangle, the other two sides must be correspondingly

adjusted. For example, if the scope of the Project is increased, cost and time to complete will also need to increase. The Project and executive teams will need to remain cognizant of these constraints when making impactful decisions to the Project. A simple illustration of this triangle is included here, showing the connection of each item and their relational impact to the overall Scope.



Project Communication

Tyler understands the importance of having current, accurate, easily accessible during an Implementation Project. As part of Implementation, each new Tyler client will be provided a project portal. The purpose of this site is to furnish the project teams with a central location to plan, store and access pertinent documentation and information relating to your Implementation project.

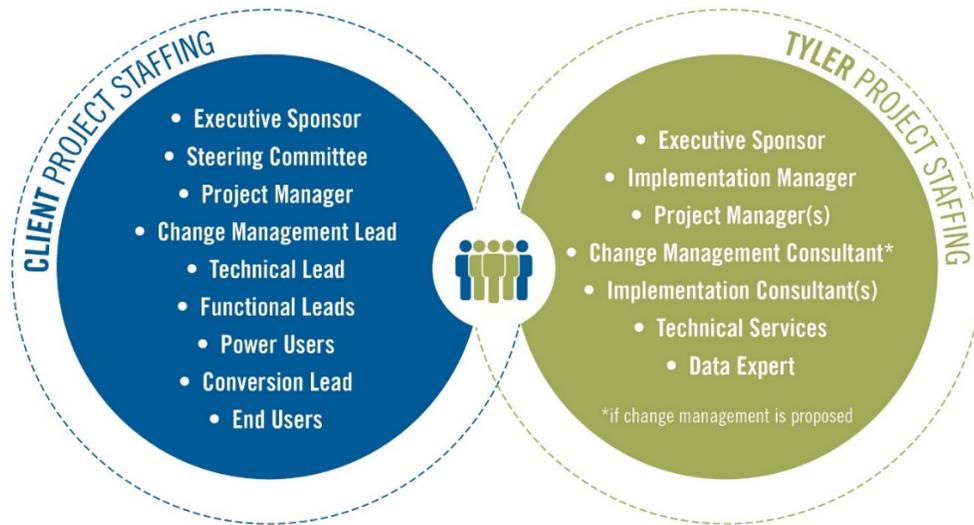
This site will be jointly maintained by the project teams for the duration of the implementation. Once the client has gone live, the portal will be maintained by Tyler's client services team for the first year of live processing.

Management and Scope

The Tyler project manager and implementation teams will communicate regularly with your project team. All implementation deliverables generate reports which contain detailed assessments of task completion, staff participation and material absorption. The Tyler project manager(s) will evaluate and measure the report results, communicating the gaps and adjusting the plan accordingly. Should issues arise during the project, there are several escalation paths that can be used laid out in the communication plan.

Project Organizational Chart

Every implementation project is comprised of both client resources and Tyler resources working together at varying levels of involvement to ensure a successful implementation. The chart below outlines each of those resource groups. Please keep in mind that some resources in your organizations may fall into multiple groups.

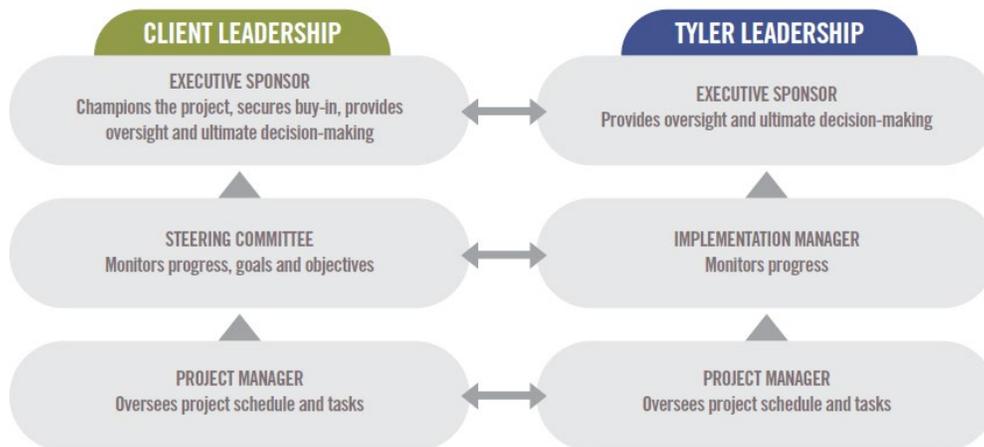


Project Governance

Communication and transparency are essential to any successful implementation. Tyler and County resources collaborate to determine core business needs, objectives and priorities. Project teams work together to navigate challenges as they arise according to the escalation paths outlined in the organization charts.

The chart below illustrates an overall team perspective where Tyler and County collaborate to resolve project challenges according to defined escalation paths. In the event that project managers do not possess authority to determine a solution, resolve an issue, or mitigate a risk, Tyler implementation management and County steering committee become the escalation points to triage responses prior to escalation to County and Tyler executive sponsors. As part of the escalation process, each project governance tier presents recommendations and supporting information to facilitate knowledge transfer and issue resolution. County and Tyler executive sponsors serve as the final escalation point.

Project Governance Relationships



Training

A key part of any implementation is training users at all levels. Fully trained users understand how to use your new software system to record and report information that helps them to do their jobs better. This is critical to user acceptance of the system and crucial to a successful implementation.

Tyler offers several training formats to accommodate our diverse clients' needs. On-site training by Tyler staff provides hands-on learning in your own labs. Tyler also provides flexible alternatives including remote collaborative training technology, and may offer video and software tutorial media. Regardless of the scope or logistics, your resources receive consultative knowledge transfer sessions that are a combination of lecture and hands-on education, using your data. Tyler requests that managers attend training with their employees. This ensures that the managers can confirm the proper transfer of knowledge has occurred. This also allows employees to ask the manager policy-related questions about how the system will work within their department.

Tyler has developed a dynamic set of training and education resources and services that are tailored to your needs, the Tyler products you are implementing and the scope of your project budget.

Training Methodology

A mutually developed education plan lays out the process of transferring knowledge between you and Tyler. We refer to our plan as an "education plan" as opposed to a "training plan" for several reasons. First, the process of transferring knowledge is vital to the analysis phase of our project. During analysis we review the current environment, provide Tyler demonstrations, review questionnaires and flow charts, and ultimately arrive at a future state model. The future state model becomes the foundation for user training. Second, training denotes a classroom setting with teacher and pupil. While training will occur, it is only a piece of the overall education needed to be a proficient Tyler user.

Purpose

The purpose of the Tyler's training is to:

- Communicate the process to stakeholders and functional leaders
- Answer specific questions (where will classrooms be established, what database environment will be used, etc.)
- Establish action items and link project personnel as owners
- Define measurement criteria to ensure the plan has been successfully followed



Solutions Orientation

In this step, your functional leads and power users become familiar with the new Tyler system and its capabilities, language and processes before the start of the current/future state analysis. This allows users on your team to better engage with the Tyler implementation consultants during regular training hours, empowers your staff with experience and a more complete understanding of the system, and provides a strong foundation for ongoing conversations regarding the future state processing. Fundamentals review eases the transition into implementation and training, garnering better results and a greater understanding of new processes.

Goals

- Learn general Tyler Technologies terminology
- Experience the basic functionality of your new software solution
- Explore the configuration options including data flow, connectivity, etc.
- Encourage discussions within your organization of desired configuration for design and future processing
- Discover some of the software capabilities available for consideration
- Improve communication between you and Tyler through software knowledge

Configuration and Power User Training

This stage enables your power users to validate the new software based upon the output from the future state analysis. A high-level exploration of the system results in greater comprehension and retention of system features and functionality. Configuration training may include data conversions validation, configuration validation testing, third-party data exchange validation, forms/reports validation and customization validation.

Technical and System Administration Training

Technical training begins at the time of software installation. Tyler's installation team teaches the technical staff how the software is configured within the operating system, as well as basic system maintenance routines such as backups, loading releases, and refreshing training and test databases.

System administration training is conducted after software installation to show users how to update users, permissions, menu security, workflow administration, etc. from within Tyler's software. Your System Administrator necessarily attends these sessions; functional leaders should also attend to have a thorough understanding of the permissions and options available.

End User Training

After the functional leaders and power users are trained, the system parameters and tables are set up and/or converted, and processes are defined and tested, End users attend applicable scheduled training. Many agencies conduct this training prior to go-live. This allows the users to assist in system testing and verification and to become familiar with their new processes.

Train the Trainer

Tyler provides training to functional leads and power users throughout the implementation, as the set-up knowledge is key to a self-sufficient user. Tyler provides training to your internal trainers, who in turn train the end user community. End user training is scheduled during the project and is usually done just prior to, or just after, going live. Training materials will be provided and may be customized prior to this training.

The benefits to the Train the Trainer approach include:

- Powers users become immediate stakeholders
- Training between the power users and peers creates a comfortable environment
- Reduced learning times and more flexible training scheduling

Scheduling and Attendance

Tyler prefers a classroom and curriculum approach for on-site training to ensure knowledge transfer, comprehension, and retention. A successful user training session is in a classroom environment with a computer for each user (minimum of one computer for every two users, but ideally one per user), a whiteboard, a printer in the room or nearby, and one computer connected to a projector. The size of the class depends on the classroom size and the available computers for training. Ideally, a class size should be limited to twelve (12) users in order to keep the session controlled and ensure that all users are receiving an appropriate level of personalized attention. The specific course topics are discussed and scheduled after analysis, depending on your agency's specific training needs.

Attendance to the training is critical during implementation. By participating in training courses, your employees gain critical hands-on experience with the system, and learn the Tyler approach. Tyler's training staff will take attendance during classes, and relay that information back to your Project Manager for review. This ensures that users get the complete benefit of training and reduces support incidents after go-live.

Responsibilities

Both teams collaborate on all aspects of training which will be discussed and documented during the planning stage of the project. The expectation is for Tyler to provide one occurrence of each scheduled training. You will be responsible for the logistics of the training by completing such tasks as scheduling resources and ensuring facilities are available. These sessions are to be attended by your key staff members so that they can then disseminate the information they learn to others in your organization if or when necessary. Tyler knows the value of being prepared for the use of our software in production, so we contribute to an ongoing education effort by recommending functional processes to be presented to specific departments, and share training materials used during our sessions. Our goal is to partner with you and lend our expertise and best approaches based on our experiences, in order to allow your resources to be successful at go-live. Changes to these expectations are discussed during project planning, and are based upon your specific business environment and resources.

Additional Training Resources

State User Groups

Sound development of the Tyler product is largely driven by existing clients. To that end, we encourage active, client-organized product user groups. User groups typically consist of like-minded clients in geographic proximity of one another and running the same or similar Tyler applications.

Online Resources

Our knowledgebase and website include searchable documents and reports for users to view, download and modify. These include how-to documents, user conference session documents, best practices and more.

Tyler Connect

Tyler hosts an annual education forum, Tyler Connect, which serves our clients' need for new or refresher information on our software products. Each class is tailored to meet the needs of attendees in order to increase productivity and, ultimately, improve responsiveness to your citizens and clients. Tyler is a nationwide community dedicated to learning, growing, sharing, and connecting every year.

Data and Image Conversion and Migration

The data conversion process can be the most time-critical element of your project plan. Tyler develops crucial steps in our implementation process to support a successful data conversions plan. Our data experts conduct hundreds of data conversions every year mapping legacy data through custom written programs.

The purpose of this task is to transition County's data from your source ("legacy") system(s) to the Tyler system(s). The data will need to be mapped from the legacy system into the new Tyler system format. A well-executed data conversion is key to a successful cutover to the new system(s).



With guidance from Tyler, County will review specific data elements within the system and identify and/or report discrepancies. Iteratively, Tyler will collaborate with County to address conversion discrepancies. This process will allow for clean, reconciled data to transfer from the source system(s) to the Tyler system(s).

Data Conversion Standards & Responsibilities

While Tyler’s data experts have extensive experience with data mining, conversion, and migration, it is your responsibility to provide Tyler with readable conversion data and to review the converted data for accuracy and completeness. Tyler recommends that you conduct due diligence to ensure that your team delivers clean data, to make data validation efforts seamless resulting in a high-quality migration.

Eagle Recorder Conversion Specification

The Eagle Recorder conversion includes converting data from a single database dump file into the Eagle Recorder application database. Data should be provided to Tyler as defined below. When providing data and images to Tyler also provide a data dictionary or mapping, including a key to associating images with a specific record in the database. Tyler will convert the data as closely as possible to how it appears in your current system, but Tyler will not normalize data.

When providing data and images to Tyler, include counts of each document type and a count of images.

The client will provide two sets or pulls of data and images to Tyler to be converted from their current system into Eagle Recorder. The first set is for a bulk conversion, which is all records in your current system, through the date the extract of data from your legacy system is pulled. The second data set is called a gap and contains the records from the last date you provided the bulk set to the last day of business processing/recording before Go Live, without any duplication or gaps records. In some cases, Tyler may require a complete pull of your entire system instead of a gap, if this approach is deemed more efficient it will be coordinated during the Initiate and Plan stage of the project. Each set of data and images is required to be provided in the same format each time the client provides data and images to Tyler.

Database Management Requirements

As required by the County, Tyler's Eagle solution operates within and uses a SQL database. Details are listed in the Hardware Requirements section of this proposal.

Exhibits

The following signed Exhibits are included in this section.

- Exhibit B: Certification Regarding Debarment
- Exhibit C: Campaign Contribution Disclosure Form
- Exhibit D: Verification of Authorized Offeror
- Signed Addenda

Exhibit "B"

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND
OTHER RESPONSIBILITY MATTERS – PRIMARY COVERED TRANSACTIONS

RFP NO: 21-20

RFP Name: Records Management System for the Los Alamos County Clerk

This document should be returned with RFP submittal.

- (1) I or We, Tyler Technologies, Inc. (the "Vendor") hereby certify to the best of our knowledge and belief that neither the Vendor nor any of its principals:
- (a) are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal, state, or local department or agency;
 - (b) have, within a 3-year period preceding this proposal, been convicted of or had a civil judgment rendered against them for - commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery; falsification or destruction of records; making false statements; or receiving stolen property;
 - (c) are presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) are not considered to be an "immediate family member" of a County employee or public official. Immediate family means the employee's or public official's spouse, parents, step-parents, child, step-child, sibling, step-sibling, half-sibling, grandparent, grandchild, aunt, uncle, niece, nephew, or their in-laws, or an individual claimed by the public official or his/her spouse as a dependent under the United States Internal Revenue Code.
 - (e) have within a 3-year period preceding this Application had one or more public transactions (federal, state, or local) terminated for cause or default.
- (2) If we are unable to certify to any of the statements in this certification, we shall attach an explanation hereto.
- (3) Certification to any of the statements in this certification will be thoroughly reviewed, and may not necessarily preclude the Vendor from consideration for award.
- (4) Falsification of any statement in this Form shall constitute grounds for non-consideration of the vendor's proposal or rescinding of a contract award.

February 5, 2021

Date



Authorized Representative's Signature

Gus Tenhundfeld

Print Name

Inside Sales Manager

Print Title

Exhibit "C"

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

RFP NO: 21-20

RFP Name: Records Management System for the Los Alamos County Clerk

This document should be returned with RFP submittal.

Any prospective contractor seeking to enter into a contract with the Incorporated County of Los Alamos must file this form disclosing whether they, a family member or a representative of the prospective contractor has made a campaign contribution to an applicable public official during the two (2) years prior to the date on which prospective contractor submits a proposal or, in the case of a sole source or small purchase contract, the two (2) years prior to the date prospective contractor signs the contract, if the aggregate total of contributions given by the prospective contractor, a family member or a representative of the prospective contractor to the public official exceeds TWO HUNDRED FIFTY DOLLARS (\$250.00) over the two (2) year period.

THIS FORM MUST BE FILED BY ANY PROSPECTIVE CONTRACTOR WHETHER OR NOT THEY, THEIR FAMILY MEMBER, OR THEIR REPRESENTATIVE HAS MADE ANY CONTRIBUTIONS SUBJECT TO DISCLOSURE.

The following definitions apply:

"Applicable public official" means a person elected to an office or a person appointed to complete a term of an elected office, who has the authority to award or influence the award of the contract for which the prospective contractor is submitting a competitive sealed proposal or who has the authority to negotiate a sole source or small purchase contract that may be awarded without submission of a sealed competitive proposal.

"Campaign Contribution" means a gift, subscription, loan, advance or deposit of money or other things of value, including the estimated value of an in-kind contribution, that is made to or received by an applicable public official or any person authorized to raise, collect or expend contributions on that official's behalf for the purpose of electing the official to either statewide or local office. "Campaign Contribution" includes the payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation or unreimbursed travel or other personal expenses of individuals who volunteer a portion or all of their time on behalf of a candidate or political committee, nor does it include the administrative or solicitation expenses of a political committee that are paid by an organization that sponsors the committee.

"Contract" means any agreement for the procurement of items of tangible personal property, services, professional services, or construction.

"Family member" means a spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law of:

- (a) a prospective contractor, if the prospective contractor is a natural person; or
- (b) an owner of a prospective contractor;

"Pendency of the procurement process" means the time period commencing with the public notice of the request for proposals and ending with the award of the contract or the cancellation of the request for proposals.

“Person” means any corporation, partnership, individual, joint venture, association or any other private legal entity.

“Prospective contractor” means a person who is subject to the competitive sealed proposal process set forth in the Procurement Code or is not required to submit a competitive sealed proposal because that person qualifies for a sole source or a small purchase contract.

“Representative of a prospective contractor” means an officer or director of a corporation, a member or manager of a limited liability corporation, a partner of a partnership or a trustee of a trust of the prospective contractor.

DISCLOSURE OF CONTRIBUTIONS: (Report any applicable contributions made to the following - COUNTY COUNCILORS: Denise Derkacs; David Izraelevitz; David Reagor; James Robinson; Randal Ryti; Sara Scott; and Sean Williams.)

Contribution Made By:			
Relation to Prospective Contractor:			
Name of Applicable Public Official:		Governor _____	
Contribution(s) Date(s)	Contribution Amount(s):	Nature of Contribution(s):	Purpose of Contribution(s):
	\$		
	\$		
	\$		
	\$		
	\$		

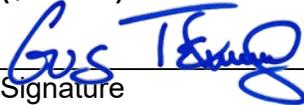
(Attach extra pages if necessary)

Signature Date

Title (position)

—OR—

NO CONTRIBUTIONS IN THE AGGREGATE TOTAL OVER TWO HUNDRED FIFTY DOLLARS (\$250.00) WERE MADE to an applicable public official by me, a family member or representative.


Signature February 5, 2021
Date

Inside Sales Manager

Title (position)

Exhibit "D"

VERIFICATION OF AUTHORIZED OFFEROR

RFP NO: 21-20

RFP Name: Records Management System for the Los Alamos County Clerk

This document should be returned with RFP submittal.

Sec. 31-261. - State and local preferences.

(a) *Definitions.* For the purposes of this section:

- (1) The terms "resident business" and "resident veteran business" shall be defined as set out in NMSA 1978, § 13-1-21;
- (2) The term "local" as applied to a business shall mean that it meets the requirements of the above definition, maintains its principal office and place of business in Los Alamos County, and has a required Los Alamos County business license.

(b) *Requirements for preference qualification.* The chief purchasing officer shall determine if a preference is applicable to a particular bid or offer on a case-by-case basis. A bidder or offeror must submit a written request for preference, with a copy of the state-issued preference certificate, with its bid or proposal to qualify for this preference.

- (1) If a corporation, it shall be incorporated in New Mexico and maintain its principal office and place of business in the state;
- (2) A person shall have qualified with the state chief purchasing officer as a resident business or resident veteran business and obtained a certification number as provided in NMSA 1978, § 13-1-22.

(c) *Preference factor.*

- (1) The preference factor for qualifying resident and local businesses applied to bids and proposals shall be five percent.
- (2) The preference factor for qualifying resident veteran businesses shall be in accordance with the requirements set forth in NMSA 1978, § 13-1-21.

(d) *Invitations for bids.* When bids are received, the price quoted by the qualifying vendor shall be multiplied by 0.95. After application of the preference factor, the contract shall be awarded to the lowest bidder. If one or more low prices are equal, the bid shall be awarded with respect to the next category of offerors listed below, and the next, until an offer qualifies for award. The priority of categories of offers is as follows:

- (1) Local business;
- (2) Resident business.

(e) *Requests for proposals.* When proposals are received, the total evaluation score with or without the cost factor of each proposal received from a qualifying vendor shall be multiplied by 1.05. After application of the factor, the contract shall be awarded to the highest score. If one or more scores are equal, the same procedure shall be followed with respect to the next category of offerors listed, and the next, until an offer qualifies for award. The priority of categories of offerors is the same as listed in subsection (d) of this section.

(f) *Exemptions from preferences.* The resident and local preference specified in this article shall not be applied:

- (1) To requests for qualifications;
- (2) To any purchase of goods or services in excess of \$500,000.00;
- (3) When the expenditure of federal funds designated in whole or in part for a specific purchase is involved; or
- (4) When the expenditure of grant funds, a condition of which prohibits a local preference, is involved.

(Ord. No. 02-098, § 2, 12-2-2008; Ord. No. 02-305, § 8, 2-25-2020)

Are you requesting Preference? Yes No
 If yes, please continue to answer the following questions and attach all requested documentation.

Are you a "resident business" as defined by NMSA 1978 §13-1-21, which means a business that has a valid resident business certificate issued by the taxation and revenue department pursuant to Section 13-1-22 NMSA 1978, but does not include a resident veteran business? Yes No
If yes, please attach a valid resident business certificate issued by the NM Taxation and Revenue Department (NMTRD).

Are you a local business as defined by County Procurement Code Section 31-261, which means that the local business meets the requirements of the above definition of a "resident business," maintains its principal office and place of business in Los Alamos County, and has a required Los Alamos County business license. Yes No

If yes, please answer the following:

Do you have a valid resident business certificate issued by NMTRD? Yes No

If yes, please attach.

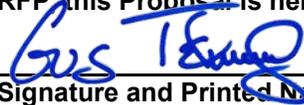
Do you maintain your principal office in Los Alamos County? Yes No

Do you maintain your place of business in Los Alamos County? Yes No

Do you have a Los Alamos County business license? Yes No

If yes, please attach.

Having read the proposal conditions and examined the scope of services and deliverables for this RFP, this Proposal is hereby submitted by:

 , Gus Tenhundfeld Inside Sales Manager

Signature and Printed Name of Authorized Offeror **Title**

Tyler Technologies, Inc. Delaware

Organization's Legal Name **State of Incorporation**

gus.tenhundfeld@tylertech.com

Email Address

1 Tyler Way	Moraine	Ohio	45439
Mailing Address	City	State	Zip Code

1 Tyler Way	Moraine	Ohio	45439
Physical Address	City	State	Zip Code

800.800.2581

Telephone No.

75-2303920

Federal Tax I.D. # **NM CRS # (if located in-state)**

Gus Tenhundfeld, Inside Sales Manager, gus.tenhundfeld@tylertech.com

Contract Manager Printed Name, Title and Email Address

If your firm meets the definition of one or more of the types of business described below as defined by the Small Business Administration, please check the appropriate box:

- Small Business**
- Woman-owned Business**
- Minority-owned Business**



LOS ALAMOS COUNTY

101 Camino Entrada, Building 3
Los Alamos, New Mexico 87544 (505) 662-8052
Procurement Division

January 21, 2021

TO ALL HOLDERS OF SOLICITATION DOCUMENTS FOR:

REQUEST FOR PROPOSAL No. 21-20
Records Management Services for the Los Alamos County Clerk

ADDENDUM NO. 1

This Addendum No. 1 forms a part of the Solicitation Documents and modifies, as noted below, the original Solicitation Documents identified above.

This Addendum serves to provide all holders with the following information:

- A. The date for receipt of proposals is changed to Tuesday, February 9, 2021, at 2:00pm Mountain Time. Please follow instructions in the RFP when submitting proposals.
- B. The County will consider proposals which do not include microfilm/microfiche digitization. Proposals which include microfilm/microfiche digitization service may be scored higher.
- C. The County reserves the right to make a multiple source award- microfilm/microfiche digitization services may be awarded separately, or as part of one Agreement which also includes the Records Management System. A multiple source award is an award of a contract for one or more similar goods or services to more than one Offeror.
- D. Evaluation Criteria updated:

	Criteria for Step 1	Weighted Points
1	Functional Specifications, including, but not limited to, suitability and ease of use of the proposed solution.	30
2	Technical Specifications	30
3	Implementation Plans	25
4	Training Plan	15
5	Maintenance and Support Program	15
6	Total Cost	40
7	References	10
8	Corporate Experience / Key Personnel Experience	15
	Total Score	180

THE COUNTY OF LOS ALAMOS IS AN EQUAL OPPORTUNITY EMPLOYER

ATTACHMENT C

- E. Below are questions received from potential Proposers and the County's answers. Similar questions received from more than one source are grouped together with one answer provided by County.
1. General: How many staff members will need to use the software?
 2. How many staff members, number of records a year – redaction process currently?
 3. Our solution is licensed by the features included with each user. Please provide the desired number of user licenses of each type, for each deployment option under consideration. How many full users are required? (full repository access: scan, add, edit / version documents, build forms / workflows, participate in workflows, admin. system). How many participant users are required? (unlimited submission and participation in forms processes, read-only repository access)
 4. Can you provide an estimate for the number of concurrent users on the system? While we do not offer concurrent licensing, this information is helpful when providing hardware recommendations.
 5. Our solution offers portals for non-authenticated users.
 - a. Public Portal: This option allows read-only access to the repository for anonymous public users. Please indicate your preference with regards to a public portal, along with estimated number of concurrent users AND monthly views.
 - b. Forms Portal: This option allows anonymous forms submissions by non-licensed public users. Please indicate your preference with regards to the forms portal option, along with estimated monthly submissions.
 6. Do you have an Active Directory (AD) containing the users for the new solution? If so, can we sync with your AD to significantly reduce the amount of time required for user configuration?

The following answers address questions 1-6:

- a. **Total of seven (7) staff members currently in the Clerk's Office, including the County Clerk.**
 - b. **Total of seven (7) Full Users in current system.**
 - c. **Details on preferences regarding access to records are outlined in the RFP.**
 - d. **Currently, we have about sixty (60) County Users (other LAC dept. staff), with assigned logins and privileges, accessing our records and images, in read-only/redaction format.**
 - e. **Currently, we have nine (9) Title Users, with assigned logins and privileges, accessing our records and images, in read-only/redaction format, on a monthly subscription.**
 - f. **Currently, we have a little over seven hundred (700) Simple/Search Users (public), with assigned logins, who can access the index data of our records and subscribe to automatic email notifications.**
 - g. **Current system has public portals, with various access levels. and who can only access the index data of our records.**
 - h. **IM can provide confirmation regarding active directories.**
7. General: How many documents does the County Clerk record annually?
 8. What is annual volume of recordings?

The following answers address questions 7-8:

- a. **In response to questions 7-8 please see "Table A" – included at the end of Questions and Answers, containing statistical data.**

9. How many staff members, number of records a year – redaction process currently?
 - a. **Currently, documents are recorded, scanned, and images are run thru OCR, where index information is auto identified for redaction, staff verifies auto-populated data for entry into the index. During indexing, images are also manually reviewed for additional redaction, not already identified.**
10. General: Do the County's current images have redactions and/or annotations?
 - a. **Yes, current images have redactions. Images that contain redaction have two (2) versions saved in the database files, one (1) in the original format (for internal staff viewing and use in archiving processes) and one (1) as the redacted version.**
11. Page 6, Indexing Capabilities: What type of Election Records does the County Clerk index?
12. Can we have clarification on what kind of election filings they wish to process (I recall sample ballots being one) and if any of the election filings are fee items? Meaning the county will collect revenue on some of the election filing documents?

The following answers address questions 11-12:

- a. **Currently, we do NOT record / index Election Records, some examples of document types to record / index, include, but are not limited to: Canvass Reports, Sample Ballots, Voter Turnout Reports, and Voter Registration Stat Reports.**
 - b. **There would be no filing fees associated with recording Election Records. However, the County may decide to implement copy fees.**
13. Page 6, Accounting Capabilities: What does the current integration with Munis look like?
 14. Please describe the requested integration with Tyler Munis. Is provider simply to provide ability to integrate or are they expected to custom code integration?
 15. Please provide details on the desired Tyler Munis Integration, including version of Munis and desired functionality.
 16. Our solution is primarily a records management and automation solution. We can integrate with your financial systems to keep a record of transactions, but our solution is not built for cashiering or handling cash. How important are these features for this project? Should we submit a response if we do not offer this capability?
 17. What form of accurate integration with Tyler's Munis accounting system is Los Alamos looking for?
For example: 1) Coded software integration, 2) REST or API calls, similar to those mentioned for ArcGIS on page 22, and 3) Data exports, in a format useable by the Munis system.
 18. Are there any other integrations?

The following answers address questions 13-18:

- a. **Currently, transactions are receipted in the recording system daily, each night, a text file auto generated. This text file was designed to specifications set forth by MUNIS. This text file contains cashiering information that is imported into MUNIS.**
- b. **Responses should explain their ability to integrate with the MUNIS system.**
- c. **Currently, Los Alamos County is operating Munis(R) Version 2019.1 (2019.1.20.0)**

- d. Responses should describe how transaction fees are handled in the proposed solution. Ideally, the system should track all monies received and dispersed by the County. Describe how receipts are generated upon the acceptance of money for any transaction. The system must handle multiple payment methods, such as Cash, Money Orders, Checks, Escrow Accounts, ACH transaction and Credit Cards. Each transaction should be able to be tracked by user and by workstation to allow detailed reporting.
19. Why is the county considering replacing current system?
- a. **The contractual/procurement cycle for the current system was met.**
20. Page 6, Indexing Capabilities, Item B1: Regarding the use of Advanced OCR for Automatic Verification, can the County elaborate on what you want the system to automatically verify?
21. Please list PPII sensitive information to be redacted.
22. Advanced OCR, please elaborate?

The following answers address questions 20-22:

- a. **Recommended system should support the indexing of documents by automatically capturing, using OCR or other methods available, relevant indexing data, such as names, dates, legal description, addresses.**
 - b. **Recommended system should automatically recognize data, such as Social Security Numbers, and other Protected Personal Identifying Information (“PPII”) for ease in identifying data for redaction.**
 - c. **Protected Personal Identifier Information, as defined by New Mexico law: (1) all but the last four digits of a: taxpayer identification number; financial account number; or driver's license number; (2) all but the year of a person's date of birth; and (3) a social security number.**
23. **Exhibit E:** Can the County provide a copy of or link to the Los Alamos County Records and Information Governance Policy #0310?
- a. **Will be addressed in a follow up addendum.**
24. **Exhibit E:** Can the County provide a copy of or link to the Los Alamos County E-signature Policy #1220?
- a. **Will be addressed in a follow up addendum.**
25. **Exhibit E:** Can the County provide a copy of or link to the Los Alamos County Mobile Policy #1240?
- a. **Will be addressed in a follow up addendum.**
26. What is meant by Multistep RFP?
- a. **The Multistep RFP is described in the RFP document.**
27. Can you include a roll call of participants and their organization?
- a. **Please see Attachment “A”.**
28. Extend deadline?
29. This is a complex solution with many teams needed to contribute and weigh in on our response. Legal department review is usually two weeks alone. Will the county extend the due date to allow ample time for response?

The following answers address questions 28-29:

a. Please see above A. for change of date for receipt of proposals.

30. Page 9, Project Plan: Does the County expect the software vendor to provide and install the required hardware?
31. Will the county or the vendor be responsible for installing hardware?
32. Will the county or vendor be responsible for supporting the hardware?
33. More clarification on hardware requirements.
34. If you plan on using existing scanners with this solution, are they ISIS or TWAIN compatible?

The following answers address questions 30-34:

- a. Responses should include hardware requirements, identify known compatibilities, and include costs associated with the purchase and on-going support, of any current hardware utilized, or any upgraded or replacement equipment, if deemed necessary.**
- b. Successful software vendor would install hardware, as part of the software installation, done in collaboration with Los Alamos County Information Management (IM) staff.**
- c. Current scanners are TWAIN compatible.**

35. Please ask IM dept how many databases we need to convert? Sounded like land record system, probate system, the documents which have been digitized and are now on a storage drive waiting to be imported.
36. How many databases need to be converted?
37. I assume all data that will be converted to new system reside in one database. Can you confirm?
38. Will any other applications need to be integrated? Which applications (including version if possible) and how would you like them to interact with our system?

The following answers address questions 35-38:

- a. Currently, there is one (1) overall database of records, stored on one (1) server, a Dell PowerEdge, located in the IM Server Room. Responses should explain the plan to merge current data, from two (2) applications, into one (1) application/database. In addition, responses should explain the plan and costs associated with the import of digitized documents.**
- b. Currently, there are two (2) separate applications, with separate indexing conventions, all stored in .tif file format on server.**
 - i. Recordings – Real Estate, LAC Filings, Death/DD-214 Protected Docs, and Govt. docs**
 - ii. Probate & Marriage – Probate Court files and Marriage records**
- c. Digitized records on a Seagate External Hard Drive**
 - i. Stored in .tif file format**
 - ii. Naming Convention - BOOKPAGE.tif (example of Book 28 Page 249 -- 00280249.tif)**

39. Can we submit the proposals via email?
 - a. Instructions are provided in the RFP.**

40. Will eBook proposals be allowed?
- a. **The County is unclear by what is meant by “eBook”.**
41. What are current file formats to be converted?
42. What file format and naming conventions are the 55,000 digitized records stored in?
43. How are the probate court, govt. records and election records are stored?
44. What document types will be stored (HR records, client documents, building plans, etc.)? If metadata templates (collections of metadata fields associated with each document type, for use in indexing) are required, approximately how many?

The following answers address questions 41-44:

- a. **Currently, there are two (2) separate applications, with separate indexing conventions, all stored in .tif file format on server.**
 - i. **Recordings – Real Estate, LAC Filings, Death/DD-214 Protected Docs, and Govt. docs**
 - ii. **Probate & Marriage – Probate Court files and Marriage records**
 - b. **Digitized records on a Seagate External Hard Drive**
 - i. **Stored in .tif file format**
 - ii. **Naming Convention - BOOKPAGE.tif (example of Book 28 Page 249 -- 00280249.tif)**
 - c. **Types of documents to be stored include: Land, Vital, and General Records, Marriage Records, Probate Court Records, Government Records, and Election Records. Additional time would be needed to confirm with IM on the metadata template information.**
45. Need Statement states “overall storage and preservation services.” Does this call for off-site storage services or an on-site storage solution?
46. There are many levels of backup and redundancy for disaster recovery. Does the county have minimum standards or guidelines on the level required?
47. What backup processes do you have now and clarify what you are looking for?

The following answers address questions 45-47:

- a. **Data is currently stored on-site, on server located in the IM Server Room, with multiple levels of redundancy for back-up, disaster recovery and preservation purposes.**
 - b. **We are soliciting responses for both on-prem and hosted. Based on the evaluation, we can determine which one is best suited for Clerks operations. IM can support on-prem, hosted or hybrid models.**
48. Does the county have funding available this year?
- a. **Yes, the County has funding available this year.**
49. Is there a budget number for the project?
- a. **There is no specific budget amount allocated to this project.**
50. Has the county seen any demonstrations from vendors prior to RFP release?
51. Has the issuer already considered any solutions? If so, which? Have you seen demonstrations? Please feel free to provide feedback on any systems under consideration.
52. Is there any relevant incumbent for any portion of the work being requested in the RFP?

The following answers address questions 50-52:

a. No

53. Whether companies from Outside USA can apply for this? (like, from India or Canada)

a. All qualified Offerors are welcome to submit a proposal.

54. Whether we need to come over there for meetings?

55. Can conference calls and web meetings be used for this project, or is on-site attendance a requirement?

The following answers address questions 54-55

a. We would anticipate meetings to be handled remotely, at this time, due to the COVID-19 pandemic and Public Health Orders in place. The successful Offeror should expect to conduct business in person at any time.

56. Is the digitization part of this RFP? If it is, can we have a further breakdown as to what is needed (type of document, size, etc.)?

57. We should get clarification if they are asking for pricing on digitization.

58. Do you expect the 45000 records on microfilm/fiche to be digitized and imported as part of this RFP solicitation or are you just looking for the ability to digitize these records?

59. Does the county prefer pricing on a per document basis?

60. Will there be any back scanning needed for this project?

The following answers address questions 56-60:

a. As outlined in the RFP, the import of digitized fiche documents and digitization and import of microfilm/microfilm was included. Responses should describe in detail the image conversion processes available and the costs associated.

b. Pricing responses on digitization and import of microfilm/microfilm services has been left up to the respondent.

c. Updated estimates based on recent review of data:

○ **Tiff images on Seagate External Hard Drive:**

- **Misc. Books 18- 55, with approximately 1000 documents per book**
- **Mortgage Books 23-100, with approximately 1000 documents per book**

○ **Aperture Film Cards:**

- **Misc. Books 1 - 17, with approximately 1000 documents per book**
- **Mortgage Books 1-23, with approximately 1000 documents per book**

61. Can we perform the tasks (related to RFP) outside USA? (like, from India or Canada)

a. From the standpoint of IM, there are no restrictions on where tasks are performed related to the RFP.

62. Do you have any estimates for the amount of content that will be stored in the system? Number of documents, Number of pages, Diskspace estimation, Database size, Database tables, Etc.

63. Will there be any data conversion or migration services needed for this project?

Do you have any estimates for the amount of content that will be converted or migrated?

- Number of documents, Number of pages, Diskspace estimation, Database size

- How many database tables contain information we will need for the migration? (ex. documents, versions, metadata, annotations, etc.)
 - Any additional information you can provide on the system that may be helpful.
- Can you provide the make, model, and version of system that we will be working with?
If the current system is utilizing a database, what platform is it on? (SQL, Oracle, etc.)
- Is there backend access to the database, or do we have to do an export through the current system?

Do you have a set number of document types or metadata categories to be converted?

Do you want annotations from your current system migrated?

Are you using versioning in your current system?

64. What is the current RMS system?

The following answers address questions 62-64:

- a. **Currently, the system holds a little over 124,000 records/documents – 106,424 in Recording and 17,716 in Probate/Marriage.**
- b. **Additional time would be needed to collect data and perform a verification on the total number of pages and confirmation on database tables and metadata information. IM will need to address the inquiry regarding backend access to the database and/or exporting functions.**
- c. **Currently, the images folder on our server has 576 GB Used Space, with 3.80 TB Free Space.**
- d. **Responses should describe in detail its responsibilities and its requirements of the County in regard to data and image conversion and migration. Offeror must be able to describe in detail the data and image conversion process. The quality assurance process and quality standards must be explained, ensuring a clean migration of data and images from current system. In addition, the import of digitized fiche documents and digitization and import of microfilm/microfilm documents. Detailed reporting of any errors, omissions or anomalies throughout the migration process must be provided.**
- e. **Current RMS system is CountyFusion, version 1.43.10, supported by Kofile Technologies, Inc.**
- f. **The County requires that software solutions operate within and utilize a relational database management system that is SQL compliant. Responses shall state in their proposal the database utilized by their software. If the Proposal is on-premise, Offeror shall comply with database specified in County's Technology Standards.**

65. Does the county have a preference of Hosted or On-Prem?

66. Is there a preference to hosting solution remotely?

67. Is there a preference for system deployment? Options offered include Cloud-hosted deployment with an annual subscription, Perpetual Licensing deployed on-premises, or Subscription licensing with on-premises deployment. We can include all both options if preferred. Are multiple environments required (development, test, production)?

The following answers address questions 65-67:

- a. **Details outlined in RFP.**

68. Please describe present operations of system with Probate Court Records.

69. Elaborate on Probate record searching – is it by case #, is there a workflow process, or are items just submitted?

The following answers address questions 68-69:

- a. **Probate Court for Los Alamos County is informal. Items are reviewed by the Judge and given to Clerk staff for processing. Each case is assigned a case number, index information is entered, documents are filed (docketed) and entered into the case. Scanning of items is done thru a workflow process.**
70. Please describe present operations of system with Government Records.
- a. **Government (Govt.) Records for Los Alamos County are filed by document type. Items are reviewed and filed, assigned a document number. Items go thru workflow scanning and OCR processing, indexing and verification of indexing data.**
71. Please describe present operations of system with Election Records.
- a. **Currently, we do NOT record / index Election Records, some examples of document types to record / index, include, but are not limited to: Canvass Reports, Sample Ballots, Voter Turnout Reports, and Voter Registration Stat Reports.**
72. Timeframe to submit and answer questions
- a. **Details outlined in RFP.**
73. Cost pricing clarification – permissible for up to 15yrs?
- a. **Details outlined in RFP.**
74. Who is eRecording and integrated with you now?
- a. Current and/or former eRecording submitters are:
 - a. **(former) eSecureFile – via Kofile**
 - b. **Simplifile**
 - c. **Ingeo**
 - d. **Indecomm**
 - e. **CSC eRecording Accounting**
 - f. **(former) LANB (Los Alamos National Bank)**
75. Can we line item features and recommendations not included in the RFP?
- a. **Yes.**
76. If we are not selected, will there be any opportunity for a debrief or other feedback?
- a. **Yes.**
77. Is there an existing ECM or document management system in place? If yes, what is it? Please provide as much detail as possible. How is content currently stored? (shared drives, local folders, Google Drive, etc.) Do you currently have any workflows or automated business processes? If so, please provide a typical example along with estimated number of total workflows.
78. Do you currently use any electronic forms? If so, please provide a typical example along with estimated number of total forms. What is your current electronic forms solution?
79. For forms and workflow development, will the selected vendor be responsible for building the required forms and workflows, or will the proposer's staff be performing development after proper training? If vendor development is preferred, please provide some examples of forms and workflows, as well as an estimated count, for cost estimation purposes.

80. Do you have any sample forms or processes you can provide? Please include the current paper or eform and a description or diagram of the workflow behind it is possible. We can also demonstrate how we would automate this process using our solution if desired.

The following answers address questions 77-80:

- a. **Content is stored on a server, in folders.**
- b. **Data is scanned and indexed/verified with workflow processes.**
- c. **Records for Los Alamos County are filed by document type. Items are reviewed and filed, assigned a document number, and/or book and page. Items go thru workflow scanning and OCR processing, indexing and verification of indexing data.**
- d. **Marriage application utilizes electronic form to create the license/certificate document and application. There are several reports the system can generate, either in PDF or Excel.**
- e. **Workflow and form development requirements will be dependent on responses and review of current forms.**

81. Our customers generally prefer remote training due the ease of scheduling and travel savings. Remote training sessions are recorded and provided to the customer to allow them to reuse as needed. Is this approach acceptable, or would you require on-site training?

- a. **Details outlined in RFP.**
- b. **At this time, remote training would be preferred, due to the COVID-19 pandemic and Public Health Orders in place.**

82. Do you plan on using a single sign-on service (SSO)? Which provider(s) do you have or plan to use?

- a. **Yes. Azure AD is used for single sign-on.**

Table A: (data by fiscal year)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Recordings	3,835	4,224	4,342	2,966	3,033	3,219	4,082	5,277	3,468	4,150
eRecordings	854	2,019	2,119	1,241	1,190	1,334	1,750	1,295	978	1,474
Marriages	90	112	102	114	82	83	117	89	86	85
Probate Cases	16	14	19	19	23	19	27	41	36	29
Council Meetings	46	46	38	38	35	37	37	41	40	42
Elections Held	2	2	3	2	2	2	4	1	1	2
Voters Served	9,267	9,305	17,049	8,458	8,834	10,322	26,255	3,671	10,340	10,345
Outreach Events	-	-	-	-	5	8	12	24	36	21
Voter Registration Transactions	-	-	-	-	494	2,380	4,616	2,634	2,911	2,561

All other provisions of the Solicitation Documents shall remain unchanged. This Addendum is hereby made a part of the Solicitation Documents to the same extent as those provisions contained in the original documents and all itemized listings thereof.

Each Offeror is requested to acknowledge receipt of this Addendum No. 1 on the Proposal Form.

I hereby acknowledge receipt of this Addendum.



Signed

Gus Tenhundfeld

Print Name

February 5, 2021

Date

Inside Sales Manager

Title

Tyler Technologies, Inc.

Company



LOS ALAMOS COUNTY

101 Camino Entrada, Building 3
Los Alamos, New Mexico 87544 (505) 662-8052
Procurement Division

January 26, 2021

TO ALL HOLDERS OF SOLICITATION DOCUMENTS FOR:

REQUEST FOR PROPOSAL No. 21-20
Records Management Services for the Los Alamos County Clerk

ADDENDUM NO. 2

This Addendum No. 2 forms a part of the Solicitation Documents and modifies, as noted below, the original Solicitation Documents identified above.

This Addendum serves to provide all holders with the following information:

- A. Below are questions received from potential Proposers and the County's answers.
1. **Exhibit E:** Can the County provide a copy of or link to the Los Alamos County Records and Information Governance Policy #0310?
a. Document provided as a PDF with this addendum.



0310 -- Records
And Information Management

2. **Exhibit E:** Can the County provide a copy of or link to the Los Alamos County E-signature Policy #1220?
a. Document provided as a PDF with this addendum.



1220 -- E-Signature
Policy.pdf

3. **Exhibit E:** Can the County provide a copy of or link to the Los Alamos County Mobile Policy #1240?
a. Document provided as a PDF with this addendum.



1240--Los Alamos
County Personal Mobile

4. What is meant by Multistep RFP?
a. The Multistep RFP is described in the RFP document.

THE COUNTY OF LOS ALAMOS IS AN EQUAL OPPORTUNITY EMPLOYER

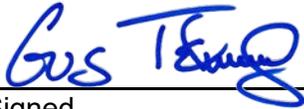
ATTACHMENT C

Addendum No.1 announced the date change for receipt of proposals to **Tuesday, February 9, 2021, at 2:00pm Mountain Time**. Please follow instructions in the RFP when submitting proposals.

All other provisions of the Solicitation Documents shall remain unchanged. This Addendum is hereby made a part of the Solicitation Documents to the same extent as those provisions contained in the original documents and all itemized listings thereof.

Each Offeror is requested to acknowledge receipt of this Addendum No. 2 on the Proposal Form.

I hereby acknowledge receipt of this Addendum.

	Gus Tenhundfeld	February 5, 2021
Signed	Print Name	Date
Inside Sales Manager	Tyler Technologies, Inc.	
Title	Company	



LOS ALAMOS COUNTY

101 Camino Entrada, Building 3
Los Alamos, New Mexico 87544 (505) 662-8052
Procurement Division

February 3, 2021

TO ALL HOLDERS OF SOLICITATION DOCUMENTS FOR:

REQUEST FOR PROPOSAL No. 21-20
Records Management Services for the Los Alamos County Clerk

ADDENDUM NO. 3

This Addendum No. 3 forms a part of the Solicitation Documents and modifies, as noted below, the original Solicitation Documents identified above.

This Addendum serves to provide all holders with the following information:

- A. Below are questions received from potential Proposers and the County's answers.

Can you provide a list of hardware and peripherals you would like to have included with a new system?

- A. The County is requesting the Proposer to propose on equipment they recommend for this project regardless of what is currently in use at the County Clerk's Office. For informational purposes only below is a list of hardware currently in use.

Front Counter

Zebra Model LP2844 - label printer

Epson TM-J7100 Model-M184A - receipt printer - was networked for staff to print to this printer

Konica Minolta SL1000 - microfilm/fiche reader

Verifone MDL-VX520 - credit card point of sale processing unit

Canon DR-9080C - document scanner

Desk 1

Zebra TLP2844 - label printer

Epson TMJ7100 Model M184A - receipt printer

Canon DR-9080C- document scanner

Desk 2

Canon DR-9080C - document scanner

Zebra TLP2844 - label printer

Desk 3

Cannon DR-G1100 - document scanner
Zebra TLP 2844 - label printer

Desk 4

Cannon DR-G1100 - document scanner
Zebra TLP 3842 - label printer

Addendum No.1 announced the date change for receipt of proposals to **Tuesday, February 9, 2021, at 2:00pm Mountain Time**. Please follow instructions in the RFP when submitting proposals.

All other provisions of the Solicitation Documents shall remain unchanged. This Addendum is hereby made a part of the Solicitation Documents to the same extent as those provisions contained in the original documents and all itemized listings thereof.

Each Offeror is requested to acknowledge receipt of this Addendum No. 3 on the Proposal Form.

I hereby acknowledge receipt of this Addendum.

	Gus Tenhundfeld	February 5, 2021
Signed	Print Name	Date
Inside Sales Manager	Tyler Technologies, Inc.	
Title	Company	

Exceptions and Sample Agreement

Tyler's Proposal is based on the delivery of the requested software and services according to Tyler's standard implementation methodology and Tyler's standard contract(s). That methodology, and that contract(s), have been refined and enhanced over Tyler's many years of operation in the public sector information technology market. Tyler's submission of its Proposal does not constitute a waiver of Tyler's right to negotiate any and all terms to the mutual satisfaction of the parties. Tyler's Proposal is in compliance and subject to the RFP terms, except as modified by, taken exception to, and as otherwise provided in Tyler's proposal. Tyler shall be obligated to provide products and services only upon execution and under and according to the terms and conditions of the mutually negotiated and executed contract between Tyler and the Client.

Tyler will consider its implementation methodology and its contract(s) to be the starting point for those negotiations unless expressly stated otherwise in its Proposal. Tyler's standard contract(s) are included for your reference. Because it is impossible to negotiate in a vacuum, Tyler reserves the right to review and discuss in good faith at the time of contract negotiations any customer specific sample contract and/or contract terms included in the Request for Proposal. To the extent you request to incorporate your bid documents and our proposal documents into the contract package, we will agree to do so as long as the order of priority is (a) the final, negotiated contract; (b) our proposal documentation; and (c) your bid documentation.

Tyler has also provided its Evidence of Insurance certificate and its source code escrow agreement with Iron Mountain (to the extent you desire to escrow the Tyler source code under a perpetual license agreement). Tyler's insurance program and source code escrow arrangements are established at a corporate level and are not subject to change on an individual customer basis.

Tyler is providing the following representative "exceptions" to standard procurement terms and conditions for your review. This representative list does not negate any of the expectations Tyler has stated above:

- Public Disclosure: We reserve the right to protest the public disclosure of our confidential business information/trade secrets but will comply with applicable public records laws.
- Term: For an on-premises solution, the contract between Client and Tyler shall not have a defined term. Tyler does provide maintenance and support services on an annual basis, as set forth in its Maintenance and Support Agreement (Exhibit C to the standard Tyler contract). For a SaaS or hosted contract, the term of the contract shall be the agreed upon SaaS term which may renew automatically thereafter on a year-to-year basis, or such other renewal term as the parties may agree.
- Obligations of Federal Contractors and Subcontractors; Equal Opportunity Clauses: Tyler reserves the right to review and discuss with the Client specific laws and regulations that the Client wishes to incorporate into the final contract. To the extent compliance requires a modification to the Tyler software, Tyler will provide that modification according to the provisions set forth in Exhibit C to the Tyler contract or as otherwise agreed to by the parties.
- Escrow: Tyler has an Escrow Agreement in place with Iron Mountain. In the event the Client desires to enroll as a beneficiary, the Client will pay the annual beneficiary fee. Release of the Tyler source code will be in accordance with such Escrow Agreement. Source code escrow is only available to

clients purchasing perpetual licenses.

- Project Plan: Tyler's Proposal includes a sample project plan. Tyler will deliver the actual project plan, including the project timeline, upon obtaining further information from the Client following contract execution.
- Pricing: Unless expressly indicated otherwise, our Proposal contains estimates of the amount of services and associated expenses needed, based on our understanding of the size and scope of your project. The actual amount of services and expenses depends on such factors as your level of involvement in the project and the speed of knowledge transfer. If required, we will provide a not-to-exceed quote once the scope of services has been finalized. Fees for annual services, such as maintenance and support fees and/or SaaS Fees, are subject to annual increases at Tyler's then-current rates unless otherwise agreed to by the parties. Unless noted otherwise, our services rates do not include travel expenses, which are separately estimated and are payable in accordance with our then-current Business Travel Policy. Unless expressly indicated otherwise, the fees we have quoted also do not include any taxes.
- Exhibit A – Sample Services Agreement: As noted, Tyler prefers to use the standard Tyler contract as the basis for beginning contract negotiations. If the Client insists on using the Sample Agreement in the RFP as the starting point, Tyler reserves the right to negotiate those terms with the Client. For evaluation purposes only, Tyler sets forth the following representative exceptions to the sample Agreement. This list is not exhaustive, and instead represents Tyler's basic position on the subject provisions. ***Tyler reserves the right to negotiate any and all contract terms to the mutual satisfaction of the parties.***
 - Section B. Term: For an on-premises solution, the contract between Client and Tyler shall not have a defined term. Tyler does provide maintenance and support services on an annual basis, as set forth in its Maintenance and Support Agreement (Exhibit C to the standard Tyler contract). For a SaaS or hosted contract, the term of the contract shall be the agreed upon SaaS term which may renew automatically thereafter on a year-to-year basis, or such other renewal term as the parties may agree.
 - Section C. Compensation: As noted, unless expressly indicated otherwise, Tyler's Proposal contains estimates of the amount of services and associated expenses needed; if required, we will provide a not-to-exceed quote once the scope of services has been finalized. Tyler's standard payment terms are set forth in the Invoicing and Payment Policy (Exhibit B) to the standard Tyler contract. Payment is due within forty-five days of invoicing. The Client may dispute invoices, including the withholding of any invoiced amount, in accordance with the invoice dispute process in the standard Tyler contract.
 - Section D. Taxes: The fees quoted by Tyler do not include any taxes, including, without limitation, sales, use or excise tax. All applicable taxes shall be paid by Tyler to the proper authorities and shall be reimbursed by the Client to Tyler. In the event the Client possesses a valid direct-pay permit, the Client will forward such permit to Tyler on the effective date of the contract. In such event, the Client shall be responsible for remitting all applicable taxes to the proper authorities. If tax-exempt, the Client shall provide Tyler with the Client's tax-exempt certificate.
 - Section F. Standard of Performance: Tyler warrants that it will perform services in a professional, workmanlike manner, consistent with industry standards. In the event Tyler

- provides services that do not conform to this warranty, Tyler will re-perform the services at no additional cost to the Client.
- o Section G. Deliverables and Use of Documents: Tyler does not agree to work for hire provisions. We retain all intellectual property and confidentiality rights in and to our proprietary and/or confidential information and deliverables.
 - o Section H. Employees and Sub-Contractors; Section M. Indemnity: Tyler shall defend, indemnify and hold harmless its customers from and against any and all direct claims, losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and costs) for personal injury or property damage arising from Tyler's negligence or willful misconduct; or Tyler's violation of a law applicable to our performance under its agreement with such customer. The customer must notify Tyler promptly in writing of the claim and give us sole control over its defense or settlement. The customer also agrees to provide Tyler with reasonable assistance, cooperation, and information in defending the claim at our expense.
 - o Section I. Insurance: During the course of performing services under an agreement with the Client, we will agree to maintain the following levels of insurance: (a) Commercial General Liability of at least \$1,000,000; (b) Automobile Liability of at least \$1,000,000; (c) Professional Liability of at least \$1,000,000; (d) Workers Compensation complying with applicable statutory requirements; and (e) Excess/Umbrella Liability of at least \$5,000,000. We agree to secure our insurance from a carrier with a minimum AM Best rating of A-:VII. Tyler's insurer evidences Tyler's insurance coverage using a standard Acord form. The coverage limits set forth on our certificate of insurance do not apply separately. Certificates of insurance listing the customer as certificate holder are available upon request after a contract is signed. Copies of Tyler's insurance policies are only made available in the event a claim is disputed or denied. Tyler will disclose its deductibles upon written request, but those deductibles are not subject to customer approval. Tyler is well-positioned financially to satisfy its deductibles. At your request during contract negotiations, we will add language to the insurance provision that adds you as an additional insured to our commercial general liability and auto liability policy for claims arising out of or relating to the contract, which automatically affords you the same status under our excess/umbrella liability policy. A Certificate of Insurance reflecting that status may be provided at your request after the contract is executed. Our carrier has issued blanket endorsements regarding additional insured status; we do not issue separate endorsements specific to each customer. If you require it in the contract, we will agree to provide you with notice of cancellation, non-renewal or reduction in our insurance coverages below the minimum requirements set forth in the contract within thirty (30) days thereof. Renewal certificates of insurance will be provided as close as practicable to the date the applicable policy or policies is/are renewed.
 - o Section J. Records: The Client may audit Tyler's books and records relating directly to the contract once per year on one week advance written notice, and at Client's expense. Tyler will maintain records as required by applicable law and its established document retention policies.
 - o Section K. Applicable Law: Tyler reserves the right to review and discuss with the Client specific laws and regulations that the Client wishes to incorporate into the final contract. To the extent compliance requires a modification to the Tyler software, Tyler will provide that modification according to the provisions set forth in Exhibit C to the Tyler contract or as otherwise agreed to by the parties. Tyler reserves the right to remove any litigation to a federal court of

competent jurisdiction.

- o Section O. Non-Assignment: Tyler reserves the right to, without the prior written consent of the customer, assign the contract in its entirety to the surviving entity of any merger or consolidation or to any purchaser of substantially all of Tyler's assets.
- o Section R. Termination: Tyler's standard practice is not to include a termination for convenience provision in its contracts, given the significant investments made by both parties to the procurement and implementation. Tyler relies instead on its termination provisions for cause, non-appropriation, and/or force majeure. The Client may terminate the contract for cause in the event Tyler fails to cure a material breach according to the terms of the dispute resolution process set forth in Tyler's standard contract. The Client will make payment to Tyler for all undisputed products, services and expenses delivered or incurred through the effective date of termination. Payment for disputed products, services and expenses, and the Client's remedies, will be determined through the mutually agreed dispute resolution process.



LICENSE AND SERVICES AGREEMENT¹

This License and Services Agreement is made between Tyler Technologies, Inc. and Client.

WHEREAS, Client selected Tyler to license the software products and perform the services set forth in the Investment Summary and Tyler desires to perform such actions under the terms of this Agreement;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and promises set forth in this Agreement, Tyler and Client agree as follows:

SECTION A – DEFINITIONS

- **“Agreement”** means this License and Services Agreement.
- **“Business Travel Policy”** means our business travel policy. A copy of our current Business Travel Policy is attached as Schedule 1 to Exhibit B.
- **“Client”** means [INSERT CLIENT NAME].
- **“Defect”** means a failure of the Tyler Software to substantially conform to the functional descriptions set forth in our written proposal to you, or their functional equivalent. Future functionality may be updated, modified, or otherwise enhanced through our maintenance and support services, and the governing functional descriptions for such future functionality will be set forth in our then-current Documentation.
- **“Developer”** means a third party who owns the intellectual property rights to Third Party Software.
- **“Documentation”** means any online or written documentation related to the use or functionality of the Tyler Software that we provide or otherwise make available to you, including instructions, user guides, manuals and other training or self-help documentation.
- **“Effective Date”** means the date by which both your and our authorized representatives have signed the Agreement.
- **“Force Majeure”** means an event beyond the reasonable control of you or us, including, without limitation, governmental action, war, riot or civil commotion, fire, natural disaster, or any other cause that could not with reasonable diligence be foreseen or prevented by you or us.
- **“Investment Summary”** means the agreed upon cost proposal for the software, products, and services attached as Exhibit A.
- **“Invoicing and Payment Policy”** means the invoicing and payment policy. A copy of our current Invoicing and Payment Policy is attached as Exhibit B.
- **“Maintenance and Support Agreement”** means the terms and conditions governing the provision of maintenance and support services to all of our customers. A copy of our current Maintenance and Support Agreement is attached as Exhibit C.
- **“Statement of Work”** means the industry standard implementation plan describing how our

¹ HIGHLIGHTED PROVISIONS INDICATE PROVISIONS THAT MAY OR MAY NOT APPLY TO THE PARTICULAR CLIENT/CONTRACT. DURING CONTRACT NEGOTIATIONS, THOSE PROVISIONS WILL BE ADJUSTED AS NECESSARY.

professional services will be provided to implement the Tyler Software, and outlining your and our roles and responsibilities in connection with that implementation. The Statement of Work is attached as Exhibit E.

- **“Support Call Process”** means the support call process applicable to all of our customers who have licensed the Tyler Software. A copy of our current Support Call Process is attached as Schedule 1 to Exhibit C.
- **“Third Party Hardware”** means the third party hardware, if any, identified in the Investment Summary.
- **“Third Party Products”** means the Third Party Software and Third Party Hardware.
- **“Third Party Services”** means the third party services, if any, identified in the Investment Summary.
- **“Third Party Software”** means the third party software, if any, identified in the Investment Summary.
- **“Third Party Terms”** means, if any, the end user license agreement(s) or similar terms for the Third Party Software, as applicable and attached as Exhibit D.
- **“Tyler”** means Tyler Technologies, Inc., a Delaware corporation.
- **“Tyler Software”** means our proprietary software, including any integrations, custom modifications, and/or other related interfaces identified in the Investment Summary and licensed by us to you through this Agreement.
- **“we”, “us”, “our”** and similar terms mean Tyler.
- **“you”** and similar terms mean Client.

SECTION B – SOFTWARE LICENSE

1. License Grant and Restrictions.

1.1 We grant to you a license to use the Tyler Software for your internal business purposes only, in the scope of the internal business purposes disclosed to us as of the Effective Date. You may make copies of the Tyler Software for backup and testing purposes, so long as such copies are not used in production and the testing is for internal use only. Your rights to use the Tyler Software are perpetual but may be revoked if you do not comply with the terms of this Agreement.

1.2 Without limiting the terms of Section 1.1, you understand and agree that the Postal Xpress, Transparency Portal and Tyler Notify modules set forth in the Investment Summary are licensed to you on a subscription basis. If you do not pay the required annual fee in accordance with the Invoicing and Payment Policy, your license to use the associated module will be suspended unless and until payment in full has been made.

1.3 The Documentation is licensed to you and may be used and copied by your employees for internal, non-commercial reference purposes only.

1.4 You may not: (a) transfer or assign the Tyler Software to a third party; (b) reverse engineer, decompile, or disassemble the Tyler Software; (c) rent, lease, lend, or provide commercial hosting services with the Tyler Software; or (d) publish or otherwise disclose the Tyler Software or Documentation to third parties.

- 1.5 The license terms in this Agreement apply to updates and enhancements we may provide to you or make available to you through your Maintenance and Support Agreement.
 - 1.6 The right to transfer the Tyler Software to a replacement hardware system is included in your license. You will give us advance written notice of any such transfer and will pay us for any required or requested technical assistance from us associated with such transfer.
 - 1.7 Where applicable with respect to our applications that take or process card payment data, we are responsible for the security of cardholder data that we possess, including functions relating to storing, processing, and transmitting of the cardholder data and affirm that, as of the Effective Date, we comply with applicable requirements to be considered PCI DSS compliant and have performed the necessary steps to validate compliance with the PCI DSS. We agree to supply the current status of our PCI DSS compliance program in the form of an official Attestation of Compliance, which can be found at <https://www.tylertech.com/about-us/compliance>, and in the event of any change in our status, will comply with applicable notice requirements.
 - 1.8 We reserve all rights not expressly granted to you in this Agreement. The Tyler Software and Documentation are protected by copyright and other intellectual property laws and treaties. We own the title, copyright, and other intellectual property rights in the Tyler Software and the Documentation. **The Tyler Software is licensed, not sold.**
2. License Fees. You agree to pay us the license fees in the amounts set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.
 3. Escrow. We maintain an escrow agreement with a third party under which we place the source code for each major release of the Tyler Software. You may be added as a beneficiary to the escrow agreement by completing a standard beneficiary enrollment form and paying the applicable annual beneficiary fee. You will be responsible for maintaining your ongoing status as a beneficiary, including payment of the then-current annual beneficiary fees. Release of source code for the Tyler Software is strictly governed by the terms of the escrow agreement.
 4. Limited Warranty. We warrant that the Tyler Software will be without Defect(s) as long as you have a Maintenance and Support Agreement in effect. If the Tyler Software does not perform as warranted, we will use all reasonable efforts, consistent with industry standards, to cure the Defect as set forth in the Maintenance and Support Agreement.

SECTION C – PROFESSIONAL SERVICES

1. Services. We will provide you the various implementation-related services itemized in the Investment Summary and described in the Statement of Work/our industry standard implementation plan. We will finalize that documentation with you upon execution of this Agreement.
2. Professional Services Fees. You agree to pay us the professional services fees in the amounts set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy. You acknowledge that the fees stated in the Investment Summary are good-faith estimates of the amount of time and materials required for your implementation. We will bill you

the actual fees incurred based on the in-scope services provided to you. Any discrepancies in the total values set forth in the Investment Summary will be resolved by multiplying the applicable hourly rate by the quoted hours.

3. Additional Services. The Investment Summary contains, **and the Statement of Work describes**, the scope of services and related costs (including programming and/or interface estimates) required for the project based on our understanding of the specifications you supplied. If additional work is required, or if you use or request additional services, we will provide you with an addendum or change order, as applicable, outlining the costs for the additional work. The price quotes in the addendum or change order will be valid for thirty (30) days from the date of the quote.
4. Cancellation. We make all reasonable efforts to schedule our personnel for travel, including arranging travel reservations, at least two (2) weeks in advance of commitments. Therefore, if you cancel services less than two (2) weeks in advance (other than for Force Majeure or breach by us), you will be liable for all (a) non-refundable expenses incurred by us on your behalf, and (b) daily fees associated with cancelled professional services if we are unable to reassign our personnel. We will make all reasonable efforts to reassign personnel in the event you cancel within two (2) weeks of scheduled commitments.
5. Services Warranty. We will perform the services in a professional, workmanlike manner, consistent with industry standards. In the event we provide services that do not conform to this warranty, we will re-perform such services at no additional cost to you.
6. Site Access and Requirements. At no cost to us, you agree to provide us with full and free access to your personnel, facilities, and equipment as may be reasonably necessary for us to provide implementation services, subject to any reasonable security protocols or other written policies provided to us as of the Effective Date, and thereafter as mutually agreed to by you and us. You further agree to provide a reasonably suitable environment, location, and space for the installation of the Tyler Software and any Third Party Products, including, without limitation, sufficient electrical circuits, cables, and other reasonably necessary items required for the installation and operation of the Tyler Software and any Third Party Products.
7. Client Assistance. You acknowledge that the implementation of the Tyler Software is a cooperative process requiring the time and resources of your personnel. You agree to use all reasonable efforts to cooperate with and assist us as may be reasonably required to meet the agreed upon project deadlines and other milestones for implementation. This cooperation includes at least working with us to schedule the implementation-related services outlined in this Agreement. We will not be liable for failure to meet any deadlines and milestones when such failure is due to Force Majeure or to the failure by your personnel to provide such cooperation and assistance (either through action or omission).
8. Background Checks. For at least the past twelve (12) years, all of our employees have undergone criminal background checks prior to hire. All employees sign our confidentiality agreement and security policies.

SECTION D – MAINTENANCE AND SUPPORT

This Agreement includes the period of free maintenance and support services identified in the



Invoicing and Payment Policy. If you have purchased ongoing maintenance and support services, and continue to make timely payments for them according to our Invoicing and Payment Policy, we will provide you with maintenance and support services for the Tyler Software under the terms of our standard Maintenance and Support Agreement.

If you have opted not to purchase ongoing maintenance and support services for the Tyler Software, the Maintenance and Support Agreement does not apply to you. Instead, you will only receive ongoing maintenance and support on the Tyler Software on a time and materials basis. In addition, you will:

- (i) receive the lowest priority under our Support Call Process;
- (ii) be required to purchase new releases of the Tyler Software, including fixes, enhancements and patches;
- (iii) be charged our then-current rates for support services, or such other rates that we may consider necessary to account for your lack of ongoing training on the Tyler Software;
- (iv) be charged for a minimum of two (2) hours of support services for every support call; and
- (v) not be granted access to the support website for the Tyler Software or the Tyler Community Forum.

SECTION E – THIRD PARTY PRODUCTS

To the extent there are any Third Party Products set forth in the Investment Summary, the following terms and conditions will apply:

1. Third Party Hardware. We will sell, deliver, and install onsite the Third Party Hardware, if you have purchased any, for the price set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.
2. Third Party Software. Upon payment in full of the Third Party Software license fees, you will receive a non-transferable license to use the Third Party Software and related documentation for your internal business purposes only. Your license rights to the Third Party Software will be governed by the Third Party Terms.
 - 2.1 We will install onsite the Third Party Software. The installation cost is included in the installation fee in the Investment Summary.
 - 2.2 If the Developer charges a fee for future updates, releases, or other enhancements to the Third Party Software, you will be required to pay such additional future fee.
 - 2.3 The right to transfer the Third Party Software to a replacement hardware system is governed by the Developer. You will give us advance written notice of any such transfer and will pay us for any required or requested technical assistance from us associated with such transfer.
3. Third Party Products Warranties.
 - 3.1 We are authorized by each Developer to grant or transfer the licenses to the Third Party Software.

3.2 The Third Party Hardware will be new and unused, and upon payment in full, you will receive free and clear title to the Third Party Hardware.

3.3 You acknowledge that we are not the manufacturer of the Third Party Products. We do not warrant or guarantee the performance of the Third Party Products. However, we grant and pass through to you any warranty that we may receive from the Developer or supplier of the Third Party Products.

4. Third Party Services. If you have purchased Third Party Services, those services will be provided independent of Tyler by such third-party at the rates set forth in the Investment Summary and in accordance with our Invoicing and Payment Policy.
5. Maintenance. If you have a Maintenance and Support Agreement in effect, you may report defects and other issues related to the Third Party Software directly to us, and we will (a) directly address the defect or issue, to the extent it relates to our interface with the Third Party Software; and/or (b) facilitate resolution with the Developer, unless that Developer requires that you have a separate, direct maintenance agreement in effect with that Developer. In all events, if you do not have a Maintenance and Support Agreement in effect with us, you will be responsible for resolving defects and other issues related to the Third Party Software directly with the Developer.

SECTION F – INVOICING AND PAYMENT; INVOICE DISPUTES

1. Invoicing and Payment. We will invoice you for all fees set forth in the Investment Summary per our Invoicing and Payment Policy, subject to Section F(2).
2. Invoice Disputes. If you believe any delivered software or service does not conform to the warranties in this Agreement, you will provide us with written notice within thirty (30) days of your receipt of the applicable invoice. The written notice must contain reasonable detail of the issues you contend are in dispute so that we can confirm the issue and respond to your notice with either a justification of the invoice, an adjustment to the invoice, or a proposal addressing the issues presented in your notice. We will work with you as may be necessary to develop an action plan that outlines reasonable steps to be taken by each of us to resolve any issues presented in your notice. You may withhold payment of the amount(s) actually in dispute, and only those amounts, until we complete the action items outlined in the plan. If we are unable to complete the action items outlined in the action plan because of your failure to complete the items agreed to be done by you, then you will remit full payment of the invoice. We reserve the right to suspend delivery of all services, including maintenance and support services, if you fail to pay an invoice not disputed as described above within fifteen (15) days of notice of our intent to do so.

SECTION G – TERMINATION

1. Termination. This Agreement may be terminated as set forth below. In the event of termination, you will pay us for all undisputed fees and expenses related to the software, products, and/or services you have received, or we have incurred or delivered, prior to the effective date of termination. Disputed fees and expenses in all terminations other than your termination for cause must have been submitted as invoice disputes in accordance with Section F(2).

- 1.1 For Cause. If you believe we have materially breached this Agreement, you will invoke the Dispute Resolution clause set forth in Section I(3). You may terminate this Agreement for cause in the event we do not cure, or create a mutually agreeable action plan to address, a material breach of this Agreement within the thirty (30) day window set forth in Section I(3).
- 1.2 Force Majeure. Either party has the right to terminate this Agreement if a Force Majeure event suspends performance of this Agreement for a period of forty-five (45) days or more.
- 1.3 Lack of Appropriations. If you should not appropriate or otherwise receive funds sufficient to purchase, lease, operate, or maintain the software or services set forth in this Agreement, you may unilaterally terminate this Agreement upon thirty (30) days written notice to us. You will not be entitled to a refund or offset of previously paid license and other fees. You agree not to use termination for lack of appropriations as a substitute for termination for convenience.

SECTION H – INDEMNIFICATION, LIMITATION OF LIABILITY AND INSURANCE

1. Intellectual Property Infringement Indemnification.

- 1.1 We will defend you against any third party claim(s) that the Tyler Software or Documentation infringes that third party's patent, copyright, or trademark, or misappropriates its trade secrets, and will pay the amount of any resulting adverse final judgment (or settlement to which we consent). You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.
- 1.2 Our obligations under this Section H(1) will not apply to the extent the claim or adverse final judgment is based on your: (a) use of a previous version of the Tyler Software and the claim would have been avoided had you installed and used the current version of the Tyler Software, and we provided notice of that requirement to you; (b) combining the Tyler Software with any product or device not provided, contemplated, or approved by us; (c) altering or modifying the Tyler Software, including any modification by third parties at your direction or otherwise permitted by you; (d) use of the Tyler Software in contradiction of this Agreement, including with non-licensed third parties; or (e) willful infringement, including use of the Tyler Software after we notify you to discontinue use due to such a claim.
- 1.3 If we receive information concerning an infringement or misappropriation claim related to the Tyler Software, we may, at our expense and without obligation to do so, either: (a) procure for you the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent, in which case you will stop running the allegedly infringing Tyler Software immediately. Alternatively, we may decide to litigate the claim to judgment, in which case you may continue to use the Tyler Software consistent with the terms of this Agreement.
- 1.4 If an infringement or misappropriation claim is fully litigated and your use of the Tyler Software is enjoined by a court of competent jurisdiction, in addition to paying any adverse final judgment (or settlement to which we consent), we will, at our option, either: (a) procure the right to continue its use; (b) modify it to make it non-infringing; (c) replace it with a functional equivalent; or (d) terminate your license and refund the license fees paid for the infringing Tyler Software, as depreciated on a straight-line basis measured over seven (7) years from the

Effective Date. We will pursue those options in the order listed herein. This section provides your exclusive remedy for third party copyright, patent, or trademark infringement and trade secret misappropriation claims.

2. General Indemnification.

2.1 We will indemnify and hold harmless you and your agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for (a) personal injury or property damage to the extent caused by our negligence or willful misconduct; or (b) our violation of PCI DSS requirements or a law applicable to our performance under this Agreement. You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.

2.2 To the extent permitted by applicable law, you will indemnify and hold harmless us and our agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for personal injury or property damage to the extent caused by your negligence or willful misconduct; or (b) your violation of a law applicable to your performance under this Agreement. We will notify you promptly in writing of the claim and will give you sole control over its defense or settlement. We agree to provide you with reasonable assistance, cooperation, and information in defending the claim at your expense.

3. **DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE HEREBY DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES, DUTIES, OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**
4. **LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, OUR LIABILITY FOR DAMAGES ARISING OUT OF THIS AGREEMENT, WHETHER BASED ON A THEORY OF CONTRACT OR TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, SHALL BE LIMITED TO YOUR ACTUAL DIRECT DAMAGES, NOT TO EXCEED (A) PRIOR TO FORMAL TRANSITION TO MAINTENANCE AND SUPPORT, THE TOTAL ONE-TIME FEES SET FORTH IN THE INVESTMENT SUMMARY; OR (B) AFTER FORMAL TRANSITION TO MAINTENANCE AND SUPPORT, THE THEN-CURRENT ANNUAL MAINTENANCE AND SUPPORT FEE. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PRICES SET FORTH IN THIS AGREEMENT ARE SET IN RELIANCE UPON THIS LIMITATION OF LIABILITY AND TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, THE EXCLUSION OF CERTAIN DAMAGES, AND EACH SHALL APPLY REGARDLESS OF THE FAILURE OF AN ESSENTIAL PURPOSE OF ANY REMEDY. THE FOREGOING LIMITATION OF LIABILITY SHALL NOT APPLY TO CLAIMS THAT ARE SUBJECT TO SECTIONS H(1) AND H(2).**
5. **EXCLUSION OF CERTAIN DAMAGES. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL WE BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

6. Insurance. During the course of performing services under this Agreement, we agree to maintain the following levels of insurance: (a) Commercial General Liability of at least \$1,000,000; (b) Automobile Liability of at least \$1,000,000; (c) Professional Liability of at least \$1,000,000; (d) Workers Compensation complying with applicable statutory requirements; and (e) Excess/Umbrella Liability of at least \$5,000,000. We will add you as an additional insured to our Commercial General Liability and Automobile Liability policies, which will automatically add you as an additional insured to our Excess/Umbrella Liability policy as well. We will provide you with copies of certificates of insurance upon your written request.

SECTION I – GENERAL TERMS AND CONDITIONS

1. Additional Products and Services. You may purchase additional products and services at the rates set forth in the Investment Summary for twelve (12) months from the Effective Date, and thereafter at our then-current list price, by executing a mutually agreed addendum. If no rate is provided in the Investment Summary, or those twelve (12) months have expired, you may purchase additional products and services at our then-current list price, also by executing a mutually agreed addendum. The terms of this Agreement will control any such additional purchase(s), unless otherwise specifically provided in the addendum.
2. Optional Items. Pricing for any listed optional products and services in the Investment Summary will be valid for twelve (12) months from the Effective Date.
3. Dispute Resolution. You agree to provide us with written notice within thirty (30) days of becoming aware of a dispute. You agree to cooperate with us in trying to reasonably resolve all disputes, including, if requested by either party, appointing a senior representative to meet and engage in good faith negotiations with our appointed senior representative. Senior representatives will convene within thirty (30) days of the written dispute notice, unless otherwise agreed. All meetings and discussions between senior representatives will be deemed confidential settlement discussions not subject to disclosure under Federal Rule of Evidence 408 or any similar applicable state rule. If we fail to resolve the dispute, then the parties shall participate in non-binding mediation in an effort to resolve the dispute. If the dispute remains unresolved after mediation, then either of us may assert our respective rights and remedies in a court of competent jurisdiction. Nothing in this section shall prevent you or us from seeking necessary injunctive relief during the dispute resolution procedures.
4. Taxes. The fees in the Investment Summary do not include any taxes, including, without limitation, sales, use, or excise tax. If you are a tax-exempt entity, you agree to provide us with a tax-exempt certificate. Otherwise, we will pay all applicable taxes to the proper authorities and you will reimburse us for such taxes. If you have a valid direct-pay permit, you agree to provide us with a copy. For clarity, we are responsible for paying our income taxes, both federal and state, as applicable, arising from our performance of this Agreement.
5. Nondiscrimination. We will not discriminate against any person employed or applying for employment concerning the performance of our responsibilities under this Agreement. This discrimination prohibition will apply to all matters of initial employment, tenure, and terms of employment, or otherwise with respect to any matter directly or indirectly relating to employment concerning race, color, religion, national origin, age, sex, sexual orientation, ancestry, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height,

weight, marital status, or political affiliation. We will post, where appropriate, all notices related to nondiscrimination as may be required by applicable law.

6. E-Verify. We have complied, and will comply, with the E-Verify procedures administered by the U.S. Citizenship and Immigration Services Verification Division for all of our employees assigned to your project.
7. Subcontractors. We will not subcontract any services under this Agreement without your prior written consent, not to be unreasonably withheld.
8. Binding Effect; No Assignment. This Agreement shall be binding on, and shall be for the benefit of, either your or our successor(s) or permitted assign(s). Neither party may assign this Agreement without the prior written consent of the other party; provided, however, your consent is not required for an assignment by us as a result of a corporate reorganization, merger, acquisition, or purchase of substantially all of our assets.
9. Force Majeure. Except for your payment obligations, neither party will be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by Force Majeure; provided, however, that within ten (10) business days of the Force Majeure event, the party whose performance is delayed provides the other party with written notice explaining the cause and extent thereof, as well as a request for a reasonable time extension equal to the estimated duration of the Force Majeure event.
10. No Intended Third Party Beneficiaries. This Agreement is entered into solely for the benefit of you and us. No third party will be deemed a beneficiary of this Agreement, and no third party will have the right to make any claim or assert any right under this Agreement. This provision does not affect the rights of third parties under any Third Party Terms.
11. Entire Agreement; Amendment. This Agreement represents the entire agreement between you and us with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Purchase orders submitted by you, if any, are for your internal administrative purposes only, and the terms and conditions contained in those purchase orders will have no force or effect. This Agreement may only be modified by a written amendment signed by an authorized representative of each party.
12. Severability. If any term or provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement will be considered valid and enforceable to the fullest extent permitted by law.
13. No Waiver. In the event that the terms and conditions of this Agreement are not strictly enforced by either party, such non-enforcement will not act as or be deemed to act as a waiver or modification of this Agreement, nor will such non-enforcement prevent such party from enforcing each and every term of this Agreement thereafter.
14. Independent Contractor. We are an independent contractor for all purposes under this Agreement.
15. Notices. All notices or communications required or permitted as a part of this Agreement, such as notice of an alleged material breach for a termination for cause or a dispute that must be submitted

to dispute resolution, must be in writing and will be deemed delivered upon the earlier of the following: (a) actual receipt by the receiving party; (b) upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the receiving party; (c) upon receipt by sender of proof of email delivery; or (d) if not actually received, five (5) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the other party at the address set forth on the signature page hereto or such other address as the party may have designated by proper notice. The consequences for the failure to receive a notice due to improper notification by the intended receiving party of a change in address will be borne by the intended receiving party.

16. Client Lists. You agree that we may identify you by name in client lists, marketing presentations, and promotional materials.
17. Confidentiality. Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities, including the parties. Confidential information is nonpublic information that a reasonable person would believe to be confidential and includes, without limitation, personal identifying information (*e.g.*, social security numbers) and trade secrets, each as defined by applicable state law. Each party agrees that it will not disclose any confidential information of the other party and further agrees to take all reasonable and appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein will survive the termination or cancellation of this Agreement. This obligation of confidentiality will not apply to information that:
 - (a) is in the public domain, either at the time of disclosure or afterwards, except by breach of this Agreement by a party or its employees or agents;
 - (b) a party can establish by reasonable proof was in that party's possession at the time of initial disclosure;
 - (c) a party receives from a third party who has a right to disclose it to the receiving party; or
 - (d) is the subject of a legitimate disclosure request under the open records laws or similar applicable public disclosure laws governing this Agreement; provided, however, that in the event you receive an open records or other similar applicable request, you will give us prompt notice and otherwise perform the functions required by applicable law.
18. Business License. In the event a local business license is required for us to perform services hereunder, you will promptly notify us and provide us with the necessary paperwork and/or contact information so that we may timely obtain such license.
19. Governing Law. This Agreement will be governed by and construed in accordance with the laws of your state of domicile, without regard to its rules on conflicts of law.
20. Multiple Originals and Authorized Signatures. This Agreement may be executed in multiple originals, any of which will be independently treated as an original document. Any electronic, faxed, scanned, photocopied, or similarly reproduced signature on this Agreement or any amendment hereto will be deemed an original signature and will be fully enforceable as if an original signature. Each party represents to the other that the signatory set forth below is duly authorized to bind that party to this Agreement.

21. Cooperative Procurement. To the maximum extent permitted by applicable law, we agree that this Agreement may be used as a cooperative procurement vehicle by eligible jurisdictions. We reserve the right to negotiate and customize the terms and conditions set forth herein, including but not limited to pricing, to the scope and circumstances of that cooperative procurement.

22. Performance Bond. Tyler will secure a performance bond (“Bond”) agreeable to both parties within ten (10) business days after execution of this Agreement in the face amount of \$[X]. The cost of the Bond, equal to \$[Y], is based on the total contract dollar amount of this Agreement for an initial term of twenty-four (24) months and is payable in accordance with the terms set forth in Exhibit B. Client acknowledges and agrees that it will be responsible for any increase in Bond premiums during the first two years of the Agreement caused by Client’s election to increase the Agreement and Bond dollar amount. In the event that implementation activities are not complete after the expiration of the initial twenty-four (24) month term, Client may elect to renew or extend the term of the performance bond, and Client shall be solely responsible for providing us with notice and for any additional bond premiums. All bond renewals shall be subject to underwriting or surety approval.

23. Contract Documents. This Agreement includes the following exhibits:

- Exhibit A Investment Summary
- Exhibit B Invoicing and Payment Policy
Schedule 1: Business Travel Policy
- Exhibit C Maintenance and Support Agreement
Schedule 1: Support Call Process
- Exhibit D Third Party Terms
- Exhibit E Statement of Work

IN WITNESS WHEREOF, a duly authorized representative of each party has executed this Agreement as of the date(s) set forth below.

Tyler Technologies, Inc.

[INSERT CLIENT NAME]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Address for Notices:

Tyler Technologies, Inc.
One Tyler Drive
Yarmouth, ME 04096
Attention: Chief Legal Officer

Address for Notices:

[INSERT CLIENT NAME]
[INSERT CLIENT ADDRESS]
[INSERT CLIENT ADDRESS]
Attention: _____





Exhibit A Investment Summary

The following Investment Summary details the software, products, and services to be delivered by us to you under the Agreement. This Investment Summary is effective as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

Tyler sales quotation to be inserted prior to Agreement execution.

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SAMPLE



Exhibit B Invoicing and Payment Policy

We will provide you with the software and services set forth in the Investment Summary. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

Invoicing: We will invoice you for the applicable license and services fees in the Investment Summary as set forth below. Your rights to dispute any invoice are set forth in the Agreement.

1. Tyler Software.

1.1 *License Fees:* License fees are invoiced as follows: (a) 25% on the Effective Date; (b) 60% on the date when we make the applicable Tyler Software available to you for downloading (the "Available Download Date"); and (c) 15% on the earlier of use of the Tyler Software in live production or 180 days after the Available Download Date.

1.2 *Subscription Fees:* Your initial subscription fees for Postal Xpress, Tyler Transparency and Tyler Notify are invoiced when we make the product available to you. Subsequent subscription fees are due annually in advance on the anniversary of that date at our then-current rates.

1.2 *Maintenance and Support Fees:* Year 1 maintenance and support fees are waived through the earlier of (a) availability of the Tyler Software for use in a live production environment; or (b) one (1) year from the Effective Date. Year 2 maintenance and support fees, at our then-current rates, are payable on that earlier-of date, and subsequent maintenance and support fees are invoiced annually in advance of each anniversary thereof. Your fees for each subsequent year will be set at our then-current rates.

2. Professional Services.

2.1 *Implementation and Other Professional Services (including training):* Implementation and other professional services (including training) are billed and invoiced as delivered, at the rates set forth in the Investment Summary.

2.2 *Consulting Services:* If you have purchased any Business Process Consulting services, if they have been quoted as fixed-fee services, they will be invoiced 50% upon delivery of the Best Practice Recommendations, by module, and 50% upon delivery of custom desktop procedures, by module. If you have purchased any Business Process Consulting services and they are quoted as an estimate, then we will bill you the actual services delivered on a time and materials basis.

2.3 *Conversions:* Fixed-fee conversions are invoiced 50% upon initial delivery of the converted



data, by conversion option, and 50% upon Client acceptance to load the converted data into Live/Production environment, by conversion option. Where conversions are quoted as estimated, we will bill you the actual services delivered on a time and materials basis.

2.4 *Requested Modifications to the Tyler Software:* Requested modifications to the Tyler Software are invoiced 50% upon delivery of specifications and 50% upon delivery of the applicable modification. You must report any failure of the modification to conform to the specifications within thirty (30) days of delivery; otherwise, the modification will be deemed to be in compliance with the specifications after the 30-day window has passed. You may still report Defects to us as set forth in the Maintenance and Support Agreement.

2.5 *Other Fixed Price Services:* Except as otherwise provided, other fixed price services are invoiced as delivered, at the rates set forth in the Investment Summary. For the avoidance of doubt, where “Project Planning Services” are provided, payment will be due upon delivery of the Implementation Planning document.

Dedicated Project Management services, if any, will be billed monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.

Change Management Services: If you have purchased any change management services, those services will be invoiced in the following amounts and upon the following milestones:

Acceptance of Change Management Discovery Analysis	15%
Delivery of Change Management Plan and Strategy Presentation	10%
Acceptance of Executive Playbook	15%
Acceptance of Resistance Management Plan	15%
Acceptance of Procedural Change Communications Plan	10%
Change Management Coach Training	20%
Change Management After-Action Review	15%

3. Other Services and Fees. [Include as applicable]

3.1 *Systems Management:* Systems Management Services are invoiced on the Available Download Date and are provided in accordance with the Agreement for Tyler Systems Management attached to this Agreement as Exhibit _____. Systems Management Services will renew automatically for additional one (1) year terms at our then-current Systems Management Services fee, unless terminated in writing by either party at least thirty (30) days prior to the end of the then-current term.

3.2 *Disaster Recovery Services:* Disaster Recovery Services are invoiced annually in advance upon our receipt of your data. Disaster Recovery services will be provided in accordance with the terms of our then-current Disaster Recovery Agreement and will renew automatically for additional one (1) year terms at our then-current Disaster Recovery fee, unless terminated in writing by either party at least thirty (30) days prior to the end of the then-current term. Our current Disaster Recovery Agreement is attached to this Agreement as Exhibit _____.

- 3.3 **Payroll Tax Table Update Fee:** The first year Payroll Tax Table Update Fee for the one-year period commencing on the Available Download Date is waived. Subsequent annual Payroll Tax Table Update fees will be due on the anniversary of the Available Download Date. Annual Payroll Tax Table Update services will renew automatically for additional one-year terms at our then-current Annual Payroll Tax Table Update service fee, unless terminated in writing by either party at least thirty (30) days prior to the end of the then-current term.
- 3.4 **Performance Bond:** We will invoice you the fees for the performance bond, set forth in the Investment Summary, within ten (10) days of the Effective Date.
- 3.5 **Brazos Hosting Fees:** Hosting fees for the Brazos software are invoiced annually in advance, beginning on the Effective Date. Year 1 fees are at the rates set forth in the Investment Summary. Subsequent annual fees will be at our then-current rates.
4. Third Party Products.
- 4.1 **Third Party Software License Fees:** License fees for Third Party Software, if any, are invoiced when we make it available to you for downloading.
- 4.2 **Third Party Software Maintenance:** The first year maintenance fees for the Third Party Software, if any, is invoiced when we make that Third Party Software available to you for downloading.
- 4.3 **Third Party Hardware:** Third Party Hardware costs, if any, are invoiced upon delivery.
- 4.4 **Third Party Services:** Fees for Third Party Services, if any, are invoiced as delivered, along with applicable expenses, at the rates set forth in the Investment Summary.
- 4.5 **Tyler Notify Minutes and Messages:** Tyler Notify Minutes and Messages are invoiced when we make Tyler Notify available to you. Subsequent fees for minutes and messages, at our then-current rates, will be due when you request additional minutes and messages and they are made available to you.
5. Expenses. The service rates in the Investment Summary do not include travel expenses. Expenses for Tyler delivered services will be billed as incurred and only in accordance with our then-current Business Travel Policy, plus a 10% travel agency processing fee. Our current Business Travel Policy is attached to this Exhibit B at Schedule 1. Copies of receipts will be provided upon request; we reserve the right to charge you an administrative fee depending on the extent of your requests. Receipts for miscellaneous items less than twenty-five dollars and mileage logs are not available.

Payment. Payment for undisputed invoices is due within forty-five (45) days of the invoice date. We prefer to receive payments electronically. Our electronic payment information is:

Bank:	Wells Fargo Bank, N.A. 420 Montgomery San Francisco, CA 94104
ABA:	121000248



Account: 4124302472
Beneficiary: Tyler Technologies, Inc. – Operating

SAMPLE



**Exhibit B
Schedule 1
Business Travel Policy**

1. Air Travel

A. Reservations & Tickets

The Travel Management Company (TMC) used by Tyler will provide an employee with a direct flight within two hours before or after the requested departure time, assuming that flight does not add more than three hours to the employee's total trip duration and the fare is within \$100 (each way) of the lowest logical fare. If a net savings of \$200 or more (each way) is possible through a connecting flight that is within two hours before or after the requested departure time and that does not add more than three hours to the employee's total trip duration, the connecting flight should be accepted.

Employees are encouraged to make advanced reservations to take full advantage of discount opportunities. Employees should use all reasonable efforts to make travel arrangements at least two (2) weeks in advance of commitments. A seven (7) day advance booking requirement is mandatory. When booking less than seven (7) days in advance, management approval will be required.

Except in the case of international travel where a segment of continuous air travel is six (6) or more consecutive hours in length, only economy or coach class seating is reimbursable. Employees shall not be reimbursed for "Basic Economy Fares" because these fares are non-refundable and have many restrictions that outweigh the cost-savings.

B. Baggage Fees

Reimbursement of personal baggage charges are based on trip duration as follows:

- Up to five (5) days = one (1) checked bag
- Six (6) or more days = two (2) checked bags

Baggage fees for sports equipment are not reimbursable.

2. Ground Transportation

A. Private Automobile

Mileage Allowance – Business use of an employee’s private automobile will be reimbursed at the current IRS allowable rate, plus out of pocket costs for tolls and parking. Mileage will be calculated by using the employee’s office as the starting and ending point, in compliance with IRS regulations. Employees who have been designated a home office should calculate miles from their home.

B. Rental Car

Employees are authorized to rent cars only in conjunction with air travel when cost, convenience, and the specific situation reasonably require their use. When renting a car for Tyler business, employees should select a “mid-size” or “intermediate” car. “Full” size cars may be rented when three or more employees are traveling together. Tyler carries leased vehicle coverage for business car rentals; except for employees traveling to Alaska and internationally (excluding Canada), additional insurance on the rental agreement should be declined.

C. Public Transportation

Taxi or airport limousine services may be considered when traveling in and around cities or to and from airports when less expensive means of transportation are unavailable or impractical. The actual fare plus a reasonable tip (15-18%) are reimbursable. In the case of a free hotel shuttle to the airport, tips are included in the per diem rates and will not be reimbursed separately.

D. Parking & Tolls

When parking at the airport, employees must use longer term parking areas that are measured in days as opposed to hours. Park and fly options located near some airports may also be used. For extended trips that would result in excessive parking charges, public transportation to/from the airport should be considered. Tolls will be reimbursed when receipts are presented.

3. Lodging

Tyler’s TMC will select hotel chains that are well established, reasonable in price, and conveniently located in relation to the traveler’s work assignment. Typical hotel chains include Courtyard, Fairfield Inn, Hampton Inn, and Holiday Inn Express. If the employee has a discount rate with a local hotel, the hotel reservation should note that discount and the employee should confirm the lower rate with the hotel upon arrival. Employee memberships in travel clubs such as AAA should be noted in their travel profiles so that the employee can take advantage of any lower club rates.

“No shows” or cancellation fees are not reimbursable if the employee does not comply with the hotel’s cancellation policy.

Tips for maids and other hotel staff are included in the per diem rate and are not reimbursed separately.

Employees are not authorized to reserve non-traditional short-term lodging, such as Airbnb, VRBO, and HomeAway. Employees who elect to make such reservations shall not be reimbursed.

4. Meals and Incidental Expenses

Employee meals and incidental expenses while on travel status within the continental U.S. are in accordance with the federal per diem rates published by the General Services Administration. Incidental expenses include tips to maids, hotel staff, and shuttle drivers and other minor travel expenses. Per diem rates are available at www.gsa.gov/perdiem.

Per diem for Alaska, Hawaii, U.S. protectorates and international destinations are provided separately by the Department of State and will be determined as required.

A. Overnight Travel

For each full day of travel, all three meals are reimbursable. Per diems on the first and last day of a trip are governed as set forth below.

Departure Day

Depart before 12:00 noon	Lunch and dinner
Depart after 12:00 noon	Dinner

Return Day

Return before 12:00 noon	Breakfast
Return between 12:00 noon & 7:00 p.m.	Breakfast and lunch
Return after 7:00 p.m.*	Breakfast, lunch and dinner

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

The reimbursement rates for individual meals are calculated as a percentage of the full day per diem as follows:

Breakfast	15%
Lunch	25%
Dinner	60%

B. Same Day Travel

Employees traveling at least 100 miles to a site and returning in the same day are eligible to claim lunch on an expense report. Employees on same day travel status are eligible to claim dinner in the event they return home after 7:00 p.m.*

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

5. Internet Access – Hotels and Airports

Employees who travel may need to access their e-mail at night. Many hotels provide free high speed internet access and Tyler employees are encouraged to use such hotels whenever possible. If an employee's hotel charges for internet access it is reimbursable up to \$10.00 per day. Charges for internet access at airports are not reimbursable.

6. International Travel

All international flights with the exception of flights between the U.S. and Canada should be reserved through TMC using the "lowest practical coach fare" with the exception of flights that are six (6) or more consecutive hours in length. In such event, the next available seating class above coach shall be reimbursed.

When required to travel internationally for business, employees shall be reimbursed for photo fees, application fees, and execution fees when obtaining a new passport book, but fees related to passport renewals are not reimbursable. Visa application and legal fees, entry taxes and departure taxes are reimbursable.

The cost of vaccinations that are either required for travel to specific countries or suggested by the U.S. Department of Health & Human Services for travel to specific countries, is reimbursable.

Section 4, Meals & Incidental Expenses, and Section 2.b., Rental Car, shall apply to this section.

SAMPLE



Exhibit C Maintenance and Support Agreement

We will provide you with the following maintenance and support services for the Tyler Software. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

1. **Term.** We provide maintenance and support services on an annual basis. The initial term commences on the Effective Date, and remains in effect for one (1) year. The term will renew automatically for additional one (1) year terms unless terminated in writing by either party at least thirty (30) days prior to the end of the then-current term. We will adjust the term to match your first use of the Tyler Software in live production if that event precedes the one (1) year anniversary of the Effective Date.
2. **Maintenance and Support Fees.** Your year 1 maintenance and support fees for the Tyler Software are listed in the Investment Summary, and your payment obligations are set forth in the Invoicing and Payment Policy. We reserve the right to suspend maintenance and support services if you fail to pay undisputed maintenance and support fees within thirty (30) days of our written notice. We will reinstate maintenance and support services only if you pay all past due maintenance and support fees, including all fees for the periods during which services were suspended.
3. **Maintenance and Support Services.** As long as you are not using the Help Desk as a substitute for our training services on the Tyler Software, and you timely pay your maintenance and support fees, we will, consistent with our then-current Support Call Process:
 - 3.1 perform our maintenance and support obligations in a professional, good, and workmanlike manner, consistent with industry standards, to resolve Defects in the Tyler Software (limited to the then-current version and the immediately prior version); provided, however, that if you modify the Tyler Software without our consent, our obligation to provide maintenance and support services on and warrant the Tyler Software will be void;
 - 3.2 provide telephone support during our established support hours;
 - 3.3 maintain personnel that are sufficiently trained to be familiar with the Tyler Software and Third Party Software, if any, in order to provide maintenance and support services;
 - 3.4 provide you with a copy of all major and minor releases to the Tyler Software (including updates and enhancements) that we make generally available without additional charge to customers who have a maintenance and support agreement in effect; and
 - 3.5 provide non-Defect resolution support of prior releases of the Tyler Software in accordance with our then-current release life cycle policy.

4. Client Responsibilities. We will use all reasonable efforts to perform any maintenance and support services remotely. Currently, we use a third-party secure unattended connectivity tool called Bomgar, as well as GotoAssist by Citrix. Therefore, you agree to maintain a high-speed internet connection capable of connecting us to your PCs and server(s). You agree to provide us with a login account and local administrative privileges as we may reasonably require to perform remote services. We will, at our option, use the secure connection to assist with proper diagnosis and resolution, subject to any reasonably applicable security protocols. If we cannot resolve a support issue remotely, we may be required to provide onsite services. In such event, we will be responsible for our travel expenses, unless it is determined that the reason onsite support was required was a reason outside our control. Either way, you agree to provide us with full and free access to the Tyler Software, working space, adequate facilities within a reasonable distance from the equipment, and use of machines, attachments, features, or other equipment reasonably necessary for us to provide the maintenance and support services, all at no charge to us. We strongly recommend that you also maintain a VPN for backup connectivity purposes.
5. Hardware and Other Systems. If you are a self-hosted customer and, in the process of diagnosing a software support issue, it is discovered that one of your peripheral systems or other software is the cause of the issue, we will notify you so that you may contact the support agency for that peripheral system. We cannot support or maintain Third Party Products except as expressly set forth in the Agreement.

In order for us to provide the highest level of software support, you bear the following responsibility related to hardware and software:

- (a) All infrastructure executing Tyler Software shall be managed by you;
 - (b) You will maintain support contracts for all non-Tyler software associated with Tyler Software (including operating systems and database management systems, but excluding Third-Party Software, if any); and
 - (c) You will perform daily database backups and verify that those backups are successful.
6. Other Excluded Services. Maintenance and support fees do not include fees for the following services: (a) initial installation or implementation of the Tyler Software; (b) onsite maintenance and support (unless Tyler cannot remotely correct a Defect in the Tyler Software, as set forth above); (c) application design; (d) other consulting services; (e) maintenance and support of an operating system or hardware, unless you are a hosted customer; (f) support outside our normal business hours as listed in our then-current Support Call Process; or (g) installation, training services, or third party product costs related to a new release. Requested maintenance and support services such as those outlined in this section will be billed to you on a time and materials basis at our then current rates. You must request those services with at least one (1) weeks' advance notice.
 7. Current Support Call Process. Our current Support Call Process for the Tyler Software is attached to this Exhibit C at Schedule 1.



Exhibit C Schedule 1 Support Call Process

Support Channels

Tyler Technologies, Inc. provides the following channels of software support:

- (1) Tyler Community – an on-line resource, Tyler Community provides a venue for all Tyler clients with current maintenance agreements to collaborate with one another, share best practices and resources, and access documentation.
- (2) On-line submission (portal) – for less urgent and functionality-based questions, users may create unlimited support incidents through the customer relationship management portal available at the Tyler Technologies website.
- (3) Email – for less urgent situations, users may submit unlimited emails directly to the software support group.
- (4) Telephone – for urgent or complex questions, users receive toll-free, unlimited telephone software support.

Support Resources

A number of additional resources are available to provide a comprehensive and complete support experience:

- (1) Tyler Website – www.tylertech.com – for accessing client tools and other information including support contact information.
- (2) Tyler Community – available through login, Tyler Community provides a venue for clients to support one another and share best practices and resources.
- (3) Knowledgebase – A fully searchable depository of thousands of documents related to procedures, best practices, release information, and job aides.
- (4) Program Updates – where development activity is made available for client consumption

Support Availability

Tyler Technologies support is available during the local business hours of 8 AM to 5 PM (Monday – Friday) across four US time zones (Pacific, Mountain, Central and Eastern). Clients may receive coverage across these time zones. Tyler’s holiday schedule is outlined below. There will be no support coverage on these days.

New Year’s Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day
Labor Day	



Issue Handling

Incident Tracking

Every support incident is logged into Tyler’s Customer Relationship Management System and given a unique incident number. This system tracks the history of each incident. The incident tracking number is used to track and reference open issues when clients contact support. Clients may track incidents, using the incident number, through the portal at Tyler’s website or by calling software support directly.

Incident Priority

Each incident is assigned a priority number, which corresponds to the client’s needs and deadlines. The client is responsible for reasonably setting the priority of the incident per the chart below. This chart is not intended to address every type of support incident, and certain “characteristics” may or may not apply depending on whether the Tyler software has been deployed on customer infrastructure or the Tyler cloud. The goal is to help guide the client towards clearly understanding and communicating the importance of the issue and to describe generally expected responses and resolutions.

Priority Level	Characteristics of Support Incident	Resolution Targets
1 Critical	Support incident that causes (a) complete application failure or application unavailability; (b) application failure or unavailability in one or more of the client’s remote location; or (c) systemic loss of multiple essential system functions.	Tyler shall provide an initial response to Priority Level 1 incidents within one (1) business hour of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within one (1) business day. For non-hosted customers, Tyler’s responsibility for lost or corrupted data is limited to assisting the client in restoring its last available database.
2 High	Support incident that causes (a) repeated, consistent failure of essential functionality affecting more than one user or (b) loss or corruption of data.	Tyler shall provide an initial response to Priority Level 2 incidents within four (4) business hours of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within ten (10) business days. For non-hosted customers, Tyler’s responsibility for loss or corrupted data is limited to assisting the client in restoring its last available database.
3 Medium	Priority Level 1 incident with an existing circumvention procedure, or a Priority Level 2 incident that affects only one user or for which there is an existing circumvention procedure.	Tyler shall provide an initial response to Priority Level 3 incidents within one (1) business day of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents without the need for a circumvention procedure with the next published maintenance update or service pack. For non-hosted customers, Tyler’s responsibility for lost or corrupted data is limited to assisting the client in restoring its last available database.

Priority Level	Characteristics of Support Incident	Resolution Targets
4 Non-critical	Support incident that causes failure of non-essential functionality or a cosmetic or other issue that does not qualify as any other Priority Level.	Tyler shall provide an initial response to Priority Level 4 incidents within two (2) business days. Tyler shall use commercially reasonable efforts to resolve such support incidents, as well as cosmetic issues, with a future version release.

Incident Escalation

Tyler Technology’s software support consists of four levels of personnel:

- (1) Level 1: front-line representatives
- (2) Level 2: more senior in their support role, they assist front-line representatives and take on escalated issues
- (3) Level 3: assist in incident escalations and specialized client issues
- (4) Level 4: responsible for the management of support teams for either a single product or a product group

If a client feels they are not receiving the service needed, they may contact the appropriate Software Support Manager. After receiving the incident tracking number, the manager will follow up on the open issue and determine the necessary action to meet the client’s needs.

On occasion, the priority or immediacy of a software support incident may change after initiation. Tyler encourages clients to communicate the level of urgency or priority of software support issues so that we can respond appropriately. A software support incident can be escalated by any of the following methods:

- (1) Telephone – for immediate response, call toll-free to either escalate an incident’s priority or to escalate an issue through management channels as described above.
- (2) Email – clients can send an email to software support in order to escalate the priority of an issue
- (3) On-line Support Incident Portal – clients can also escalate the priority of an issue by logging into the client incident portal and referencing the appropriate incident tracking number.

Remote Support Tool

Some support calls require further analysis of the client’s database, process or setup to diagnose a problem or to assist with a question. Tyler will, at its discretion, use an industry-standard remote support tool. Support is able to quickly connect to the client’s desktop and view the site’s setup, diagnose problems, or assist with screen navigation. More information about the remote support tool Tyler uses is available upon request.



Exhibit D
Third Party Terms

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Exhibit E

Statement of Work

TO BE INSERTED

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SOFTWARE AS A SERVICE AGREEMENT¹

This Software as a Service Agreement is made between Tyler Technologies, Inc. and Client.

WHEREAS, Client selected Tyler to provide certain products and services set forth in the Investment Summary, including providing Client with access to Tyler's proprietary software products, and Tyler desires to provide such products and services under the terms of this Agreement;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and promises set forth in this Agreement, Tyler and Client agree as follows:

SECTION A – DEFINITIONS

- **“Agreement”** means this Software as a Services Agreement.
- **“Business Travel Policy”** means our business travel policy. A copy of our current Business Travel Policy is attached as Schedule 1 to Exhibit B.
- **“Client”** means [INSERT CLIENT NAME].
- **“Data”** means your data necessary to utilize the Tyler Software.
- **“Data Storage Capacity”** means the contracted amount of storage capacity for your Data identified in the Investment Summary.
- **“Defect”** means a failure of the Tyler Software to substantially conform to the functional descriptions set forth in our written proposal to you, or their functional equivalent. Future functionality may be updated, modified, or otherwise enhanced through our maintenance and support services, and the governing functional descriptions for such future functionality will be set forth in our then-current Documentation.
- **“Defined Users”** means the number of users that are authorized to use the SaaS Services. The Defined Users for the Agreement are as identified in the Investment Summary.
- **“Developer”** means a third party who owns the intellectual property rights to Third Party Software.
- **“Documentation”** means any online or written documentation related to the use or functionality of the Tyler Software that we provide or otherwise make available to you, including instructions, user guides, manuals and other training or self-help documentation.
- **“Effective Date”** means the date by which both your and our authorized representatives have signed the Agreement.
- **“Force Majeure”** means an event beyond the reasonable control of you or us, including, without limitation, governmental action, war, riot or civil commotion, fire, natural disaster, or any other cause that could not with reasonable diligence be foreseen or prevented by you or us.

¹ HIGHLIGHTED PROVISIONS INDICATE PROVISIONS THAT MAY OR MAY NOT APPLY TO THE PARTICULAR CLIENT/CONTRACT. DURING CONTRACT NEGOTIATIONS, THOSE PROVISIONS WILL BE ADJUSTED AS NECESSARY.

- **“Investment Summary”** means the agreed upon cost proposal for the products and services attached as Exhibit A.
- **“Invoicing and Payment Policy”** means the invoicing and payment policy. A copy of our current Invoicing and Payment Policy is attached as Exhibit B.
- **“SaaS Fees”** means the fees for the SaaS Services identified in the Investment Summary.
- **“SaaS Services”** means software as a service consisting of system administration, system management, and system monitoring activities that Tyler performs for the Tyler Software, and includes the right to access and use the Tyler Software, receive maintenance and support on the Tyler Software, including Downtime resolution under the terms of the SLA, and Data storage and archiving. SaaS Services do not include support of an operating system or hardware, support outside of our normal business hours, or training, consulting or other professional services.
- **“SLA”** means the service level agreement. A copy of our current SLA is attached hereto as Exhibit C.
- **“Statement of Work”** means the industry standard implementation plan describing how our professional services will be provided to implement the Tyler Software, and outlining your and our roles and responsibilities in connection with that implementation. The Statement of Work is attached as Exhibit E.
- **“Support Call Process”** means the support call process applicable to all of our customers who have licensed the Tyler Software. A copy of our current Support Call Process is attached as Schedule 1 to Exhibit C.
- **“Third Party Hardware”** means the third party hardware, if any, identified in the Investment Summary.
- **“Third Party Products”** means the Third Party Software and Third Party Hardware.
- **“Third Party Services”** means the third party services, if any, identified in the Investment Summary.
- **“Third Party Software”** means the third party software, if any, identified in the Investment Summary.
- **“Third Party Terms”** means, if any, the end user license agreement(s) or similar terms for the Third Party Software, as applicable and attached as Exhibit D.
- **“Tyler”** means Tyler Technologies, Inc., a Delaware corporation.
- **“Tyler Software”** means our proprietary software, including any integrations, custom modifications, and/or other related interfaces identified in the Investment Summary and licensed by us to you through this Agreement.
- **“we”, “us”, “our”** and similar terms mean Tyler.
- **“you”** and similar terms mean Client.

SECTION B – SAAS SERVICES

1. Rights Granted. We grant to you the non-exclusive, non-assignable limited right to use the SaaS Services solely for your internal business purposes for the number of Defined Users only. The Tyler Software will be made available to you according to the terms of the SLA. You acknowledge that we have no delivery obligations and we will not ship copies of the Tyler Software as part of the SaaS Services. You may use the SaaS Services to access updates and enhancements to the Tyler Software, as further described in Section C(9). The foregoing notwithstanding, to the extent we have sold you perpetual licenses for Tyler Software, if and listed in the Investment Summary, for which you are receiving SaaS Services, your rights to use such Tyler Software are perpetual, subject to the terms and conditions of this Agreement including, without limitation, Section B(4). We will make any such



software available to you for download.

2. SaaS Fees. You agree to pay us the SaaS Fees. Those amounts are payable in accordance with our Invoicing and Payment Policy. The SaaS Fees are based on the number of Defined Users and amount of Data Storage Capacity. You may add additional users or additional data storage capacity on the terms set forth in Section H(1). In the event you regularly and/or meaningfully exceed the Defined Users or Data Storage Capacity, we reserve the right to charge you additional fees commensurate with the overage(s).
3. Ownership.
 - 3.1 We retain all ownership and intellectual property rights to the SaaS Services, the Tyler Software, and anything developed by us under this Agreement. You do not acquire under this Agreement any license to use the Tyler Software in excess of the scope and/or duration of the SaaS Services.
 - 3.2 The Documentation is licensed to you and may be used and copied by your employees for internal, non-commercial reference purposes only.
 - 3.3 You retain all ownership and intellectual property rights to the Data. You expressly recognize that except to the extent necessary to carry out our obligations contained in this Agreement, we do not create or endorse any Data used in connection with the SaaS Services.
4. Restrictions. You may not: (a) make the Tyler Software or Documentation resulting from the SaaS Services available in any manner to any third party for use in the third party's business operations; (b) modify, make derivative works of, disassemble, reverse compile, or reverse engineer any part of the SaaS Services; (c) access or use the SaaS Services in order to build or support, and/or assist a third party in building or supporting, products or services competitive to us; or (d) license, sell, rent, lease, transfer, assign, distribute, display, host, outsource, disclose, permit timesharing or service bureau use, or otherwise commercially exploit or make the SaaS Services, Tyler Software, or Documentation available to any third party other than as expressly permitted by this Agreement.
5. Software Warranty. We warrant that the Tyler Software will perform without Defects during the term of this Agreement. If the Tyler Software does not perform as warranted, we will use all reasonable efforts, consistent with industry standards, to cure the Defect in accordance with the maintenance and support process set forth in Section C(9), below, the SLA and our then current Support Call Process.
6. SaaS Services.
 - 6.1 Our SaaS Services are audited at least yearly in accordance with the AICPA's Statement on Standards for Attestation Engagements ("SSAE") No. 18. We have attained, and will maintain, SOC 1 and SOC 2 compliance, or its equivalent, for so long as you are timely paying for SaaS Services. Upon execution of a mutually agreeable Non-Disclosure Agreement ("NDA"), we will provide you with a summary of our compliance report(s) or its equivalent. Every year thereafter, for so long as the NDA is in effect and in which you make a written request, we will provide that same information.
 - 6.2 You will be hosted on shared hardware in a Tyler data center or in a third-party data center. In



either event, databases containing your Data will be dedicated to you and inaccessible to our other customers.

- 6.3 Our Tyler data centers have fully-redundant telecommunications access, electrical power, and the required hardware to provide access to the Tyler Software in the event of a disaster or component failure. In the event any of your Data has been lost or damaged due to an act or omission of Tyler or its subcontractors or due to a defect in Tyler's software, we will use best commercial efforts to restore all the Data on servers in accordance with the architectural design's capabilities and with the goal of minimizing any Data loss as greatly as possible. In no case shall the recovery point objective ("RPO") exceed a maximum of twenty-four (24) hours from declaration of disaster. For purposes of this subsection, RPO represents the maximum tolerable period during which your Data may be lost, measured in relation to a disaster we declare, said declaration will not be unreasonably withheld.
- 6.4 In the event we declare a disaster, our Recovery Time Objective ("RTO") is twenty-four (24) hours. For purposes of this subsection, RTO represents the amount of time, after we declare a disaster, within which your access to the Tyler Software must be restored.
- 6.5 We conduct annual penetration testing of either the production network and/or web application to be performed. We will maintain industry standard intrusion detection and prevention systems to monitor malicious activity in the network and to log and block any such activity. We will provide you with a written or electronic record of the actions taken by us in the event that any unauthorized access to your database(s) is detected as a result of our security protocols. We will undertake an additional security audit, on terms and timing to be mutually agreed to by the parties, at your written request. You may not attempt to bypass or subvert security restrictions in the SaaS Services or environments related to the Tyler Software. Unauthorized attempts to access files, passwords or other confidential information, and unauthorized vulnerability and penetration test scanning of our network and systems (hosted or otherwise) is prohibited without the prior written approval of our IT Security Officer.
- 6.6 We test our disaster recovery plan on an annual basis. Our standard test is not client-specific. Should you request a client-specific disaster recovery test, we will work with you to schedule and execute such a test on a mutually agreeable schedule. At your written request, we will provide test results to you within a commercially reasonable timeframe after receipt of the request.
- 6.7 We will be responsible for importing back-up and verifying that you can log-in. You will be responsible for running reports and testing critical processes to verify the returned Data.
- 6.8 We provide secure Data transmission paths between each of your workstations and our servers.
- 6.9 Tyler data centers are accessible only by authorized personnel with a unique key entry. All other visitors to Tyler data centers must be signed in and accompanied by authorized personnel. Entry attempts to the data center are regularly audited by internal staff and external auditors to ensure no unauthorized access.
- 6.10 Where applicable with respect to our applications that take or process card payment data, we are responsible for the security of cardholder data that we possess, including functions relating

to storing, processing, and transmitting of the cardholder data and affirm that, as of the Effective Date, we comply with applicable requirements to be considered PCI DSS compliant and have performed the necessary steps to validate compliance with the PCI DSS. We agree to supply the current status of our PCI DSS compliance program in the form of an official Attestation of Compliance, which can be found at <https://www.tylertech.com/about-us/compliance>, and in the event of any change in our status, will comply with applicable notice requirements.

SECTION C – OTHER PROFESSIONAL SERVICES

1. Other Professional Services. We will provide you the various implementation-related services itemized in the Investment Summary and described in the Statement of Work/our industry standard implementation plan. We will finalize that documentation with you upon execution of this Agreement.
2. Professional Services Fees. You agree to pay us the professional services fees in the amounts set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy. You acknowledge that the fees stated in the Investment Summary are good-faith estimates of the amount of time and materials required for your implementation. We will bill you the actual fees incurred based on the in-scope services provided to you. Any discrepancies in the total values set forth in the Investment Summary will be resolved by multiplying the applicable hourly rate by the quoted hours.
3. Additional Services. The Investment Summary contains, and the Statement of Work describes, the scope of services and related costs (including programming and/or interface estimates) required for the project based on our understanding of the specifications you supplied. If additional work is required, or if you use or request additional services, we will provide you with an addendum or change order, as applicable, outlining the costs for the additional work. The price quotes in the addendum or change order will be valid for thirty (30) days from the date of the quote.
4. Cancellation. If travel is required, we will make all reasonable efforts to schedule travel for our personnel, including arranging travel reservations, at least two (2) weeks in advance of commitments. Therefore, if you cancel services less than two (2) weeks in advance (other than for Force Majeure or breach by us), you will be liable for all (a) non-refundable expenses incurred by us on your behalf, and (b) daily fees associated with cancelled professional services if we are unable to reassign our personnel. We will make all reasonable efforts to reassign personnel in the event you cancel within two (2) weeks of scheduled commitments.
5. Services Warranty. We will perform the services in a professional, workmanlike manner, consistent with industry standards. In the event we provide services that do not conform to this warranty, we will re-perform such services at no additional cost to you.
6. Site Access and Requirements. At no cost to us, you agree to provide us with full and free access to your personnel, facilities, and equipment as may be reasonably necessary for us to provide implementation services, subject to any reasonable security protocols or other written policies provided to us as of the Effective Date, and thereafter as mutually agreed to by you and us.
7. Background Checks. For at least the past twelve (12) years, all of our employees have undergone

criminal background checks prior to hire. All employees sign our confidentiality agreement and security policies.

8. Client Assistance. You acknowledge that the implementation of the Tyler Software is a cooperative process requiring the time and resources of your personnel. You agree to use all reasonable efforts to cooperate with and assist us as may be reasonably required to meet the agreed upon project deadlines and other milestones for implementation. This cooperation includes at least working with us to schedule the implementation-related services outlined in this Agreement. We will not be liable for failure to meet any deadlines and milestones when such failure is due to Force Majeure or to the failure by your personnel to provide such cooperation and assistance (either through action or omission).
9. Maintenance and Support. For so long as you timely pay your SaaS Fees according to the Invoicing and Payment Policy, then in addition to the terms set forth in the SLA and the Support Call Process, we will:
 - 9.1 perform our maintenance and support obligations in a professional, good, and workmanlike manner, consistent with industry standards, to resolve Defects in the Tyler Software (limited to the then-current version and the immediately prior version);
 - 9.2 provide telephone support during our established support hours;
 - 9.3 maintain personnel that are sufficiently trained to be familiar with the Tyler Software and Third Party Software, if any, in order to provide maintenance and support services;
 - 9.4 make available to you all major and minor releases to the Tyler Software (including updates and enhancements) that we make generally available without additional charge to customers who have a maintenance and support agreement in effect; and
 - 9.5 provide non-Defect resolution support of prior releases of the Tyler Software in accordance with our then-current release life cycle policy.

We will use all reasonable efforts to perform support services remotely. Currently, we use a third-party secure unattended connectivity tool called Bomgar, as well as GotoAssist by Citrix. Therefore, you agree to maintain a high-speed internet connection capable of connecting us to your PCs and server(s). You agree to provide us with a login account and local administrative privileges as we may reasonably require to perform remote services. We will, at our option, use the secure connection to assist with proper diagnosis and resolution, subject to any reasonably applicable security protocols. If we cannot resolve a support issue remotely, we may be required to provide onsite services. In such event, we will be responsible for our travel expenses, unless it is determined that the reason onsite support was required was a reason outside our control. Either way, you agree to provide us with full and free access to the Tyler Software, working space, adequate facilities within a reasonable distance from the equipment, and use of machines, attachments, features, or other equipment reasonably necessary for us to provide the maintenance and support services, all at no charge to us. We strongly recommend that you also maintain your VPN for backup connectivity purposes.

For the avoidance of doubt, SaaS Fees do not include the following services: (a) onsite support (unless Tyler cannot remotely correct a Defect in the Tyler Software, as set forth above); (b) application design;



(c) other consulting services; or (d) support outside our normal business hours as listed in our then-current Support Call Process. Requested services such as those outlined in this section will be billed to you on a time and materials basis at our then current rates. You must request those services with at least one (1) weeks' advance notice.

SECTION D – THIRD PARTY PRODUCTS

1. Third Party Hardware. We will sell, deliver, and install onsite the Third Party Hardware, if you have purchased any, for the price set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.
2. Third Party Software. As part of the SaaS Services, you will receive access to the Third Party Software and related documentation for internal business purposes only. Your rights to the Third Party Software will be governed by the Third Party Terms.
3. Third Party Products Warranties.
 - 3.1 We are authorized by each Developer to grant access to the Third Party Software.
 - 3.2 The Third Party Hardware will be new and unused, and upon payment in full, you will receive free and clear title to the Third Party Hardware.
 - 3.3 You acknowledge that we are not the manufacturer of the Third Party Products. We do not warrant or guarantee the performance of the Third Party Products. However, we grant and pass through to you any warranty that we may receive from the Developer or supplier of the Third Party Products.
4. Third Party Services. If you have purchased Third Party Services, those services will be provided independent of Tyler by such third-party at the rates set forth in the Investment Summary and in accordance with our Invoicing and Payment Policy.

SECTION E - INVOICING AND PAYMENT; INVOICE DISPUTES

1. Invoicing and Payment. We will invoice you the SaaS Fees and fees for other professional services in the Investment Summary per our Invoicing and Payment Policy, subject to Section E(2).
2. Invoice Disputes. If you believe any delivered software or service does not conform to the warranties in this Agreement, you will provide us with written notice within thirty (30) days of your receipt of the applicable invoice. The written notice must contain reasonable detail of the issues you contend are in dispute so that we can confirm the issue and respond to your notice with either a justification of the invoice, an adjustment to the invoice, or a proposal addressing the issues presented in your notice. We will work with you as may be necessary to develop an action plan that outlines reasonable steps to be taken by each of us to resolve any issues presented in your notice. You may withhold payment of the amount(s) actually in dispute, and only those amounts, until we complete the action items outlined in the plan. If we are unable to complete the action items outlined in the action plan because of your failure to complete the items agreed to be done by you, then you will remit full payment of the invoice. We reserve the right to suspend delivery of all SaaS Services, including maintenance and support services, if you fail to pay an invoice not disputed as

described above within fifteen (15) days of notice of our intent to do so.

SECTION F – TERM AND TERMINATION

1. **Term.** The initial term of this Agreement is **three (3)** years from the first day of the first month following the Effective Date, unless earlier terminated as set forth below. Upon expiration of the initial term, this Agreement will renew automatically for additional one (1) year renewal terms at our then-current SaaS Fees unless terminated in writing by either party at least sixty (60) days prior to the end of the then-current renewal term. Your right to access or use the Tyler Software and the SaaS Services will terminate at the end of this Agreement.
2. **Termination.** This Agreement may be terminated as set forth below. In the event of termination, you will pay us for all undisputed fees and expenses related to the software, products, and/or services you have received, or we have incurred or delivered, prior to the effective date of termination. Disputed fees and expenses in all terminations other than your termination for cause must have been submitted as invoice disputes in accordance with Section E(2).
 - 2.1 **Failure to Pay SaaS Fees.** You acknowledge that continued access to the SaaS Services is contingent upon your timely payment of SaaS Fees. If you fail to timely pay the SaaS Fees, we may discontinue the SaaS Services and deny your access to the Tyler Software. We may also terminate this Agreement if you don't cure such failure to pay within forty-five (45) days of receiving written notice of our intent to terminate.
 - 2.2 **For Cause.** If you believe we have materially breached this Agreement, you will invoke the Dispute Resolution clause set forth in Section H(3). You may terminate this Agreement for cause in the event we do not cure, or create a mutually agreeable action plan to address, a material breach of this Agreement within the thirty (30) day window set forth in Section H(3).
 - 2.3 **Force Majeure.** Either party has the right to terminate this Agreement if a Force Majeure event suspends performance of the SaaS Services for a period of forty-five (45) days or more.
 - 2.4 **Lack of Appropriations.** If you should not appropriate or otherwise make available funds sufficient to utilize the SaaS Services, you may unilaterally terminate this Agreement upon thirty (30) days written notice to us. You will not be entitled to a refund or offset of previously paid, but unused SaaS Fees. You agree not to use termination for lack of appropriations as a substitute for termination for convenience.
 - 2.5 **Fees for Termination without Cause during Initial Term.**² If you terminate this Agreement during the initial term for any reason other than cause, Force Majeure, or lack of appropriations, or if we terminate this Agreement during the initial term for your failure to pay SaaS Fees, you shall pay us the following early termination fees:
 - a. if you terminate during the first year of the initial term, 100% of the SaaS Fees through the date of termination plus 25% of the SaaS Fees then due for the remainder of the

² IF SERVICES HAVE BEEN PRICED AS PART OF SAAS FEES, THEN THE APPLICABLE PERCENTAGES ARE 75%, 50%, 25%

initial term;

- b. if you terminate during the second year of the initial term, 100% of the SaaS Fees through the date of termination plus 15% of the SaaS Fees then due for the remainder of the initial term; and
- c. if you terminate after the second year of the initial term, 100% of the SaaS Fees through the date of termination plus 10% of the SaaS Fees then due for the remainder of the initial term.

SECTION G – INDEMNIFICATION, LIMITATION OF LIABILITY AND INSURANCE

1. Intellectual Property Infringement Indemnification.

- 1.1 We will defend you against any third party claim(s) that the Tyler Software or Documentation infringes that third party's patent, copyright, or trademark, or misappropriates its trade secrets, and will pay the amount of any resulting adverse final judgment (or settlement to which we consent). You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.
- 1.2 Our obligations under this Section G(1) will not apply to the extent the claim or adverse final judgment is based on your use of the Tyler Software in contradiction of this Agreement, including with non-licensed third parties, or your willful infringement.
- 1.3 If we receive information concerning an infringement or misappropriation claim related to the Tyler Software, we may, at our expense and without obligation to do so, either: (a) procure for you the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent, in which case you will stop running the allegedly infringing Tyler Software immediately. Alternatively, we may decide to litigate the claim to judgment, in which case you may continue to use the Tyler Software consistent with the terms of this Agreement.
- 1.4 If an infringement or misappropriation claim is fully litigated and your use of the Tyler Software is enjoined by a court of competent jurisdiction, in addition to paying any adverse final judgment (or settlement to which we consent), we will, at our option, either: (a) procure the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent. This section provides your exclusive remedy for third party copyright, patent, or trademark infringement and trade secret misappropriation claims.

2. General Indemnification.

- 2.1 We will indemnify and hold harmless you and your agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for (a) personal injury or property damage to the extent caused by our negligence or willful misconduct; or (b) our violation of PCI-DSS requirements or a law applicable to our performance under this Agreement. You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at

our expense.

2.2 To the extent permitted by applicable law, you will indemnify and hold harmless us and our agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for personal injury or property damage to the extent caused by your negligence or willful misconduct; or (b) your violation of a law applicable to your performance under this Agreement. We will notify you promptly in writing of the claim and will give you sole control over its defense or settlement. We agree to provide you with reasonable assistance, cooperation, and information in defending the claim at your expense.

3. **DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE HEREBY DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES, DUTIES, OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**
4. **LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, OUR LIABILITY FOR DAMAGES ARISING OUT OF THIS AGREEMENT, WHETHER BASED ON A THEORY OF CONTRACT OR TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, SHALL BE LIMITED TO YOUR ACTUAL DIRECT DAMAGES, NOT TO EXCEED (A) DURING THE INITIAL TERM, AS SET FORTH IN SECTION F(1), TOTAL FEES PAID AS OF THE TIME OF THE CLAIM; OR (B) DURING ANY RENEWAL TERM, THE THEN-CURRENT ANNUAL SAAS FEES PAYABLE IN THAT RENEWAL TERM. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PRICES SET FORTH IN THIS AGREEMENT ARE SET IN RELIANCE UPON THIS LIMITATION OF LIABILITY AND TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, THE EXCLUSION OF CERTAIN DAMAGES, AND EACH SHALL APPLY REGARDLESS OF THE FAILURE OF AN ESSENTIAL PURPOSE OF ANY REMEDY. THE FOREGOING LIMITATION OF LIABILITY SHALL NOT APPLY TO CLAIMS THAT ARE SUBJECT TO SECTIONS G(1) AND G(2).**
5. **EXCLUSION OF CERTAIN DAMAGES. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL WE BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**
6. **Insurance. During the course of performing services under this Agreement, we agree to maintain the following levels of insurance: (a) Commercial General Liability of at least \$1,000,000; (b) Automobile Liability of at least \$1,000,000; (c) Professional Liability of at least \$1,000,000; (d) Workers Compensation complying with applicable statutory requirements; and (e) Excess/Umbrella Liability of at least \$5,000,000. We will add you as an additional insured to our Commercial General Liability and Automobile Liability policies, which will automatically add you as an additional insured to our Excess/Umbrella Liability policy as well. We will provide you with copies of certificates of insurance upon your written request.**

SECTION H – GENERAL TERMS AND CONDITIONS

1. **Additional Products and Services. You may purchase additional products and services at the rates set forth in the Investment Summary for twelve (12) months from the Effective Date by executing a mutually agreed addendum. If no rate is provided in the Investment Summary, or those twelve (12)**

months have expired, you may purchase additional products and services at our then-current list price, also by executing a mutually agreed addendum. The terms of this Agreement will control any such additional purchase(s), unless otherwise specifically provided in the addendum.

2. Optional Items. Pricing for any listed optional products and services in the Investment Summary will be valid for twelve (12) months from the Effective Date.
3. Dispute Resolution. You agree to provide us with written notice within thirty (30) days of becoming aware of a dispute. You agree to cooperate with us in trying to reasonably resolve all disputes, including, if requested by either party, appointing a senior representative to meet and engage in good faith negotiations with our appointed senior representative. Senior representatives will convene within thirty (30) days of the written dispute notice, unless otherwise agreed. All meetings and discussions between senior representatives will be deemed confidential settlement discussions not subject to disclosure under Federal Rule of Evidence 408 or any similar applicable state rule. If we fail to resolve the dispute, then the parties shall participate in non-binding mediation in an effort to resolve the dispute. If the dispute remains unresolved after mediation, then either of us may assert our respective rights and remedies in a court of competent jurisdiction. Nothing in this section shall prevent you or us from seeking necessary injunctive relief during the dispute resolution procedures.
4. Taxes. The fees in the Investment Summary do not include any taxes, including, without limitation, sales, use, or excise tax. If you are a tax-exempt entity, you agree to provide us with a tax-exempt certificate. Otherwise, we will pay all applicable taxes to the proper authorities and you will reimburse us for such taxes. If you have a valid direct-pay permit, you agree to provide us with a copy. For clarity, we are responsible for paying our income taxes, both federal and state, as applicable, arising from our performance of this Agreement.
5. Nondiscrimination. We will not discriminate against any person employed or applying for employment concerning the performance of our responsibilities under this Agreement. This discrimination prohibition will apply to all matters of initial employment, tenure, and terms of employment, or otherwise with respect to any matter directly or indirectly relating to employment concerning race, color, religion, national origin, age, sex, sexual orientation, ancestry, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight, marital status, or political affiliation. We will post, where appropriate, all notices related to nondiscrimination as may be required by applicable law.
6. E-Verify. We have complied, and will comply, with the E-Verify procedures administered by the U.S. Citizenship and Immigration Services Verification Division for all of our employees assigned to your project.
7. Subcontractors. We will not subcontract any services under this Agreement without your prior written consent, not to be unreasonably withheld.
8. Binding Effect; No Assignment. This Agreement shall be binding on, and shall be for the benefit of, either your or our successor(s) or permitted assign(s). Neither party may assign this Agreement without the prior written consent of the other party; provided, however, your consent is not required for an assignment by us as a result of a corporate reorganization, merger, acquisition, or purchase of substantially all of our assets.

9. Force Majeure. Except for your payment obligations, neither party will be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by Force Majeure; provided, however, that within ten (10) business days of the Force Majeure event, the party whose performance is delayed provides the other party with written notice explaining the cause and extent thereof, as well as a request for a reasonable time extension equal to the estimated duration of the Force Majeure event.
10. No Intended Third Party Beneficiaries. This Agreement is entered into solely for the benefit of you and us. No third party will be deemed a beneficiary of this Agreement, and no third party will have the right to make any claim or assert any right under this Agreement. This provision does not affect the rights of third parties under any Third Party Terms.
11. Entire Agreement; Amendment. This Agreement represents the entire agreement between you and us with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Purchase orders submitted by you, if any, are for your internal administrative purposes only, and the terms and conditions contained in those purchase orders will have no force or effect. This Agreement may only be modified by a written amendment signed by an authorized representative of each party.
12. Severability. If any term or provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement will be considered valid and enforceable to the fullest extent permitted by law.
13. No Waiver. In the event that the terms and conditions of this Agreement are not strictly enforced by either party, such non-enforcement will not act as or be deemed to act as a waiver or modification of this Agreement, nor will such non-enforcement prevent such party from enforcing each and every term of this Agreement thereafter.
14. Independent Contractor. We are an independent contractor for all purposes under this Agreement.
15. Notices. All notices or communications required or permitted as a part of this Agreement, such as notice of an alleged material breach for a termination for cause or a dispute that must be submitted to dispute resolution, must be in writing and will be deemed delivered upon the earlier of the following: (a) actual receipt by the receiving party; (b) upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the receiving party; (c) upon receipt by sender of proof of email delivery; or (d) if not actually received, five (5) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the other party at the address set forth on the signature page hereto or such other address as the party may have designated by proper notice. The consequences for the failure to receive a notice due to improper notification by the intended receiving party of a change in address will be borne by the intended receiving party.
16. Client Lists. You agree that we may identify you by name in client lists, marketing presentations, and promotional materials.
17. Confidentiality. Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of

such information could violate rights to private individuals and entities, including the parties. Confidential information is nonpublic information that a reasonable person would believe to be confidential and includes, without limitation, personal identifying information (*e.g.*, social security numbers) and trade secrets, each as defined by applicable state law. Each party agrees that it will not disclose any confidential information of the other party and further agrees to take all reasonable and appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein will survive the termination or cancellation of this Agreement. This obligation of confidentiality will not apply to information that:

- (a) is in the public domain, either at the time of disclosure or afterwards, except by breach of this Agreement by a party or its employees or agents;
- (b) a party can establish by reasonable proof was in that party's possession at the time of initial disclosure;
- (c) a party receives from a third party who has a right to disclose it to the receiving party; or
- (d) is the subject of a legitimate disclosure request under the open records laws or similar applicable public disclosure laws governing this Agreement; provided, however, that in the event you receive an open records or other similar applicable request, you will give us prompt notice and otherwise perform the functions required by applicable law.

- 18. Business License. In the event a local business license is required for us to perform services hereunder, you will promptly notify us and provide us with the necessary paperwork and/or contact information so that we may timely obtain such license.
- 19. Governing Law. This Agreement will be governed by and construed in accordance with the laws of your state of domicile, without regard to its rules on conflicts of law.
- 20. Multiple Originals and Authorized Signatures. This Agreement may be executed in multiple originals, any of which will be independently treated as an original document. Any electronic, faxed, scanned, photocopied, or similarly reproduced signature on this Agreement or any amendment hereto will be deemed an original signature and will be fully enforceable as if an original signature. Each party represents to the other that the signatory set forth below is duly authorized to bind that party to this Agreement.
- 21. Cooperative Procurement. To the maximum extent permitted by applicable law, we agree that this Agreement may be used as a cooperative procurement vehicle by eligible jurisdictions. We reserve the right to negotiate and customize the terms and conditions set forth herein, including but not limited to pricing, to the scope and circumstances of that cooperative procurement.
- 22. Contract Documents. This Agreement includes the following exhibits:

Exhibit A	Investment Summary
Exhibit B	Invoicing and Payment Policy Schedule 1: Business Travel Policy
Exhibit C	Service Level Agreement Schedule 1: Support Call Process
Exhibit D	Third Party Terms
Exhibit E	Statement of Work

IN WITNESS WHEREOF, a duly authorized representative of each party has executed this Agreement as of the date(s) set forth below.

Tyler Technologies, Inc.

[INSERT CLIENT NAME]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Address for Notices:

Tyler Technologies, Inc.

One Tyler Drive

Yarmouth, ME 04096

Attention: Chief Legal Officer

Address for Notices:

INSERT CLIENT NAME

INSERT

INSERT

Attention: _____

SAMPLE





Exhibit A
Investment Summary

The following Investment Summary details the software and services to be delivered by us to you under the Agreement. This Investment Summary is effective as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

Tyler sales quotation to be inserted prior to Agreement execution.

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SAMPLE



Exhibit B Invoicing and Payment Policy

We will provide you with the software and services set forth in the Investment Summary of the Agreement. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

Invoicing: We will invoice you for the applicable software and services in the Investment Summary as set forth below. Your rights to dispute any invoice are set forth in the Agreement.

1. SaaS Fees. SaaS Fees are invoiced on an annual basis, beginning on the commencement of the initial term as set forth in Section F (1) of this Agreement. Your annual SaaS fees for the initial term are set forth in the Investment Summary. Upon expiration of the initial term, your annual SaaS fees will be at our then-current rates.
2. Other Tyler Software and Services.
 - 2.1 *VPN Device:* The fee for the VPN device will be invoiced upon installation of the VPN.
 - 2.2 *Implementation and Other Professional Services (including training):* Implementation and other professional services (including training) are billed and invoiced as delivered, at the rates set forth in the Investment Summary.³
 - 2.3 *Consulting Services:* If you have purchased any Business Process Consulting services, if they have been quoted as fixed-fee services, they will be invoiced 50% upon your acceptance of the Best Practice Recommendations, by module, and 50% upon your acceptance of custom desktop procedures, by module. If you have purchased any Business Process Consulting services and they are quoted as an estimate, then we will bill you the actual services delivered on a time and materials basis.
 - 2.4 *Conversions:* Fixed-fee conversions are invoiced 50% upon initial delivery of the converted Data, by conversion option, and 50% upon Client acceptance to load the converted Data into Live/Production environment, by conversion option. Where conversions are quoted as estimated, we will bill you the actual services delivered on a time and materials basis.⁴
 - 2.5 *Requested Modifications to the Tyler Software:* Requested modifications to the Tyler

³ IF IMPLEMENTATION SERVICES, ETC. ARE QUOTED AS PART OF SAAS FEES, REPLACE THIS TEXT WITH: "IMPLEMENTATION AND CONVERSION SERVICES ARE QUOTED AS PART OF YOUR SAAS FEES, AND WILL BE INVOICED AS SET FORTH ABOVE."

⁴ REMOVE IF IMPLEMENTATION AND CONVERSION SERVICES FEES ROLLED INTO SAAS FEES.

Software are invoiced 50% upon delivery of specifications and 50% upon delivery of the applicable modification. You must report any failure of the modification to conform to the specifications within thirty (30) days of delivery; otherwise, the modification will be deemed to be in compliance with the specifications after the 30-day window has passed. You may still report Defects to us as set forth in this Agreement.

2.6 *Other Fixed Price Services*: Other fixed price services are invoiced as delivered, at the rates set forth in the Investment Summary. For the avoidance of doubt, where “Project Planning Services” are provided, payment will be due upon delivery of the Implementation Planning document.

Dedicated Project Management services, if any, will be billed monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.

Change Management Services: If you have purchased any change management services, those services will be invoiced in the following amounts and upon the following milestones:

Acceptance of Change Management Discovery Analysis	15%
Delivery of Change Management Plan and Strategy Presentation	10%
Acceptance of Executive Playbook	15%
Acceptance of Resistance Management Plan	15%
Acceptance of Procedural Change Communications Plan	10%
Change Management Coach Training	20%
Change Management After-Action Review	15%

3. Third Party Products.

3.1 *Third Party Software License Fees*: License fees for Third Party Software, if any, are invoiced when we make it available to you for downloading.

3.2 *Third Party Software Maintenance*: The first year maintenance for the Third Party Software is invoiced when we make it available to you for downloading.

3.3 *Third Party Hardware*: Third Party Hardware costs, if any, are invoiced upon delivery.

3.4 *Third Party Services*: Fees for Third Party Services, if any, are invoiced as delivered, along with applicable expenses, at the rates set forth in the Investment Summary.

3.5 *Tyler Notify Minutes and Messages*: Tyler Notify Minutes and Messages are invoiced when we make Tyler Notify available to you. Subsequent fees for minutes and messages, at our then-current rates, will be due when you request additional minutes and messages and they are made available to you.

4. Expenses. The service rates in the Investment Summary do not include travel expenses. Expenses for Tyler delivered services will be billed as incurred and only in accordance with our then-current Business Travel Policy, plus a 10% travel agency processing fee. Our current Business Travel Policy is attached to this Exhibit B at Schedule 1. Copies of receipts will be



provided upon request; we reserve the right to charge you an administrative fee depending on the extent of your requests. Receipts for miscellaneous items less than twenty-five dollars and mileage logs are not available.

Payment. Payment for undisputed invoices is due within forty-five (45) days of the invoice date. We prefer to receive payments electronically. Our electronic payment information is:

Bank: Wells Fargo Bank, N.A.
420 Montgomery
San Francisco, CA 94104
ABA: 121000248
Account: 4124302472
Beneficiary: Tyler Technologies, Inc. – Operating

SAMPLE



Exhibit B
Schedule 1
Business Travel Policy

1. Air Travel

A. Reservations & Tickets

The Travel Management Company (TMC) used by Tyler will provide an employee with a direct flight within two hours before or after the requested departure time, assuming that flight does not add more than three hours to the employee's total trip duration and the fare is within \$100 (each way) of the lowest logical fare. If a net savings of \$200 or more (each way) is possible through a connecting flight that is within two hours before or after the requested departure time and that does not add more than three hours to the employee's total trip duration, the connecting flight should be accepted.

Employees are encouraged to make advanced reservations to take full advantage of discount opportunities. Employees should use all reasonable efforts to make travel arrangements at least two (2) weeks in advance of commitments. A seven (7) day advance booking requirement is mandatory. When booking less than seven (7) days in advance, management approval will be required.

Except in the case of international travel where a segment of continuous air travel is six (6) or more consecutive hours in length, only economy or coach class seating is reimbursable. Employees shall not be reimbursed for "Basic Economy Fares" because these fares are non-refundable and have many restrictions that outweigh the cost-savings.

B. Baggage Fees

Reimbursement of personal baggage charges are based on trip duration as follows:

- Up to five (5) days = one (1) checked bag
- Six (6) or more days = two (2) checked bags

Baggage fees for sports equipment are not reimbursable.



2. Ground Transportation

A. Private Automobile

Mileage Allowance – Business use of an employee’s private automobile will be reimbursed at the current IRS allowable rate, plus out of pocket costs for tolls and parking. Mileage will be calculated by using the employee’s office as the starting and ending point, in compliance with IRS regulations. Employees who have been designated a home office should calculate miles from their home.

B. Rental Car

Employees are authorized to rent cars only in conjunction with air travel when cost, convenience, and the specific situation reasonably require their use. When renting a car for Tyler business, employees should select a “mid-size” or “intermediate” car. “Full” size cars may be rented when three or more employees are traveling together. Tyler carries leased vehicle coverage for business car rentals; except for employees traveling to Alaska and internationally (excluding Canada), additional insurance on the rental agreement should be declined.

C. Public Transportation

Taxi or airport limousine services may be considered when traveling in and around cities or to and from airports when less expensive means of transportation are unavailable or impractical. The actual fare plus a reasonable tip (15-18%) are reimbursable. In the case of a free hotel shuttle to the airport, tips are included in the per diem rates and will not be reimbursed separately.

D. Parking & Tolls

When parking at the airport, employees must use longer term parking areas that are measured in days as opposed to hours. Park and fly options located near some airports may also be used. For extended trips that would result in excessive parking charges, public transportation to/from the airport should be considered. Tolls will be reimbursed when receipts are presented.

3. Lodging

Tyler’s TMC will select hotel chains that are well established, reasonable in price, and conveniently located in relation to the traveler’s work assignment. Typical hotel chains include Courtyard, Fairfield Inn, Hampton Inn, and Holiday Inn Express. If the employee has a discount rate with a local hotel, the hotel reservation should note that discount and the employee should confirm the lower rate with the hotel upon arrival. Employee memberships in travel clubs such as AAA should be noted in their travel profiles so that the employee can take advantage of any lower club rates.

“No shows” or cancellation fees are not reimbursable if the employee does not comply with the hotel’s cancellation policy.

Tips for maids and other hotel staff are included in the per diem rate and are not reimbursed separately.

Employees are not authorized to reserve non-traditional short-term lodging, such as Airbnb, VRBO, and HomeAway. Employees who elect to make such reservations shall not be reimbursed.

4. Meals and Incidental Expenses

Employee meals and incidental expenses while on travel status within the continental U.S. are in accordance with the federal per diem rates published by the General Services Administration. Incidental expenses include tips to maids, hotel staff, and shuttle drivers and other minor travel expenses. Per diem rates are available at www.gsa.gov/perdiem.

Per diem for Alaska, Hawaii, U.S. protectorates and international destinations are provided separately by the Department of State and will be determined as required.

A. Overnight Travel

For each full day of travel, all three meals are reimbursable. Per diems on the first and last day of a trip are governed as set forth below.

Departure Day

Depart before 12:00 noon	Lunch and dinner
Depart after 12:00 noon	Dinner

Return Day

Return before 12:00 noon	Breakfast
Return between 12:00 noon & 7:00 p.m.	Breakfast and lunch
Return after 7:00 p.m.*	Breakfast, lunch and dinner

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

The reimbursement rates for individual meals are calculated as a percentage of the full day per diem as follows:

Breakfast	15%
Lunch	25%
Dinner	60%

B. Same Day Travel

Employees traveling at least 100 miles to a site and returning in the same day are eligible to claim lunch on an expense report. Employees on same day travel status are eligible to claim dinner in the event they return home after 7:00 p.m.*

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

5. Internet Access – Hotels and Airports

Employees who travel may need to access their e-mail at night. Many hotels provide free high speed internet access and Tyler employees are encouraged to use such hotels whenever possible. If an employee's hotel charges for internet access it is reimbursable up to \$10.00 per day. Charges for internet access at airports are not reimbursable.

6. International Travel

All international flights with the exception of flights between the U.S. and Canada should be reserved through TMC using the "lowest practical coach fare" with the exception of flights that are six (6) or more consecutive hours in length. In such event, the next available seating class above coach shall be reimbursed.

When required to travel internationally for business, employees shall be reimbursed for photo fees, application fees, and execution fees when obtaining a new passport book, but fees related to passport renewals are not reimbursable. Visa application and legal fees, entry taxes and departure taxes are reimbursable.

The cost of vaccinations that are either required for travel to specific countries or suggested by the U.S. Department of Health & Human Services for travel to specific countries, is reimbursable.

Section 4, Meals & Incidental Expenses, and Section 2.b., Rental Car, shall apply to this section.

SAMPLE



Exhibit C

SERVICE LEVEL AGREEMENT

I. Agreement Overview

This SLA operates in conjunction with, and does not supersede or replace any part of, the Agreement. It outlines the information technology service levels that we will provide to you to ensure the availability of the application services that you have requested us to provide. All other support services are documented in the Support Call Process.

II. Definitions. Except as defined below, all defined terms have the meaning set forth in the Agreement.

Attainment: The percentage of time the Tyler Software is available during a calendar quarter, with percentages rounded to the nearest whole number.

Client Error Incident: Any service unavailability resulting from your applications, content or equipment, or the acts or omissions of any of your service users or third-party providers over whom we exercise no control.

Downtime: Those minutes during which the Tyler Software is not available for your use. Downtime does not include those instances in which only a Defect is present.

Service Availability: The total number of minutes in a calendar quarter that the Tyler Software is capable of receiving, processing, and responding to requests, excluding maintenance windows, Client Error Incidents and Force Majeure.

III. Service Availability

The Service Availability of the Tyler Software is intended to be 24/7/365. We set Service Availability goals and measures whether we have met those goals by tracking Attainment.

a. Your Responsibilities

Whenever you experience Downtime, you must make a support call according to the procedures outlined in the Support Call Process. You will receive a support incident number.

You must document, in writing, all Downtime that you have experienced during a calendar quarter. You must deliver such documentation to us within 30 days of a quarter's end.

The documentation you provide must evidence the Downtime clearly and convincingly. It must include, for example, the support incident number(s) and the date, time and duration of the Downtime(s).

b. Our Responsibilities

When our support team receives a call from you that Downtime has occurred or is occurring, we will work with you to identify the cause of the Downtime (including whether it may be the result of a Client Error



Incident or Force Majeure). We will also work with you to resume normal operations.

Upon timely receipt of your Downtime report, we will compare that report to our own outage logs and support tickets to confirm that Downtime for which we were responsible indeed occurred.

We will respond to your Downtime report within 30 day(s) of receipt. To the extent we have confirmed Downtime for which we are responsible, we will provide you with the relief set forth below.

c. Client Relief

When a Service Availability goal is not met due to confirmed Downtime, we will provide you with relief that corresponds to the percentage amount by which that goal was not achieved, as set forth in the Client Relief Schedule below.

Notwithstanding the above, the total amount of all relief that would be due under this SLA per quarter will not exceed 5% of one quarter of the then-current SaaS Fee. The total credits confirmed by us in one or more quarters of a billing cycle will be applied to the SaaS Fee for the next billing cycle. Issuing of such credit does not relieve us of our obligations under the Agreement to correct the problem which created the service interruption.

Every quarter, we will compare confirmed Downtime to Service Availability. In the event actual Attainment does not meet the targeted Attainment, the following Client relief will apply, on a quarterly basis:

Targeted Attainment	Actual Attainment	Client Relief
100%	98-99%	Remedial action will be taken.
100%	95-97%	4% credit of fee for affected calendar quarter will be posted to next billing cycle
100%	<95%	5% credit of fee for affected calendar quarter will be posted to next billing cycle

You may request a report from us that documents the preceding quarter’s Service Availability, Downtime, any remedial actions that have been/will be taken, and any credits that may be issued.

IV. Applicability

The commitments set forth in this SLA do not apply during maintenance windows, Client Error Incidents, and Force Majeure.

We perform maintenance during limited windows that are historically known to be reliably low-traffic times. If and when maintenance is predicted to occur during periods of higher traffic, we will provide advance notice of those windows and will coordinate to the greatest extent possible with you.

V. Force Majeure

You will not hold us responsible for not meeting service levels outlined in this SLA to the extent any failure to do so is caused by Force Majeure. In the event of Force Majeure, we will file with you a signed request that said failure be excused. That writing will at least include the essential details and circumstances supporting our request for relief pursuant to this Section. You will not unreasonably withhold its acceptance of such a request.





Exhibit C Schedule 1 Support Call Process

Support Channels

Tyler Technologies, Inc. provides the following channels of software support:

- (1) Tyler Community – an on-line resource, Tyler Community provides a venue for all Tyler clients with current maintenance agreements to collaborate with one another, share best practices and resources, and access documentation.
- (2) On-line submission (portal) – for less urgent and functionality-based questions, users may create unlimited support incidents through the customer relationship management portal available at the Tyler Technologies website.
- (3) Email – for less urgent situations, users may submit unlimited emails directly to the software support group.
- (4) Telephone – for urgent or complex questions, users receive toll-free, unlimited telephone software support.

Support Resources

A number of additional resources are available to provide a comprehensive and complete support experience:

- (1) Tyler Website – www.tylertech.com – for accessing client tools and other information including support contact information.
- (2) Tyler Community – available through login, Tyler Community provides a venue for clients to support one another and share best practices and resources.
- (3) Knowledgebase – A fully searchable depository of thousands of documents related to procedures, best practices, release information, and job aides.
- (4) Program Updates – where development activity is made available for client consumption

Support Availability

Tyler Technologies support is available during the local business hours of 8 AM to 5 PM (Monday – Friday) across four US time zones (Pacific, Mountain, Central and Eastern). Clients may receive coverage across these time zones. Tyler’s holiday schedule is outlined below. There will be no support coverage on these days.

New Year’s Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day
Labor Day	



Issue Handling

Incident Tracking

Every support incident is logged into Tyler’s Customer Relationship Management System and given a unique incident number. This system tracks the history of each incident. The incident tracking number is used to track and reference open issues when clients contact support. Clients may track incidents, using the incident number, through the portal at Tyler’s website or by calling software support directly.

Incident Priority

Each incident is assigned a priority number, which corresponds to the client’s needs and deadlines. The client is responsible for reasonably setting the priority of the incident per the chart below. This chart is not intended to address every type of support incident, and certain “characteristics” may or may not apply depending on whether the Tyler software has been deployed on customer infrastructure or the Tyler cloud. The goal is to help guide the client towards clearly understanding and communicating the importance of the issue and to describe generally expected responses and resolutions.

Priority Level	Characteristics of Support Incident	Resolution Targets
1 Critical	Support incident that causes (a) complete application failure or application unavailability; (b) application failure or unavailability in one or more of the client’s remote location; or (c) systemic loss of multiple essential system functions.	Tyler shall provide an initial response to Priority Level 1 incidents within one (1) business hour of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within one (1) business day. For non-hosted customers, Tyler’s responsibility for lost or corrupted Data is limited to assisting the client in restoring its last available database.
2 High	Support incident that causes (a) repeated, consistent failure of essential functionality affecting more than one user or (b) loss or corruption of Data.	Tyler shall provide an initial response to Priority Level 2 incidents within four (4) business hours of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within ten (10) business days. For non-hosted customers, Tyler’s responsibility for loss or corrupted Data is limited to assisting the client in restoring its last available database.
3 Medium	Priority Level 1 incident with an existing circumvention procedure, or a Priority Level 2 incident that affects only one user or for which there is an existing circumvention procedure.	Tyler shall provide an initial response to Priority Level 3 incidents within one (1) business day of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents without the need for a circumvention procedure with the next published maintenance update or service pack. For non-hosted customers, Tyler’s responsibility for lost or corrupted Data is limited to assisting the client in restoring its last available database.

Priority Level	Characteristics of Support Incident	Resolution Targets
4 Non-critical	Support incident that causes failure of non-essential functionality or a cosmetic or other issue that does not qualify as any other Priority Level.	Tyler shall provide an initial response to Priority Level 4 incidents within two (2) business days. Tyler shall use commercially reasonable efforts to resolve such support incidents, as well as cosmetic issues, with a future version release.

Incident Escalation

Tyler Technology’s software support consists of four levels of personnel:

- (1) Level 1: front-line representatives
- (2) Level 2: more senior in their support role, they assist front-line representatives and take on escalated issues
- (3) Level 3: assist in incident escalations and specialized client issues
- (4) Level 4: responsible for the management of support teams for either a single product or a product group

If a client feels they are not receiving the service needed, they may contact the appropriate Software Support Manager. After receiving the incident tracking number, the manager will follow up on the open issue and determine the necessary action to meet the client’s needs.

On occasion, the priority or immediacy of a software support incident may change after initiation. Tyler encourages clients to communicate the level of urgency or priority of software support issues so that we can respond appropriately. A software support incident can be escalated by any of the following methods:

- (1) Telephone – for immediate response, call toll-free to either escalate an incident’s priority or to escalate an issue through management channels as described above.
- (2) Email – clients can send an email to software support in order to escalate the priority of an issue
- (3) On-line Support Incident Portal – clients can also escalate the priority of an issue by logging into the client incident portal and referencing the appropriate incident tracking number.

Remote Support Tool

Some support calls require further analysis of the client’s database, process or setup to diagnose a problem or to assist with a question. Tyler will, at its discretion, use an industry-standard remote support tool. Support is able to quickly connect to the client’s desktop and view the site’s setup, diagnose problems, or assist with screen navigation. More information about the remote support tool Tyler uses is available upon request.



Exhibit D
Third Party Terms

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SAMPLE



Exhibit E

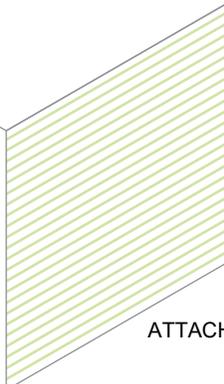
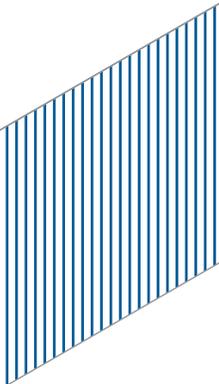
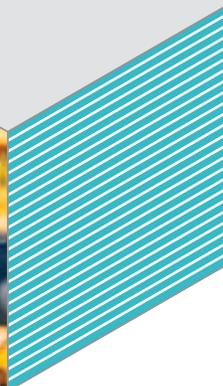
Statement of Work

Statement of Work, if applicable, to be inserted prior to Agreement execution.

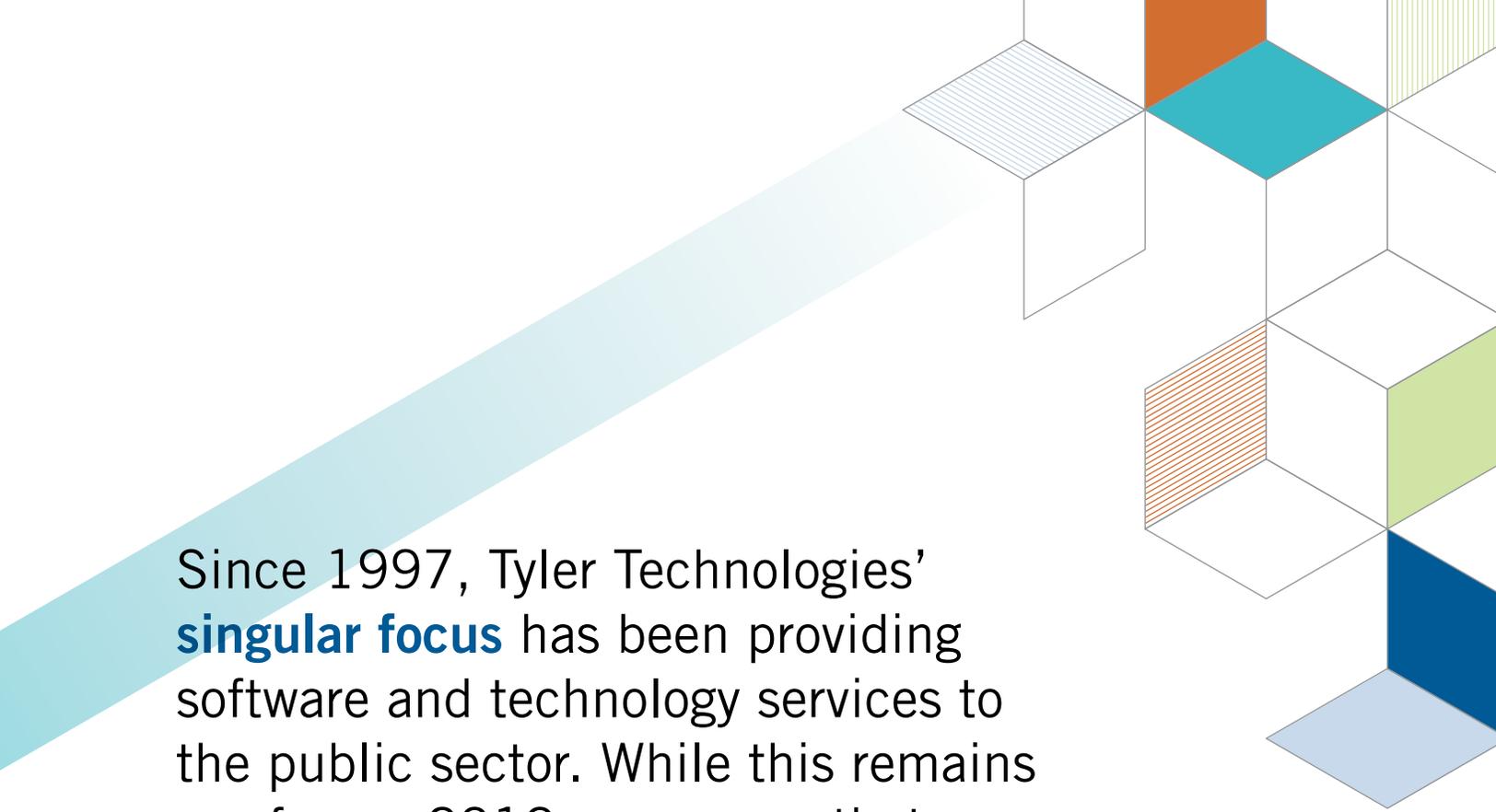
SAMPLE



SINGULAR FOCUS
MULTIPLE DIMENSIONS







Since 1997, Tyler Technologies' **singular focus** has been providing software and technology services to the public sector. While this remains our focus, 2019 was a year that highlighted and amplified the **multiple dimensions** of our growing company.

We serve multiple levels of public sector clients, from local to national. The 2019 acquisition of MicroPact added federal clients such as NASA and the Department of Justice to our extensive roster of municipalities, counties, states and other government entities.

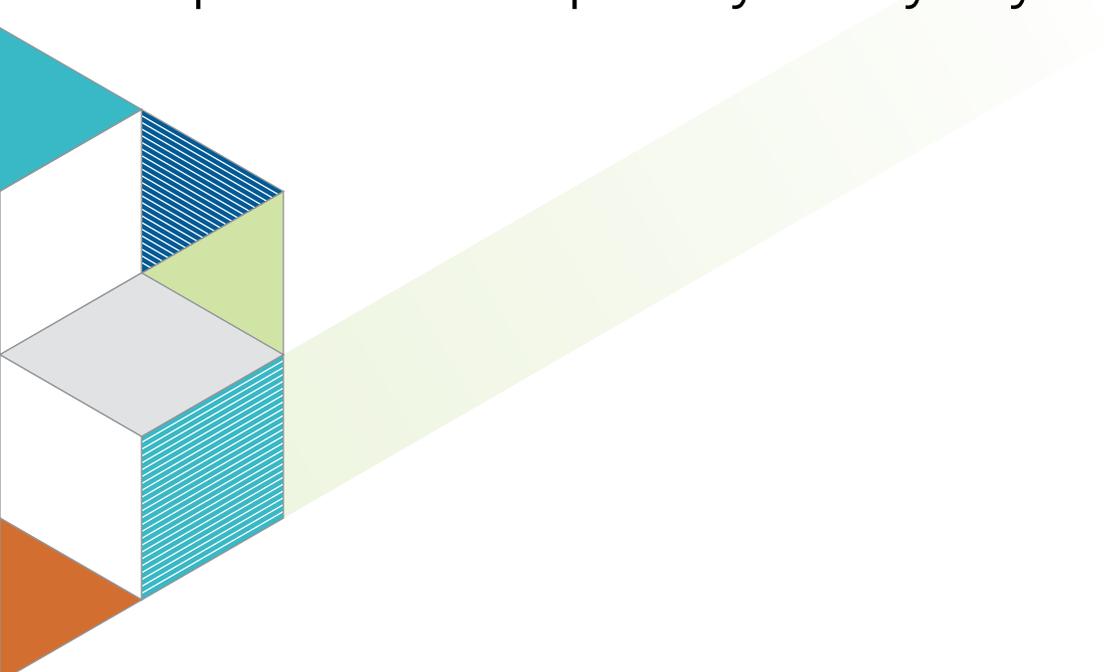
We engage with multiple levels of technology, from back-office systems of record that feed, access, and aggregate data, to process integration with workflows across systems, to the applications that provide better access to government for community residents. We provide end-to-end software and services options designed to accommodate each client's unique situation, whether they're moving from manual processes or already engaged in advanced digital workflow.

We deliver solutions in multiple ways. From locally installed, client-hosted systems to secure, reliable cloud-based offerings, we facilitate hosting environments that work best for our clients.

We envision a dynamic future. Our vision of helping our clients create connected communities – where data, processes, and people work together to make communities safer, smarter, and more responsive – is multilayered, with a long-term roadmap for connecting data between departments and agencies and across jurisdictions and geographical boundaries.

Finally, **we are accountable** to multiple stakeholders, including public servants, community residents, our employees, and our shareholders, and we take our responsibilities to each of these groups very seriously.

We empower the people who serve the public in multiple ways every day.





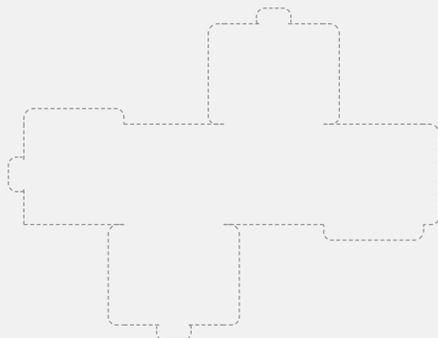
The integrated software and technology services Tyler provides to the public sector help make government more responsive to the people it serves.

At Tyler Technologies, our **singular focus** is on providing powerful software and information technology to the public sector. Our successful growth is a direct result of our ability to consistently deliver on this mission with **multiple dimensions** of solutions.



1 Separate page at perforation.

2 Separate cube at perforations, fold, and assemble into cube.



SINGULAR FOCUS

MULTIPLE DIMENSIONS

Empowering Greater Client Performance

- Performance Optimization
- Citizen Engagement
- Operational Intelligence
- Financial Insights
- Analysis & Visualization

Reaching New Levels of Success

\$1.09B GAAP Revenues in 2019

16.2% Revenue Growth Over 2018

33 Consecutive Quarters of Double-Digit Growth





To Our Fellow Shareholders

A MESSAGE FROM PRESIDENT & CEO LYNN MOORE JR.

In 2019, Tyler Technologies achieved another year of double-digit growth and strong financial results, with significant acquisitions, powerful research and development investments, and the major milestone of realizing more than \$1 billion in revenues for the first time. Our continued success validates our strategy of a singular focus of serving the mission-critical needs of the public sector, backed by a strong balance sheet and strategic investments that bolster our market leadership. This singular focus is executed through multiple dimensions of products and services, technologies, and markets served.

33

consecutive quarters
of double-digit growth

28.6%

increase in
R&D investment

\$254.7M

cash provided
by operations



**“One notable win
was the largest
contract in
Tyler history...
valued at
approximately
\$85 million.”**



Becoming a Billion Dollar Company

In 2019, Tyler achieved total GAAP revenues of \$1.086 billion, an increase of 16.2% from 2018. The fourth quarter of 2019 was our 33rd consecutive quarter of double-digit revenue growth. Non-GAAP revenue increased to \$1.091 billion, a 16.1% increase. In addition, organic growth accelerated in each of the last three quarters of the year.

GAAP net income for 2019 was \$146.5 million, or \$3.65 per diluted share, down 0.6%. The decline is primarily due to higher amortization of intangible assets related to acquisitions. Non-GAAP net income for the year was \$212.6 million, or \$5.30 per diluted share, a 10.3% increase.

In 2019, cash provided from operations rose 1.8% from 2018 to \$254.7 million; free cash flow declined 4.5%. Our backlog at year's end was \$1.46 billion, up 16.9% from the previous year's record level.

Strong Win Rates

Win rates in 2019 were solid across all our solution suites. One notable win was the largest contract in Tyler history: a 10-year software-as-a-service (SaaS) arrangement with the state of North Carolina for our Odyssey[®] courts suite and e-filing services, valued at approximately \$85 million and our 15th statewide Odyssey contract. Another major Odyssey SaaS subscription with Bexar County, Texas, was valued at \$20 million.

Other prominent 2019 wins include:

City of Stockton, California

A \$9.9 million contract with Tyler solutions, including Munis[®] ERP, Tyler EAM[™] (Enterprise Asset Management), ExecuTime[™], and Socrata[®]

District of Columbia

A \$7.7 million SaaS arrangement for Odyssey court case management

Guilford County, North Carolina

A \$5 million contract for Munis ERP

Union County Public Schools, North Carolina

A \$4.3 million SaaS arrangement for Munis ERP

Minneapolis, Minnesota

A \$3.3 million SaaS contract for iasWorld Tax™

Berks County, Pennsylvania

A \$2.9 million contract for iasWorld Tax

Cleveland, Ohio, Municipal Courts

A \$2.8 million arrangement for Odyssey court case management

Ramsay County, Minnesota

A \$2.5 million contract with Tyler solutions, including iasWorld Tax and iasWorld Public Access™

Broken Arrow, Oklahoma

A \$1.8 million deal with Tyler solutions, including Munis, Tyler EAM, ExecuTime, and Socrata Open Finance™

The Shift to the Cloud

As the landmark North Carolina and Bexar County contracts mentioned above suggest, we are seeing a continuing shift to preferences for our SaaS model as opposed to our licensed, on-premises model.

In 2019, for the first time, subscription-based arrangements made up a majority of our new software contract value – 63%. Of our software revenue, \$296 million was from subscriptions and \$531 million from license and maintenance arrangements.

Although the ongoing shift to subscription arrangements creates a near-term headwind to revenue growth, it provides a long-term opportunity for significantly higher revenues over the life of a client relationship. Bookings growth in 2019 of 32.3% was strong, as we signed 1,109 new software contracts in 2019, with 54% being subscription arrangements.

Going forward, Tyler remains committed to meeting our clients' software needs, whether their preference is for SaaS or on-premises solutions.



“In 2019, for the first time, subscription-based arrangements made up a majority of our new software contract values.”



SOFTWARE REVENUES

\$296M

subscription
revenue

\$531M

license &
maintenance revenue

NEW CLOUD CONTRACTS

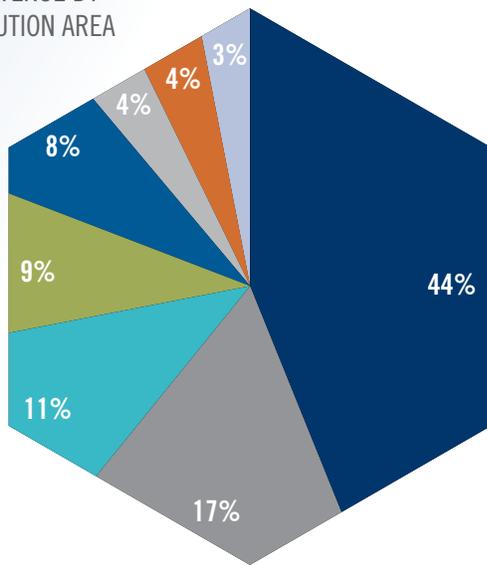
63%

of total contract value of
new software arrangements,
up from 41% in 2018

Accelerating Our Move to the Cloud Through a New Strategic Partnership

To more efficiently accommodate our public sector clients who desire public-cloud-based solutions, Tyler entered into a strategic collaboration agreement with Amazon Web Services (AWS) in the fourth quarter of 2019. The agreement deepens our existing relationship, leveraging the AWS cloud to lay the groundwork for the future of cloud services for the public sector. As Tyler continues to evolve its applications in response to our clients' needs, this collaboration will allow clients to deliver better experiences for citizens and further enable governments to use data as a strategic asset in the design, management and delivery of programs.

REVENUE BY SOLUTION AREA



- ERP/Financial: 44%
- Courts & Justice: 17%
- Public Safety: 11%
- Appraisal & Tax: 9%
- Platform Technologies*: 8%
- K-12 Schools: 4%
- Civic Services: 4%
- Land & Vital Records: 3%

*Includes Socrata and MicroPact revenue

Strategic Acquisitions

As our 11 acquisitions in the past three years demonstrate, Tyler is always ready to build value by opportunistically acquiring strategic assets that broaden our capabilities, strengthen our competitive position, and expand our addressable market.

2019 acquisitions include:

MicroPact, which augments our product solutions with a versatile, low-code development platform, positions us in new practice areas, and presents opportunities to expand across new markets, including the federal space.

MyCivic™, which elevates our citizen-facing solutions by enabling clients to provide a single app for citizens to interact with their local government in multiple ways.

Courthouse Technologies, which enhances our existing offerings for courts with a SaaS jury management systems solution.

Growth-Focused Research and Development

In 2019, we saw our second consecutive year of increasing R&D investment. Our total R&D spend in 2019 grew by 28.6% to \$81.3 million. We devoted our increased R&D dollars broadly across our solutions suites, adding new features and applications that will meet the evolving needs of our clients, solidify our market leadership, and drive future growth.

Though our increased R&D investment has created a short-term headwind to margin expansion, we believe the long-term results that new and enhanced products will realize in the market in the years ahead will strengthen our ability to compete and succeed. As we move into 2020, we will continue to invest strategically as opportunities arise; however, we expect R&D growth to moderate over time, expanding more in line with revenue growth.

Maintaining a Strong Balance Sheet

We finished 2019 with an extraordinarily strong balance sheet, giving us tremendous flexibility to take advantage of opportunities to build shareholder value – whether through internal investments, acquisitions, or stock repurchases. As of December 31, 2019, Tyler Technologies had zero debt, \$314 million in cash and investments, and \$400 million in available liquidity from our new revolving credit facility.

Looking Ahead

As I complete my first full year as Tyler's CEO, I'm honored to work each day with such a talented and dedicated team. This was a year of milestones for Tyler, and we pause here to celebrate them – and the Tyler team members who make these milestones possible – as we remain focused on finding new ways to serve the public sector even more effectively in the years ahead.



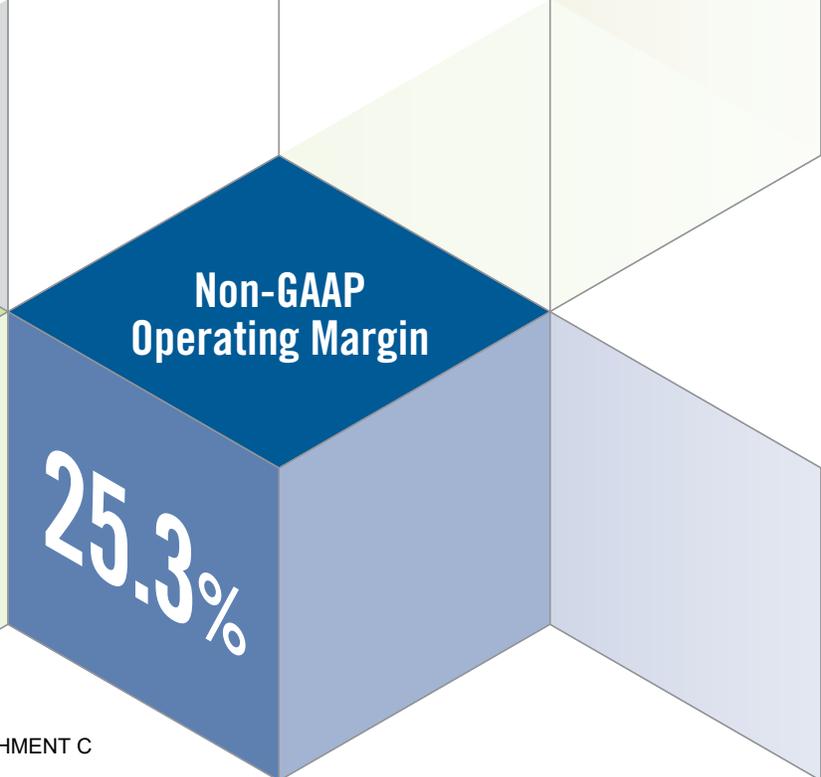
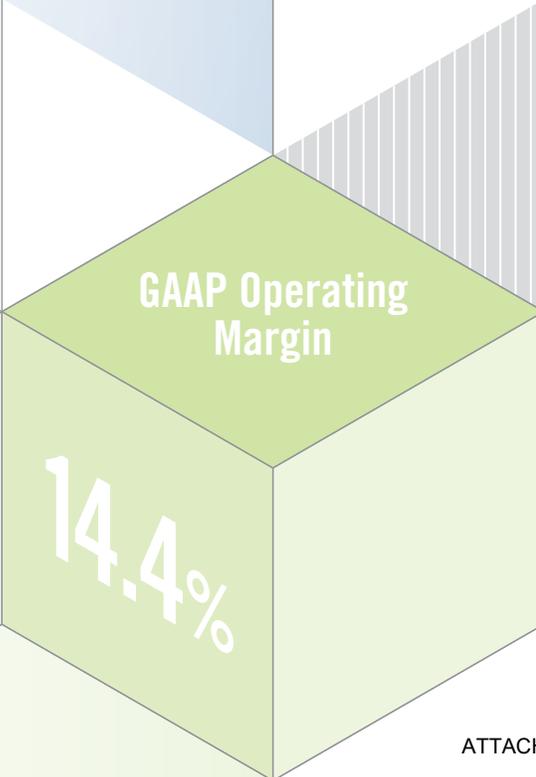
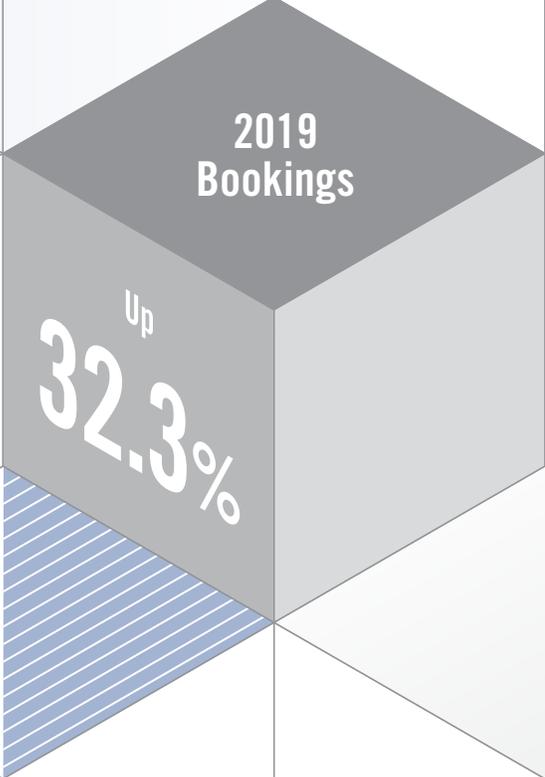
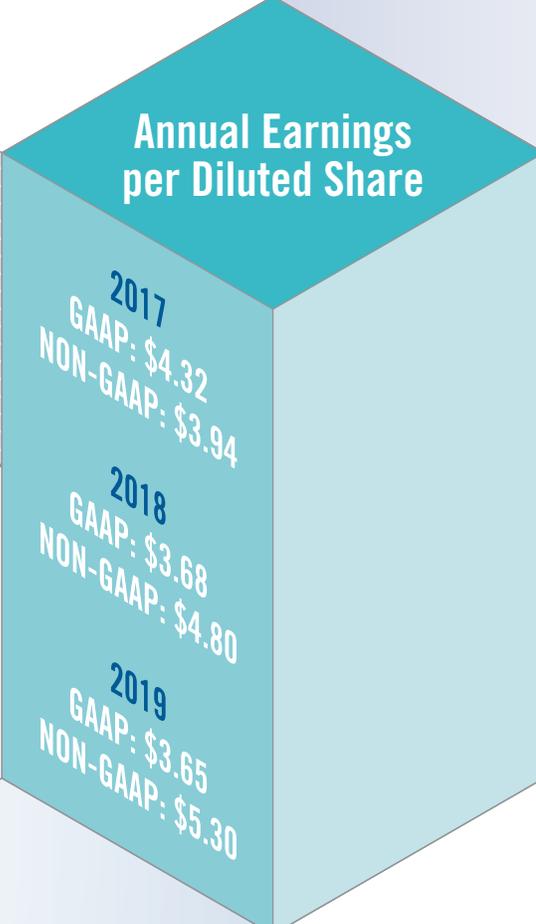
H. Lynn Moore, Jr.

President & Chief Executive Officer
February 18, 2020

0
debt

\$314M
in cash and investments

\$400M
in available liquidity
from our new revolving
credit facility



2019 Financial Highlights

GAAP
Revenues

\$1.09B

+16.2%
from 2018

Backlog

\$1.46B

+16.9%
from 2018

GAAP
Net Income

\$146.5M

\$3.65
per diluted share

Non-GAAP
Net Income

\$212.6M

\$5.30
per diluted share

Reaching New Heights

A YEAR OF MILESTONES

TYLER CONNECT
CONFERENCE ATTENDANCE

6,868

SINGLE
CONTRACT VALUE

\$85M

for NC Courts Deal

NUMBER OF
TEAM MEMBERS

5,500

R&D INVESTMENT

\$81M

REVENUES

\$1.09B

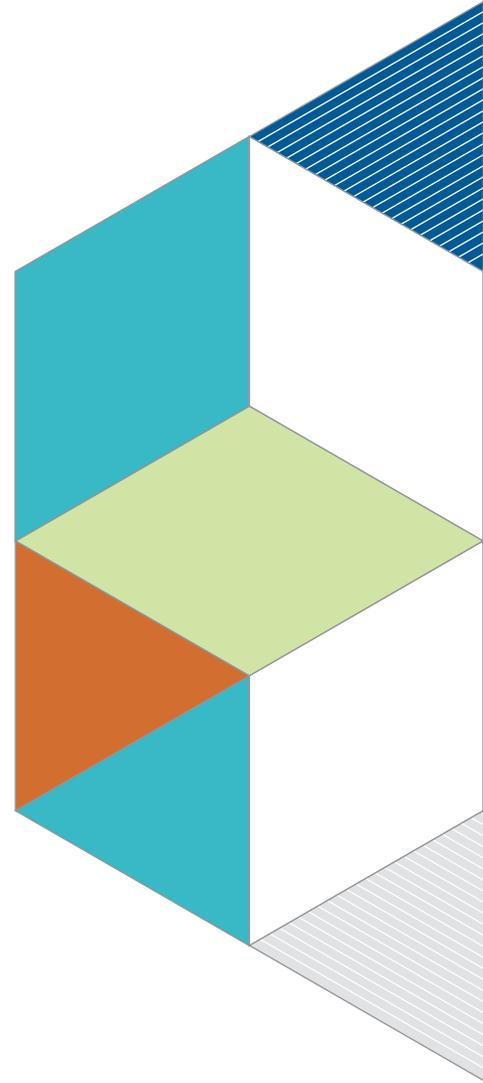
IN 2019, TYLER
TECHNOLOGIES
REACHED SEVERAL
MAJOR MILESTONES:

Public Administration

The annual Tyler Connect conference, with former President George W. Bush as featured speaker, saw record attendance in 2019.

A Singular Focus, a Solid Foundation

Tyler Technologies is the largest software company focused exclusively on serving the public sector. Our financial strength, deep expertise, and breadth of solutions have provided the foundation for steady growth and market leadership.





SERVING AT THE

CITY LEVEL

MAKING DATA SHARING MORE COMPLETE IN ST. PETE

The city of St. Petersburg, Florida, is working with Tyler to build on the success of its Socrata-powered StPeteStat open data portal. StPeteStat is expanding from 12 to 18 city departments, enabling them to use dynamic, real-time data to improve program performance and service delivery, informing mission-critical decisions about water, planning, code compliance and more. The portal also allows the public to see how the city is responding to common constituent issues.

3,500

City employees

270,000

Residents

18

City departments
with StPeteStat

Average time to conduct
city fire inspections

Before StPeteStat:

103 days

After StPeteStat:

4 days

ATTACHMENT C



Saint Petersburg

Dimensions of Experience

With decades of experience exclusively focused on the public sector, Tyler is a stable presence in a fragmented market. The fact is, we know the public sector like no one else.

Of our 5,500+ team members, 1 out of 3 has worked in the public sector.

Tyler has successfully completed 26K+ implementations, across 10K+ locations.

We have public sector clients in all 50 states plus Canada, the Caribbean, Australia, Europe, and other international locations.

Moreover, Tyler offers the widest range of solutions for the public sector, including:

- Appraisal & Tax
- Civic Services
- Corrections
- Courts & Justice
- Cybersecurity
- Data & Insights
- ERP Financial
- Health & Human Services
- Land & Official Records
- Public Safety
- Regulatory
- School Financial
- Student Information
- Student Transportation

Clients appreciate both the depth of our experience and the breadth of our solutions. Indeed, our client retention rate is 98%.



Tyler Corporate Officers and Operational Leadership

The Human Dimension



Tyler cares about our people.

We were voted a *Best Place to Work* at locations around the country in 2019, including in the State of Maine, in Troy, Michigan, and in Washington, D.C. Also in 2019, Tyler was named to *Forbes* Best Midsized Employers list and to *Forbes* Best Employers for Diversity as well.

Our people care about their communities.

Tyler employees support many local community efforts. Examples include supporting families in need, feeding the hungry, and funding STEM education for at-risk children.

In 2019, our employees volunteered 4,000+ hours in community service, and fundraised over \$30,000.

Tyler employees also donated:

- 10,000+ pairs of socks for the homeless
- 1,000+ pounds of non-perishable food for low-income, homeless or other in-need individuals
- 500+ pounds of dog food for pets in need
- Hundreds of holiday gifts for underprivileged youths
- Hundreds of meals for low income, homeless or other in-need individuals

As a company, Tyler supports community causes.

Over the past five years, Tyler Foundation charitable contributions have totaled \$1.27M.

In 2019, the company's efforts included Tyler Foundation's \$372,500 in monetary donations, including disaster relief.

Also in 2019, Tyler donated both software and time to *Both Ends Believing*, Tyler's nonprofit partner benefiting children in institutional care.



100 travel-sized toiletry bags were made out of a recycled banner from the Tyler Connect 2019 user conference, filled with essentials donated by employees, and donated to the Genesis Women's Shelter in Dallas.

SERVING AT THE
**COUNTY
LEVEL**



**LIVE FROM
LUBBOCK COUNTY**

Tyler is helping Lubbock County, Texas, become a connected community by overhauling many of its legacy software systems with our sophisticated public safety, civil process, ERP, and court case management solutions. In 2019, Lubbock County went live with a range of interconnected solutions from Tyler, including our New World™ Enterprise CAD (computer-aided dispatch), Mobile Messenger™, and mobility solutions. Phase 2 will include New World Enterprise RMS (record management system) and Field Reporting™. In subsequent phases, additional Tyler solutions will be implemented.

278.8K
Residents

~1,300
County employees

**Additional Tyler solutions for
Lubbock County include:**

- Brazos™
- SoftCode™
- Odyssey
- Munis



Adding Dimensions, Investing in the Future

Tyler's market leadership puts us in a unique position to take a long-term view on how to serve our public sector clients in better and broader ways in the years ahead, while we continue to grow. Tyler builds shareholder value through investments in research and development that allow us to improve and expand our solutions; through strategic acquisitions that broaden our capabilities and expand our addressable markets; and by the opportunistic repurchasing of Tyler stock.

Deepening Our Capabilities Through Acquisitions

2018 Acquisitions

Socrata
Sage Data Security
CaseloadPRO™
MobileEyes™
SceneDoc™

2019 Acquisitions

MicroPact
MyCivic
Courthouse Technologies

2019 Acquisition Details



Acquired:
February 2019

Investment:
\$4M

Expertise:
Citizen engagement applications

Added dimension:
One app that lets citizens interact with local government in myriad ways



Acquired:
February 2019

Investment:
\$195M

Expertise:
Case management and business process management software

Added dimension:
New ability to serve federal and health and human services clients



Acquired:
October 2019

Investment:
\$20M

Expertise:
Jury management systems

Added dimension:
Leverages Tyler's existing courts and justice sales organization and client base

Developing New Dimensions Through R&D

R&D Investment



2nd consecutive year of record R&D investment

Tyler's 2019 R&D investment was:

- Focused across all product suites
- Oriented toward long-term growth
- Improving existing products
- Developing new products
- Integrating products from acquired companies
- Broadening our addressable market



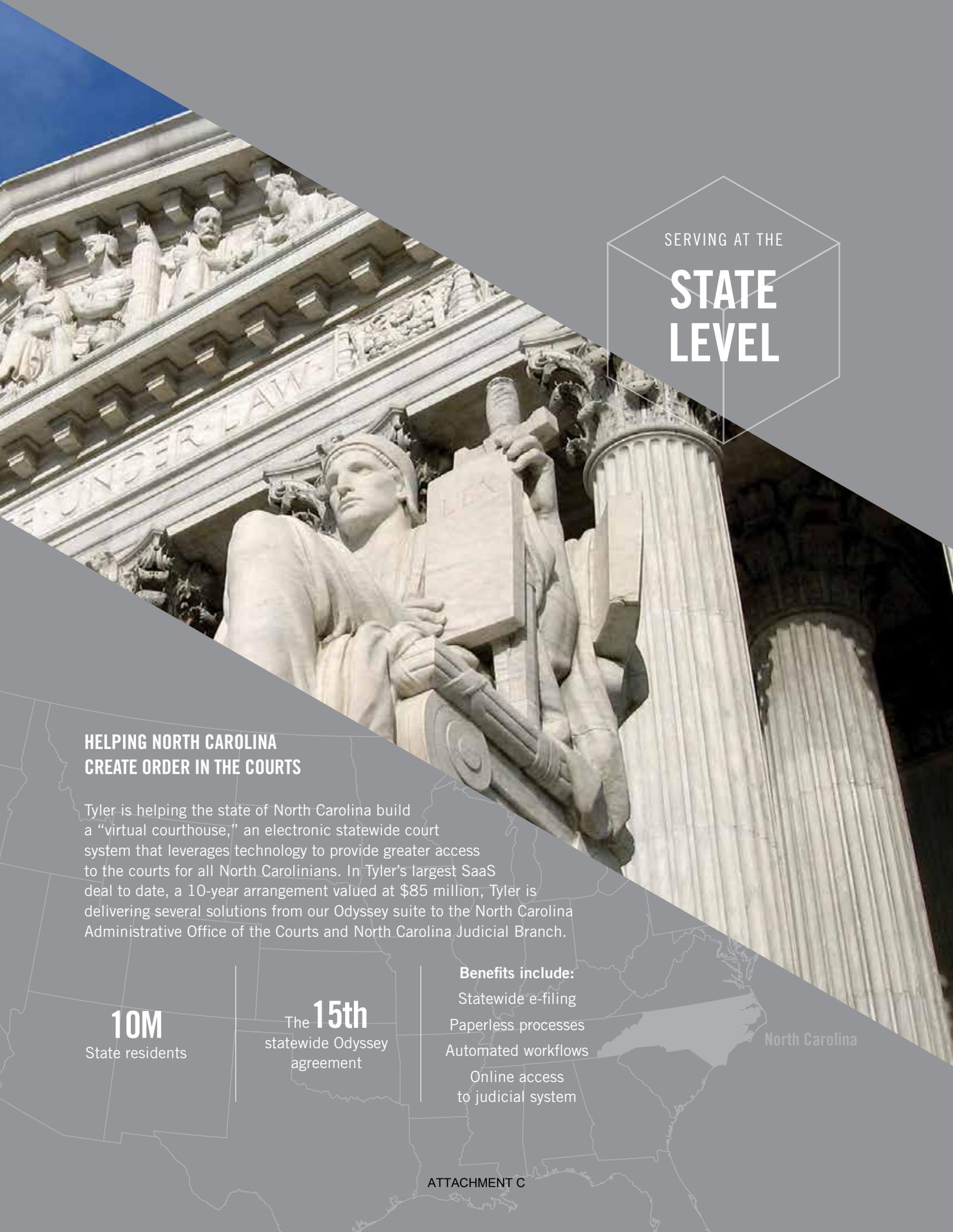
Tyler employs 1,100 software engineers, whose skills contribute to the strength of the company's R&D efforts.



Tyler's R&D investments span all our solutions, including those optimized for schools and public safety.

R&D Impact Snapshot





SERVING AT THE
**STATE
LEVEL**

HELPING NORTH CAROLINA CREATE ORDER IN THE COURTS

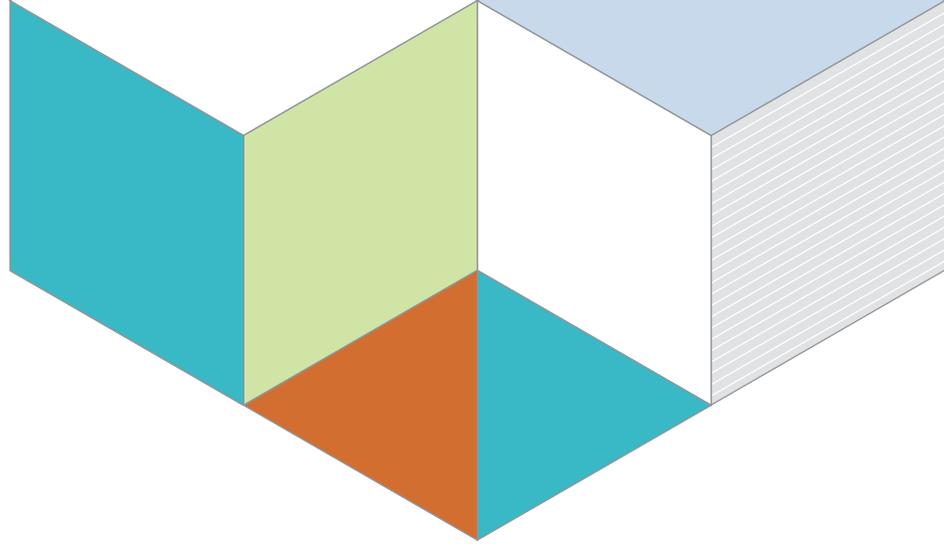
Tyler is helping the state of North Carolina build a “virtual courthouse,” an electronic statewide court system that leverages technology to provide greater access to the courts for all North Carolinians. In Tyler’s largest SaaS deal to date, a 10-year arrangement valued at \$85 million, Tyler is delivering several solutions from our Odyssey suite to the North Carolina Administrative Office of the Courts and North Carolina Judicial Branch.

10M
State residents

The **15th**
statewide Odyssey
agreement

- Benefits include:**
- Statewide e-filing
 - Paperless processes
 - Automated workflows
 - Online access to judicial system





Moving Closer to Truly Connected Communities

Our vision is to help create connected communities that use technology to seamlessly connect data, people, and processes across department and geographic boundaries. Realizing this vision depends on a digital infrastructure of multi-layered, cloud-based solutions, and requires state-of-the-art security, systems, and protocols.

Connecting Through Technology



We have continued work on Tyler's citizen portal, a single point for digital services for community residents from their local governments. Using a single login and a shared profile provided by **Tyler Identity™**, citizens receive personalized experiences that span jurisdictional and geographic boundaries, either from the web or a mobile device. Citizens can sign up to receive notifications via SMS or email when bills are due or licenses need renewing, when important events are happening in their city, or when issues are impacting their neighborhood. A shared shopping cart and checkout experience make it easy to securely transact business with their local government.

Tyler's Virtual Court™ application will help citizens stay connected to their government on their schedule. Rather than go to the courthouse to deal with a traffic ticket, constituents can now have their case adjudicated online from the comfort of their home or business. Using integrated video conferencing and document sharing, defendants can work with a judge and clerk in real time, online, from the web or a mobile device. Any resulting fines and fees can be paid immediately using the online payment system provided by the application.



The **Tyler Nexus™** initiative simplifies processes commonly executed by local governments by connecting related business functions required in public administration. By sharing data and streamlining processes across previously siloed departments, clients are able to more efficiently manage important services that citizens expect. The Nexus initiative has brought focus and improved connections between **Munis**, **EnerGov™**, and **Tyler EAM**, offering seamless connections in critical processes such as streamlined citizen engagement, integrated asset management, and comprehensive collections functions. Additionally, the Nexus initiative has prioritized development efforts that support the land development process by bringing together recording, tax, and planning and permitting to support data sharing in typically distinct areas of city and county government. In addition to streamlining workflow across Tyler products, the Nexus initiatives continue to drive innovation and new development efforts such as **Tyler Hub™**, Tyler Identity and **Socrata** applications, all designed to enhance usability and unify client experience across products.

The **Tyler Alliance™** initiative continues to make progress on our ‘dispatch-to-disposition’ goals for data and process sharing. Investments in **Tyler Corrections™** provide a link between the **New World** public safety suite of dispatch and records applications and **Tyler Supervision™** and **Odyssey** applications, seamlessly sharing data and business processes across these typically siloed departments and domains.

Tyler is also investing in connecting data and insights products with all Tyler solution areas, creating analytical capabilities across public safety, appraisal and tax, and ERP domains that help promote better data-driven decision making. Built on the **Socrata** platform, these out-of-the-box solutions can be deployed quickly and easily and provide users with a data- and visualization-rich experience that helps them focus on improved outcomes in policing, property taxes, and financial management areas.

In addition to a company-wide development effort supporting our Connected Communities vision, developers continue to engineer and enhance our core applications. These include features to help clients manage assets, optimize performance, and improve the user experience. We also continue to better position our products for cloud-friendly implementations.



In connected communities,
data can be quickly shared and
acted upon for public good.

SERVING AT THE
**FEDERAL
LEVEL**



**HELPING A NEW AIR FORCE
JUSTICE SYSTEM TAKE OFF**

Acquired by Tyler in 2019, MicroPact has strong relationships with local, state, and federal clients, including the United States Air Force. The USAF reached go-live in 2019 for the Air Force Justice Information System (AFJIS), a single platform to collect and manage the data associated with law enforcement at its bases around the world. The core of AFJIS is MicroPact's Entellitrak® case management platform, which allows the USAF to conduct criminal justice activities more efficiently and effectively with the most modern criminal data reporting system in the Department of Defense.

260+

USAF personnel have had AFJIS training conducted by Tyler in the system's first few months

25K

USAF personnel will be trained by partners who complete the Tyler training

**AFJIS will help
the USAF:**

- Conduct investigations
- Track data on people in custody
- Deploy data analytics on criminal activity

Forming Powerful Partnerships

Cloud-based solutions can provide a number of benefits for public sector clients, including always up-to-date technology, continuous delivery, and business continuity in the event of natural disaster or other unexpected events.

As we see a clear trend in increasing client preference for cloud solutions, Tyler's cloud strategy continues to evolve in response to market forces and client needs.

To support cloud-based public sector solutions going forward, Tyler announced our strategic collaboration with Amazon Web Services (AWS) in 2019.

Our agreement with AWS provides an enhanced framework for ongoing development, training and collaboration. We will be able to provide even stronger service to our clients, as we support next-generation applications with superior scalability, resiliency and security.



Use of the cloud is creating new opportunities for citizens to connect with their government.

Supporting Security

Ransomware, cyberattacks and other security threats are on the rise for the public sector.

In 2019, to better address growing public sector security needs, we introduced Tyler Cybersecurity™, formerly Sage Data Security (acquired in 2018).

Tyler Cybersecurity offers the public sector:

- Tyler Detect™, our managed threat detection service
- Program development
- Education and training
- Technology testing and assessment
- Advisory services
- Digital forensics

Securing Our Solutions

With a constantly changing landscape of cybersecurity challenges, Tyler takes a continual improvement approach to managing product security, including its cloud-based applications. Tyler has a full-time application security team dedicated to continuously reviewing and enhancing the security posture of Tyler's products. Tyler uses enterprise-level dynamic and static security scanning tools as part of our software development lifecycle. In addition to scanning tools, Tyler's application security team executes manual assessments on Tyler products using a testing methodology based upon the OWASP (Open Web Application Security Project) Testing Framework.



Focusing Our Efforts

Tyler consolidated its security efforts under a newly organized Information Security Office in 2019 to monitor internal security infrastructure, improve processes, and consult with product security teams.

Security measures can be organized into four major categories of control:

- 1. Administrative** Information security begins when a company organizes itself to emphasize security and ensure human resource processes are in place to help facilitate security. Tyler's human resource practices are designed and implemented to support the security of company and client data.
- 2. Physical Access** The time-tested basics of locked doors and physically secure facilities should not be overlooked in favor of relying only on technology. Tyler invests in secure data centers and associated practices.
- 3. Logical Access** Tyler's software is designed and built with authentication, authorization, and accountability in mind. The software includes robust controls to secure access to client data.
- 4. Secure Architecture** Tyler's secure network architecture hosts solutions that are secured through a layered series of barriers and monitoring tools that are designed to detect and defeat unauthorized attempts to reach client data. Tyler administers multiple controls through secure portals for clients, managed coding practices, source code controls, applied industry standards, and continual review and monitoring.



Applying Standards

Local governments are increasingly adopting more rigorous security standards such as FedRAMP, even though FedRAMP standards were developed by and for federal implementations. Two Tyler solutions meet stringent FedRAMP federal security assessment, authorization, and continuous monitoring standards for cloud products used by federal agencies:

- Socrata, a data and insights solution
- Entellitrak, a case management solution

While FedRAMP requirements were intended for federal contracts, both of these Tyler products are available to clients at all levels of government.

Tyler is vigilant about security in all areas of our business.



SERVING AT THE
**INTERNATIONAL
LEVEL**

 New Providence

UNCOMMON EXPERTISE FOR THE COMMONWEALTH OF THE BAHAMAS

With our CLT Appraisal Services™, Tyler is helping the Ministry of Finance for the Government of the Bahamas and its Real Property Tax Valuation Unit update property values to ensure equitable taxation for owners. This new \$7.2 million agreement builds on the past success of Tyler's work in the commonwealth, which included collecting images and verifying property data on more than 68,000 parcels located on the island of New Providence, the most populous island and home of the capital of the Bahamas. The commonwealth is also using our iasWorld® appraisal and tax administration software across all islands.

395K

Residents

6.6K properties have been reappraised in a pilot project on the island of New Providence in preparation to reappraise all residential and commercial properties on the island.

35M

properties in the U.S. and abroad have been appraised by Tyler's CLT Appraisal Services.

ATTACHMENT C



For Tyler, our most important partnership is with our public sector clients, allowing us to work together to make government more responsive to citizens everywhere.

We never waver from our **singular focus** on serving the public sector.

We continually look to deepen the **multiple dimensions** we use to empower the people who serve the public.



2019

Financial Information

Reconciliation of GAAP to NON-GAAP Financial Measures (Unaudited)

(In thousands, except per share data)	2019	2018	2017	2016	2015
RECONCILIATION OF NON-GAAP TOTAL REVENUES					
GAAP total revenues	\$1,086,427	\$935,282	\$840,899	\$759,880	\$591,022
Non-GAAP adjustments:					
Add: Write-downs of acquisition-related deferred revenue	4,557	4,000	663	15,063	3,186
Add: Amortization of acquired leases	372	426	444	444	37
Non-GAAP total revenues	\$1,091,356	\$939,708	\$842,006	\$775,387	\$594,245
RECONCILIATION OF NON-GAAP GROSS PROFIT AND MARGIN					
GAAP gross profit	\$ 516,900	\$439,578	\$399,377	\$359,188	\$277,187
Non-GAAP adjustments:					
Add: Write-downs of acquisition-related deferred revenue	4,557	4,000	663	15,063	3,186
Add: Amortization of acquired leases	372	426	444	444	37
Add: Share-based compensation expense included in cost of revenues	15,002	13,588	9,415	6,548	3,380
Add: Amortization of acquired software	30,642	22,972	21,686	22,235	4,440
Non-GAAP gross profit	\$ 567,473	\$480,564	\$431,585	\$403,478	\$288,230
GAAP gross margin	47.6%	47.0%	47.5%	47.3%	46.9%
Non-GAAP gross margin	52.0%	51.1%	51.3%	52.0%	48.5%
RECONCILIATION OF NON-GAAP OPERATING INCOME AND MARGIN					
GAAP operating income	\$ 156,367	\$152,492	\$162,758	\$137,656	\$108,043
Non-GAAP adjustments:					
Add: Write-downs of acquisition-related deferred revenue	4,557	4,000	663	15,063	3,186
Add: Amortization of acquired leases	372	426	444	444	37
Add: Share-based compensation expense	59,967	52,740	37,348	29,747	20,182
Add: Employer portion of payroll tax related to employee stock transactions	1,745	1,412	1,102	1,001	1,506
Add: Acquisition-related costs	1,142	-	-	-	5,875
Add: Amortization of acquired software	30,642	22,972	21,686	22,235	4,440
Add: Amortization of customer and trade name intangibles	21,445	16,217	13,381	13,202	5,905
Non-GAAP adjustments subtotal	\$ 119,870	\$ 97,767	\$ 74,624	\$ 81,692	\$ 41,131
Non-GAAP operating income	\$ 276,237	\$250,259	\$237,382	\$219,348	\$149,174
GAAP operating margin	14.4%	16.3%	19.4%	18.1%	18.3%
Non-GAAP operating margin	25.3%	26.6%	28.2%	28.3%	25.1%
RECONCILIATION OF NON-GAAP NET INCOME AND EARNINGS PER SHARE					
GAAP net income	\$ 146,527	\$147,462	\$169,571	\$113,701	\$ 64,869
Non-GAAP adjustments:					
Add: Total non-GAAP adjustments to operating income	119,870	97,767	74,624	81,692	41,131
Less: Tax impact related to non-GAAP adjustments	(53,819)	(52,464)	(89,440)	(56,045)	(13,318)
Non-GAAP net income	\$ 212,578	\$192,765	\$154,755	\$139,348	\$ 92,682
GAAP earnings per diluted share	\$ 3.65	\$ 3.68	\$ 4.32	\$ 2.92	\$ 1.77
Non-GAAP earnings per diluted share	\$ 5.30	\$ 4.80	\$ 3.94	\$ 3.58	\$ 2.54
DETAIL OF SHARE-BASED COMPENSATION EXPENSE					
Cost of software services, maintenance and subscriptions	\$ 15,002	\$ 13,588	\$ 9,415	\$ 6,548	\$ 3,380
Selling, general and administrative expenses	44,965	39,152	27,933	23,199	16,802
Total share-based compensation expense	\$ 59,967	\$ 52,740	\$ 37,348	\$ 29,747	\$ 20,182

Stock Market Data

Our common stock is traded on the New York Stock Exchange under the symbol “TYL.” At December 31, 2019, we had approximately 1,215 shareholders of record. Most of our shareholders hold their shares in street name; therefore, there are substantially more than 1,215 beneficial owners of our common stock.

The following table shows, for the calendar periods indicated, the high and low sales price per share of our common stock as reported on the New York Stock Exchange.

		High	Low
2018	First Quarter	\$ 214.33	\$ 176.93
	Second Quarter	240.35	201.91
	Third Quarter	252.47	219.59
	Fourth Quarter	246.62	173.26
2019	First Quarter	\$ 217.89	\$ 176.27
	Second Quarter	233.15	203.77
	Third Quarter	265.00	217.19
	Fourth Quarter	301.39	245.00

We did not pay any cash dividends in 2019 or 2018. Our bank credit agreement contains restrictions on the payment of cash dividends. We intend to retain earnings for use in the operation and expansion of our business and do not anticipate paying a cash dividend in the foreseeable future.

Selected Financial Data

Years Ended December 31,	2019 ^(a)	2018	2017 ^{(b), (c)}	2016 ^(b)	2015
(In thousands, except per share data)					
STATEMENT OF OPERATIONS DATA:					
Revenues	\$ 1,086,427	\$ 935,282	\$ 840,899	\$ 759,880	\$ 591,022
Cost and expenses:					
Cost of revenues	569,527	495,704	441,522	400,692	313,835
Selling, general and administrative expenses	257,746	207,605	175,914	165,176	133,317
Research and development expense	81,342	63,264	47,324	43,154	29,922
Amortization of customer and trade name intangibles	21,445	16,217	13,381	13,202	5,905
Operating income	156,367	152,492	162,758	137,656	108,043
Other income, net	3,471	3,378	698	(1,998)	381
Income before income taxes	159,838	155,870	163,456	135,658	108,424
Income tax (benefit) provision (c)	13,311	\$ 8,408	\$ (6,115)	\$ 21,957	\$ 43,555
Net income	146,527	147,462	169,571	113,701	64,869
Net earnings per diluted share	\$ 3.65	\$ 3.68	\$ 4.32	\$ 2.92	\$ 1.77
Weighted average diluted shares	40,105	40,123	39,246	38,961	36,552
STATEMENT OF CASH FLOWS DATA:					
Cash flows provided by operating activities	\$ 254,720	\$ 250,203	\$ 195,755	\$ 191,859	\$ 134,327
Cash flows used by investing activities	(245,015)	(238,255)	(85,395)	(50,720)	(398,459)
Cash flows (used) provided by financing activities	88,698	(63,595)	39,415	138,075	91,052
BALANCE SHEET DATA:					
Total assets	\$ 2,191,614	\$ 1,790,963	\$ 1,611,351	\$ 1,378,502	\$ 1,356,570
Revolving line of credit	—	—	—	10,000	66,000
Shareholders' equity	1,617,058	1,324,846	1,191,736	934,540	858,857

(a) Reflects the impact of the adoption of Accounting Standards Update ("ASU") ASU No. 2016-02, Leases ("Topic 842") in fiscal year 2019. Refer to Note - 1 "Summary of Significant Accounting Policies" for further discussion.

(b) Reflects the impact of the adoption of ASU No. 2014-09, Revenue from Contracts with Customers in fiscal year 2018.

(c) 2017 includes the significant impact of the enactment of the Tax Cuts and Jobs Act ("Tax Act"). The most significant impact of the Tax Act to us is the reduction in the U.S. federal corporate income tax rate from 35% to 21%. The impact of the rate reduction on our 2017 income tax provision is a \$26.0 million tax benefit due to the remeasurement of deferred tax assets and liabilities.

Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report contains forward-looking statements. The forward-looking statements are made in reliance upon safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements. Readers should carefully review the risk factors described in documents we file from time to time with the Securities and Exchange Commission.

When used in this Annual Report, the words "believes," "expects," "anticipates," "foresees," "forecasts," "estimates," "plans," "intends," "continues," "may," "will," "should," "projects," "might," "could" or other similar words or phrases are intended to identify forward-looking statements. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements.

OVERVIEW

General

We provide integrated information management solutions and services for the public sector, with a focus on local governments. We develop and market a broad line of software products and services to address the IT needs of cities, counties, schools and other local government entities. In addition, we provide professional IT services to our clients, including software and hardware installation, data conversion, training and for certain clients, product modifications, along with continuing maintenance and support for clients using our systems. We also provide subscription-based services such as software as a service ("SaaS"), which primarily utilize the Tyler private cloud, and electronic document filing solutions ("e-filing"), which simplify the filing and management of court related documents. Revenues for e-filing are derived from transaction fees and, in some cases, fixed fee arrangements. Other transaction-based fees primary relate to online payment services. We also provide property appraisal outsourcing services for taxing jurisdictions.

Our products generally automate eight major functional areas: (1) financial management and education, (2) courts and justice, (3) public safety, (4) property appraisal and tax, (5) planning, regulatory and maintenance, (6) land and vital records management, (7) data and insights and (8) case management and business process management. We report our results in two segments. The Enterprise Software ("ES") segment provides public sector entities with software systems and services to meet their information technology and automation needs for mission-critical "back-office" functions such as: financial management and education, courts and justice, public safety, planning, regulatory and maintenance, land and vital records management, data and insights and case management and business management processes. The Appraisal and Tax ("A&T") segment provides systems and software that automate the appraisal and assessment of real and personal property as well as property appraisal outsourcing services for local governments and taxing authorities. Property appraisal outsourcing services include: the physical inspection of commercial and residential properties; data collection and processing; computer analysis for property valuation; preparation of tax rolls; community education; and arbitration between taxpayers and the assessing jurisdiction.

Our total employee count increased to 5,368 at December 31, 2019, from 4,525 at December 31, 2018.

For the twelve months ended December 31, 2019, total revenues increased 16% compared to the prior year. Excluding the impact of acquisitions, total revenues increased 8% compared to prior year. Revenues from acquisitions contributed 8% of growth for the twelve months ended December 31, 2019.

Subscriptions revenue grew 34% for the twelve months ended December 31, 2019, due to a gradual shift toward cloud-based, software as a service business, as well as continued strong growth in our e-filing revenues from courts and other transaction-based revenues. Excluding the impact of acquisitions, subscriptions revenue increased 26% for the twelve months ended December 31, 2019.

Our backlog at December 31, 2019 was \$1.46 billion, a 17% increase from last year.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Recent Acquisitions

On October 30, 2019, we acquired certain assets of Courthouse Technologies, Ltd ("CHT"), an industry-leading provider of jury management systems that offers a fully integrated, end-to-end software-as-a-service (SaaS) solution to manage all facets of juror management, from source list generation to juror processing and payment. The total purchase price was approximately \$20.5 million of which \$19.1 million was paid in cash and approximately \$1.4 million was accrued for working capital and indemnity holdbacks, subject to certain post-closing adjustments.

On February 28, 2019, we acquired all of the capital stock of MP Holdings Parent, Inc. dba MicroPact ("MicroPact"), a leading provider of commercial off-the-shelf ("COTS") solutions, including Entellittrak, a low-code application development platform for case management and business process management used extensively in the public sector. The total purchase price, net of cash acquired of \$2.0 million, was approximately \$202.2 million consisting of \$198.2 million paid in cash and accrued contingent consideration of \$6.0 million, subject to the achievement of certain financial performance objectives.

On February 1, 2019, we acquired all the assets of Civic, LLC ("MyCivic"), a company that provides software solutions to connect communities. The total purchase price was \$3.7 million in cash.

As of December 31, 2019, the purchase price allocations for MicroPact and MyCivic are complete. As of December 31, 2019, the purchase price allocation for CHT is not yet complete, therefore the preliminary valuation estimates of fair value assumed at the acquisition date including intangible assets, receivables and deferred revenue are subject to change as the valuation is finalized.

The operating results of all 2019 acquisitions are included with the operating results of the Enterprise Software segment since their date of acquisition. Revenues from MicroPact included in Tyler's results of operations totaled approximately \$63.0 million and the net loss was approximately \$98,000 for the twelve months ended December 31, 2019. The impact of the MyCivic and CHT acquisitions, individually and in the aggregate, on our operating results, assets and liabilities is not material.

Our balance sheet as of December 31, 2019, reflects the allocation of the purchase price to the assets acquired based on their fair value at the date of each acquisition. The fair value of the assets and liabilities acquired are based on valuations using Level III, unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We monitor and analyze several key performance indicators in order to manage our business and evaluate our financial and operating performance. These indicators include the following:

Revenues — We derive our revenues from five primary sources: sale of software licenses and royalties; subscription-based arrangements; software services; maintenance; and appraisal services. Subscriptions and maintenance are considered recurring revenue sources and comprised approximately 67% of our revenue in 2019. The number of new SaaS clients and the number of existing clients who convert from our traditional software arrangements to our SaaS model are a significant driver to our business, together with new software license sales and maintenance rate increases. In addition, we also monitor our customer base and churn as we historically have experienced very low customer turnover. During 2019, based on our number of customers, turnover was approximately 2%.

Cost of Revenues and Gross Margins — Our primary cost component is personnel expenses in connection with providing software implementation, subscription-based services, maintenance and support, and appraisal services to our clients. We can improve gross margins by controlling headcount and related costs and by expanding our revenue base, especially from those products and services that produce incremental revenue with minimal incremental cost, such as software licenses and royalties, subscription-based services, and maintenance and support. Our appraisal projects are cyclical in nature, and we often employ appraisal personnel on a short-term basis to coincide with the life of a project. As of December 31, 2019, our total employee count increased to 5,368 from 4,525 at December 31, 2018.

Selling, General and Administrative ("SG&A") Expenses — The primary components of SG&A expenses are administrative and sales personnel salaries and commissions, share-based compensation expense, marketing expense, rent and professional fees. Sales commissions typically fluctuate with revenues and share-based compensation expense generally increases as the market price of our stock increases. Other administrative expenses tend to grow at a slower rate than revenues.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Cash Flows — The primary driver of our cash flows is net income. Uses of cash include acquisitions, capital investments in property and equipment and discretionary purchases of treasury stock. Our working capital needs are fairly stable throughout the year with the significant components of cash outflows being payment of personnel expenses offset by cash inflows representing collection of accounts receivable and cash receipts from clients in advance of revenue being earned. In recent years, we have also received significant amounts of cash from employees exercising stock options and contributing to our Employee Stock Purchase Plan.

Balance Sheet — Cash, accounts receivable and days sales outstanding and deferred revenue balances are important indicators of our business.

Adoption of New Lease Accounting Standard

We adopted Topic 842 using the transition method that allows us to initially apply the guidance at the adoption date of January 1, 2019, and recognized a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. We used the package of practical expedients that allows us to not reassess: (1) lease classification for any expired or existing leases and (2) initial direct costs for any expired or existing leases. We did not elect to use the hindsight application for evaluating the life of lease arrangements. The impact of adoption is reflected in the financial information herein. For additional details, see Note 1 - "Summary of Significant Accounting Policies" to our consolidated financial statements in this report.

The impact of Topic 842 on our consolidated balance sheet beginning January 1, 2019, included the recognition of right-of-use ("ROU") assets and lease liabilities for operating leases, while our accounting for finance leases remained substantially unchanged. We had no finance leases prior to the adoption of Topic 842 and currently do not have any.

Recent Accounting Guidance not yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*, ("ASU 2016-13"). ASU 2016-13 changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans, and requires entities to use a new forward-looking expected loss model that will result in the earlier recognition of allowance for losses. This update is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for a fiscal year beginning after December 15, 2018, including interim periods within that fiscal year. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. We will adopt the new standard in the first quarter of 2020 and believe the impact on our consolidated financial statements and results of operations will not be material.

Outlook

The local government software market continues to be active, and our backlog at December 31, 2019 reached \$1.46 billion, a 17% increase from last year. We expect to continue to achieve solid growth in revenue and earnings. With our strong financial position and cash flow, we plan to continue to make significant investments in product development to better position us to continue to expand our addressable market and strengthen our competitive position in the public sector software market over the long term.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues, cost of revenues and expenses during the reporting period, and related disclosure of contingencies. The Notes to the Financial Statements included as part of this Annual Report describe our significant accounting policies used in the preparation of the financial statements. Significant items subject to such estimates and assumptions include the application of the progress toward completion methods of revenue recognition, estimated standalone selling price ("SSP") for distinct performance obligations, the carrying amount and estimated useful lives of intangible assets, determination of share-based compensation expense and valuation allowance for receivables. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management's Discussion and Analysis of Financial Condition and Results of Operations

We believe the following critical accounting policies require significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition. We earn revenue from software licenses, royalties, subscription-based services, software services, post-contract customer support ("PCS" or "maintenance"), hardware, and appraisal services. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

Most of our software arrangements with customers contain multiple performance obligations that range from software licenses, installation, training, and consulting to software modification and customization to meet specific customer needs (services), hosting, and PCS. For these contracts, we account for individual performance obligations separately when they are distinct. We evaluate whether separate performance obligations can be distinct or should be accounted for as one performance obligation. Arrangements that include software services, such as training or installation, are evaluated to determine whether the customer can benefit from the services either on their own or together with other resources readily available to the customer and whether the services are separately identifiable from other promises in the contract. Many of our software arrangements involve "off-the-shelf" software. We recognize the revenue allocable to "off-the-shelf" software licenses and specified upgrades at a point in time when control of the software license transfers to the customer, unless the software is not considered distinct. We consider off-the-shelf software to be distinct when it can be added to an arrangement with minor changes in the underlying code, it can be used by the customer for the customer's purpose upon installation, and remaining services such as training are not considered highly interdependent or highly interrelated to the product's functionality.

For arrangements that involve significant production, modification or customization of the software, or where software services are otherwise not considered distinct, we recognize revenue over time by measuring progress-to-completion. We measure progress-to-completion primarily using labor hours incurred as it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. These arrangements are often implemented over an extended period and occasionally require us to revise total cost estimates. Amounts recognized in revenue are calculated using the progress-to-completion measurement after giving effect to any changes in our cost estimates. Changes to total estimated contract costs, if any, are recorded in the period they are determined. Estimated losses on uncompleted contracts are recorded in the period in which we first determine that a loss is apparent. When software services are distinct, the fee allocable to the service element is recognized over the time we perform the services and is billed on a time and material or milestones basis.

Subscription-based services consist of revenues derived from SaaS arrangements, which primarily utilize the Tyler private cloud, and electronic filing transactions. Revenue from subscription-based services is generally recognized over time on a ratable basis over the contract term, beginning on the date that our service is made available to the customer. For SaaS arrangements, we evaluate whether the customer has the contractual right to take possession of our software at any time during the hosting period without significant penalty and whether the customer can feasibly maintain the software on the customer's hardware or enter into another arrangement with a third-party to host the software. We allocate contract value to each performance obligation of the arrangement that qualifies for treatment as a distinct element based on estimated SSP. We recognize SaaS arrangements ratably over the term of the arrangement, which range from one to ten but are typically for a period of three to five years. For software services associated with certain SaaS arrangements, we have concluded that the services are not distinct, and we recognize the revenue ratably over the remaining contractual period once we have provided the customer access to the software. We record amounts that have been invoiced in accounts receivable and in deferred revenue or revenues, depending on whether the revenue recognition criteria have been met.

The transaction price is allocated to the separate performance obligations on a relative SSP basis. We determine the SSP based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, the applications sold, customer demographics, and the number and types of users within our contracts. We use a range of amounts to estimate SSP when we sell each of the products and services separately and need to determine whether there is a discount to be allocated based on the relative SSP of the various products and services. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we determine SSP using the expected cost-plus margin approach. Revenue is recognized net of allowances for sales adjustments and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Typically, the structure of our arrangements does not give rise to variable consideration. However, in those instances whereby variable consideration exists, we include in our estimates additional revenue for variable consideration when we believe we have an enforceable right, the amount can be estimated reliably and its realization is probable.

We maintain allowances for doubtful accounts, which are provided at the time the revenue is recognized. Since most of our customers are domestic governmental entities, we rarely incur a loss resulting from credit risk associated with the inability of a customer to make required payments. Events or changes in circumstances that indicate that the carrying amount for the allowances for doubtful accounts may require revision include, but are not limited to, deterioration of a customer's financial condition, failure to manage our customer's expectations regarding the scope of the services to be delivered, and defects or errors in new versions or enhancements of our software products. The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. We determine the allowance based on known troubled accounts, historical experience, and other currently available evidence.

In connection with certain of our contracts, we have recorded retentions receivable or unbilled receivables consisting of costs and estimated profit in excess of billings as of the balance sheet date. Many of the contracts which give rise to unbilled receivables at a given balance sheet date are subject to billings in the subsequent accounting period. We review unbilled receivables and related contract provisions to ensure we are justified in recognizing revenue prior to billing the customer and that we have objective evidence which allows us to recognize such revenue. In addition, we have a sizable amount of deferred revenue, which represents billings in excess of revenue earned. The majority of this liability consists of maintenance billings for which payments are made in advance and the revenue is ratably earned over the maintenance period, generally one year. We also have deferred revenue for those contracts in which we receive a deposit and the conditions in which to record revenue for the service or product have not been met. On a periodic basis, we review by customer the detail components of our deferred revenue to ensure our accounting remains appropriate.

Intangible Assets and Goodwill. Our business acquisitions typically result in the creation of goodwill and other intangible asset balances, and these balances affect the amount and timing of future period amortization expense, as well as expense we could possibly incur as a result of an impairment charge. The cost of acquired companies is allocated to identifiable tangible and intangible assets based on estimated fair value, with the excess allocated to goodwill. Accordingly, we have a significant balance of acquisition date intangible assets, including software, customer related intangibles, trade name, leases and goodwill. These intangible assets (other than goodwill) are amortized over their estimated useful lives. We currently have no intangible assets with indefinite lives other than goodwill.

We assess goodwill for impairment annually as of April 1st, or more frequently whenever events or changes in circumstances indicate its carrying value may not be recoverable. We begin with the qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying the quantitative assessment described below. When testing goodwill for impairment quantitatively, we first compare the fair value of each reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, a second step is performed to measure the amount of potential impairment. In the second step, we compare the implied fair value of reporting unit goodwill with the carrying amount of the reporting unit's goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized. The fair values calculated in our impairment tests are determined using discounted cash flow models involving several assumptions. The assumptions that are used are based upon what we believe a hypothetical marketplace participant would use in estimating fair value. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. We evaluate the reasonableness of the fair value calculations of our reporting units by comparing the total of the fair value of all of our reporting units to our total market capitalization. Our annual goodwill impairment analysis, which we performed qualitatively during the second quarter of 2019, did not result in an impairment charge. During 2019, we did not identify any triggering events that would require an update to our annual impairment review.

All intangible assets (other than goodwill) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of other intangible assets is measured by comparison of the carrying amount to estimated undiscounted future cash flows. The assessment of recoverability or of the estimated useful life for amortization purposes will be affected if the timing or the amount of estimated future operating cash flows is not achieved. Such indicators may include, among others: a significant decline in expected future cash flows; a sustained, significant decline in stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; and reductions in growth rates. In addition, products, capabilities, or technologies developed by others may render our software products obsolete or non-competitive. Any adverse change in these factors could have a significant impact on the recoverability of goodwill or other intangible assets. During 2019, we did not identify any triggering events that would indicate that the carrying amount of our intangible assets may not be recoverable.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Share-Based Compensation. We have a stock incentive plan that provides for the grant of stock options, restricted stock units and performance stock units to key employees, directors and non-employee consultants. We estimate the fair value of share-based awards on the date of grant. Share-based compensation expense includes the estimated effects of forfeitures, which will be adjusted over the requisite service period to the extent actual forfeitures differ or are expected to differ from such estimates. Changes in estimated forfeitures are recognized in the period of change and will also impact the amount of expense to be recognized in future periods. Forfeiture rate assumptions are derived from historical data.

We estimate stock price volatility at the date of grant based on the historical volatility of our common stock. Estimated option life is determined using the weighted-average period the stock options are expected to be outstanding based primarily on the options' vesting terms, remaining contractual life and the employees' expected exercise based on historical patterns. Determining the appropriate fair-value model and calculating the fair value of share-based awards at the grant date requires considerable judgment, including estimating stock price volatility, expected option life and forfeiture rates.

ANALYSIS OF RESULTS OF OPERATIONS AND OTHER

The following discussion compares the historical results of operations on a basis consistent with GAAP for the years ended December 31, 2019, 2018 and 2017:

Years Ended December 31,	Percentage of Total Revenues		
	2019	2018	2017
Revenues			
Software licenses and royalties	9.2%	10.0%	10.3%
Subscriptions	27.3	23.6	20.5
Software services	19.6	20.5	21.5
Maintenance	39.6	41.1	42.6
Appraisal services	2.2	2.3	3.0
Hardware and other	2.1	2.5	2.1
Total revenues:	100.0	100.0	100.0
Operating expenses:			
Cost of software licenses, royalties and acquired software:	3.2	2.9	3.0
Cost of software services, maintenance and subscriptions	46.2	46.9	46.1
Cost of appraisal services	1.4	1.5	1.9
Cost of hardware and other	1.6	1.7	1.5
Selling, general and administrative expenses	23.7	22.2	20.9
Research and development expense	7.5	6.8	5.6
Amortization of customer and trade name intangibles	2.0	1.7	1.6
Operating income	14.4	16.3	19.4
Other income, net	0.3	0.4	0.1
Income before income taxes	14.7	16.7	19.5
Income tax (benefit) provision	1.2	0.9	(0.7)
Net income	13.5%	15.8%	20.2%

Management's Discussion and Analysis of Financial Condition and Results of Operations

2019 COMPARED TO 2018

Revenues

On February 28, 2019, we acquired all of the capital stock of MicroPact, a leading provider of COTS solutions, including Entellitrak, a low-code application development platform for case management and business process management used extensively in the public sector. The following table details revenue for MicroPact for the period presented as of December 31, 2019, which is included in our consolidated statements of income from the date of acquisition:

	2019
Revenues	
Software licenses and royalties:	\$ 8,737
Subscriptions	7,472
Software services	18,143
Maintenance	28,642
Appraisal services	—
Hardware and other	24
Total revenues:	\$ 63,018

On October 30, 2019, we acquired certain assets of CHT, an industry-leading provider of jury management systems that offers a fully integrated, end-to-end SaaS solution to manage all facets of juror management, from source list generation to juror processing and payment. On February 1, 2019, we acquired all the assets of MyCivic, a company that provides software solutions to connect communities. The impact of the CHT and MyCivic acquisitions on our operating results is not considered material, individually and in the aggregate, and is not included in the table above. The results of the MicroPact, CHT and MyCivic acquisitions are included with the operating results of the ES segment from their dates of acquisition. For comparative purposes, we have provided explanations for changes in operations to exclude results of operations for these acquisitions noting the exclusion.

Software licenses and royalties.

The following table sets forth a comparison of our software licenses and royalties revenue for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
ES	\$ 92,567	\$ 83,735	\$ 8,832	11 %
A&T	7,638	9,706	(2,068)	(21)
Total software licenses and royalties revenue	\$100,205	\$ 93,441	\$ 6,764	7 %

Excluding the impact of acquisitions, software licenses and royalties revenue decreased 2% compared to prior year. The decline was primarily due to a shift in the mix of new software contracts toward more subscription agreements compared to the prior year. Our total new contract value mix in 2019, was approximately 37% perpetual software license arrangements and approximately 63% subscription-based arrangements compared to total new contract value mix in 2018, of approximately 59% perpetual software license arrangements and approximately 41% subscription-based arrangements.

Although the mix of new contracts between subscription-based and perpetual license arrangements may vary from quarter to quarter and year to year, we expect our longer-term software license growth rate to be negatively impacted by a growing number of customers choosing our subscription-based options, rather than purchasing the software under a traditional perpetual software license arrangement. Subscription-based arrangements result in lower software license revenue in the initial year as compared to perpetual software license arrangements but generate higher overall revenue over the term of the contract.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Subscriptions.

The following table sets forth a comparison of our subscriptions revenue for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
ES	\$ 285,092	\$ 210,740	\$ 74,352	35%
A&T	11,260	9,807	1,453	15
Total subscription revenue	\$ 296,352	\$ 220,547	\$ 75,805	34%

Subscription-based revenue primarily consists of revenue derived from our SaaS arrangements, which generally utilize the Tyler private cloud. As part of our subscription-based services, we also provide electronic document filing solutions ("e-filing") that simplify the filing and management of court related documents for courts and law offices. E-filing revenue is derived from transaction fees and fixed fee arrangements.

Excluding the results of acquisitions, subscription-based revenue increased 26% compared to 2018. New SaaS clients as well as existing clients who converted to our SaaS model provided the majority of the subscription revenue increase. In 2019, we added 596 new SaaS clients and 78 existing clients elected to convert to our SaaS model. Also, e-filing services contributed approximately \$7.0 million of the subscription revenue increase in 2019. The increase in e-filing revenue is attributed to new e-filing clients, as well as increased volumes as the result of several existing clients mandating e-filing.

Software services.

The following table sets forth a comparison of our software services revenue for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
ES	\$ 185,892	\$ 166,921	\$ 18,971	11%
A&T	27,169	24,348	2,821	12
Total software services revenue	\$ 213,061	\$ 191,269	\$ 21,792	11%

Software services revenue primarily consists of professional services billed in connection with implementing our software, converting client data, training client personnel, custom development activities and consulting. New clients who purchase our proprietary software licenses or subscriptions generally also contract with us to provide for the related software services. Existing clients also periodically purchase additional training, consulting and minor programming services. Excluding the results of acquisitions, software services revenue grew 0.4% compared to the prior year period. The slight increase is due to higher new contract volume and the addition of professional services staff to grow our capacity to deliver backlog. Excluding employees added with acquisitions, our implementation and support staff has grown by 232 employees since December 31, 2018.

Maintenance.

The following table sets forth a comparison of our maintenance revenue for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
ES	\$ 405,063	\$ 359,904	\$ 45,159	13%
A&T	25,255	24,617	638	3
Total maintenance revenue	\$ 430,318	\$ 384,521	\$ 45,797	12%

Management's Discussion and Analysis of Financial Condition and Results of Operations

We provide maintenance and support services for our software products and certain third-party software. Excluding the results of acquisitions, maintenance revenue grew 4% compared to the prior year. Maintenance and support revenue increased mainly due to growth in our installed customer base from new software license sales as well as annual maintenance rate increases, partially offset by clients converting from on-premises license arrangements to SaaS.

Appraisal services.

The following table sets forth a comparison of our appraisal services revenue for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
ES	\$ —	\$ —	\$ —	—%
A&T	23,479	21,846	1,633	7
Total appraisal services revenue	\$ 23,479	\$ 21,846	\$ 1,633	7%

In 2019, appraisal services revenue increased 7% compared to the prior year primarily due to the addition of several new revaluation contracts started during the second quarter of 2019. The appraisal services business is somewhat cyclical and driven in part by statutory revaluation cycles in various states.

Cost of Revenues and Gross Margins

The following table sets forth a comparison of the key components of our cost of revenues for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
Software licenses and royalties	\$ 3,938	\$ 3,802	\$ 136	4%
Acquired software	30,642	22,972	7,670	33
Software services, maintenance and subscriptions	502,138	438,923	63,215	14
Appraisal services	15,337	14,299	1,038	7
Hardware and other	17,472	15,708	1,764	11
Total cost of revenues	\$ 569,527	\$ 495,704	\$ 73,823	15%

The following table sets forth a comparison of gross margin percentage by revenue type for the years ended December 31:

Gross margin percentage	2019	2018	Change
Software licenses, royalties and acquired software	65.5%	71.3%	(5.8)%
Software services, maintenance and subscriptions	46.6	44.9	1.7
Appraisal services	34.7	34.5	0.2
Hardware and other	24.1	33.6	(9.5)
Overall gross margin	47.6%	47.0%	0.6 %

Management's Discussion and Analysis of Financial Condition and Results of Operations

Software licenses, royalties and acquired software. Cost of software licenses, royalties and acquired software is primarily comprised of amortization expense for acquired software and third-party software costs. We do not have any direct costs associated with royalties. The gross margin decrease of 5.8% is due to an increase in amortization expense for acquired software resulting from acquisitions completed in the last half of 2018 and in 2019.

Software services, maintenance and subscriptions. Cost of software services, maintenance and subscriptions primarily consists of personnel costs related to installation of our software, conversion of client data, training client personnel and support activities and various other services such as custom client development and on-going operation of SaaS and e-filing arrangements. In 2019, the software services, maintenance and subscriptions gross margin increased 1.7% compared to the prior year. Excluding employees added through acquisitions, our implementation and support staff has grown by 232 employees since December 31, 2018 as we accelerated hiring to ensure that we are well-positioned to deliver our current backlog and anticipated new business. Costs related to maintenance and various other services such as SaaS and e-filing typically grow at a slower rate than related revenue due to leverage in the utilization of support and maintenance staff and economies of scale.

Appraisal services. Appraisal services revenue comprised approximately 2.2% of total revenue. The appraisal services gross margin increased 0.2% compared to 2018 due to ramp up of several new revaluation projects during second quarter 2019.

Our 2019 blended gross margin slightly increased 0.6% compared to 2018. Our overall gross margin increase is attributed to a higher revenue mix for subscription revenues compared to the prior year period resulting in an increase in incremental margin related to software services, maintenance and subscriptions. Costs related to maintenance and various other services such as SaaS and e-filing typically grow at a slower rate than related revenue due to leverage in the utilization of support and maintenance staff and economies of scale. The increase in overall margins are partially offset by lower margins from software licenses, in part due to lower software license revenue and higher amortization expense for acquired software resulting from acquisitions.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses consist primarily of salaries, employee benefits, travel, share-based compensation expense, commissions and related overhead costs for administrative and sales and marketing employees, as well as, professional fees, trade show activities, advertising costs and other marketing related costs. The following table sets forth a comparison of our SG&A expenses for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
Selling, general and administrative expenses	\$ 257,746	\$ 207,605	\$ 50,141	24%

SG&A as a percentage of revenue was 23.7% in 2019 compared to 22.2% in 2018. SG&A expense increased approximately 24% compared to the prior year period. In 2019, our operating results include \$19.9 million of SG&A expenses for MicroPact from the date of acquisition. The remaining SG&A expense increase is mainly due to compensation cost related to increased staff levels, higher stock compensation expense and increased commission expense as a result of higher sales. Excluding employees added with acquisitions, we added 81 employees mainly to our sales and finance teams since December 31, 2018. In addition, our 2019 stock compensation expense rose \$5.8 million, mainly due to increases in our stock price over recent years.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Research and Development Expense

Research and development expense consists primarily of salaries, employee benefits and related overhead costs associated with new product development. The following table sets forth a comparison of our research and development expense for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
Research and development expense	\$ 81,342	\$ 63,264	\$ 18,078	29%

Research and development expense increased 29% in 2019 compared to the prior year period, mainly due to a number of new Tyler product development initiatives across our product suites, including increased investments in research and development at recently acquired businesses. To support these initiatives, our research and development staff has grown by 153 since December 31, 2018.

Amortization of Customer and Trade Name Intangibles

Acquisition intangibles are comprised of the excess of the purchase price over the fair value of net tangible assets acquired that is allocated to acquired software, leases and customer and trade name intangibles. The remaining excess purchase price is allocated to goodwill that is not subject to amortization. Amortization expense related to acquired software is included with cost of revenues, while amortization expense of customer and trade name intangibles is recorded as operating expense. The estimated useful lives of both customer and trade name intangibles range from five to 25 years. The following table sets forth a comparison of amortization of customer and trade name intangibles for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
Amortization of customer and trade name intangibles	\$ 21,445	\$ 16,217	\$ 5,228	32%

Amortization of customer and trade name intangibles increased due to the impact of intangibles added with several acquisitions completed in 2018 and 2019.

Estimated annual amortization expense relating to customer and trade name acquisition intangibles, excluding acquired software for which the amortization expense is recorded as cost of revenues, for the next five years and thereafter is as follows (in thousands):

2020	\$ 21,357
2021	21,237
2022	20,747
2023	20,673
2024	20,121
Thereafter	135,264

Amortization expense relating to acquired leases will be recorded as a reduction to hardware and other revenue and is expected to be \$525,000 in 2020, \$525,000 in 2021, \$525,000 in 2022, \$525,000 in 2023, \$525,000 in 2024 and \$512,000 thereafter.

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Other

The following table sets forth a comparison of other income, net for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
Other income, net	\$ 3,471	\$ 3,378	\$ 93	3%

Other income is comprised of interest income from invested cash net of interest expense and non-usage and other fees associated with our revolving credit agreement. Other income, net, increased compared to the prior period due to increased interest income from higher levels of cash and investments resulting from cash generated in the current year offset by increased interest expense from new debt outstanding during the current year under our credit agreement.

Income Tax Provision

The following table sets forth a comparison of our income tax provision for the years ended December 31:

(\$ in thousands)	2019	2018	Change	
			\$	%
Income tax provision (benefit)	\$13,311	\$ 8,408	\$ 4,903	58%
Effective income tax rate	8.3%	5.4%		

The increase in the income tax provision and the effective income tax rate in 2019 compared to the prior year is primarily due to lower excess tax benefits from stock option exercises in 2019. Stock option exercise activity in 2019 generated excess tax benefits of \$29.8 million, while stock option exercise activity in 2018 generated \$32.5 million excess tax benefits. In addition, the 2018 income tax provision contains a tax benefit of \$1.8 million resulting from the remeasurement of deferred tax assets and liabilities associated with the enactment of the 2017 Tax Act which reduced the statutory U.S. federal corporate income tax rate from 35% to 21%. Excluding the impact of the excess tax benefits and the Tax Act, our income tax provision and effective tax rate in 2019 would have been \$43.1 million and 27.0% and in 2018, would have been \$42.6 million and 27.4%, respectively.

The effective income tax rates in both 2019 and 2018 differed from the United States federal statutory corporate income tax rate of 21% due to state income taxes, the research tax credit, non-deductible share-based compensation expense, disqualifying incentive stock option dispositions, and other non-deductible business expenses.

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2018 COMPARED TO 2017

Revenues

Software licenses and royalties.

The following table sets forth a comparison of our software licenses and royalties revenue for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
ES	\$ 83,735	\$ 78,338	\$ 5,347	7%
A&T	9,706	7,854	1,852	24
Total software licenses and royalties revenue	\$ 93,441	\$ 86,242	\$ 7,199	8%

Software license and royalties revenue increased 8% compared to the prior year. The majority of this growth was due to an active marketplace as the result of generally positive local government economic conditions, as well as our increasingly strong competitive position, which we attribute in part to our investment in product development in recent years. An increase in the number of larger contracts related to our planning, regulatory and maintenance solutions and public safety solutions also contributed to the growth in license revenue.

Although the mix of new contracts between subscription-based and perpetual license arrangements may vary from quarter to quarter and year to year, we expect our longer-term software license growth rate to be negatively impacted by a growing number of customers choosing our subscription-based options, rather than purchasing the software under a traditional perpetual software license arrangement. Subscription-based arrangements result in lower software license revenue in the initial year as compared to perpetual software license arrangements but generate higher overall revenue over the term of the contract. Our new client mix in 2018 was approximately 47% selecting perpetual software license arrangements and approximately 53% selecting subscription-based arrangements compared to a client mix in 2017 of approximately 53% selecting perpetual software license arrangements and approximately 47% selecting subscription-based arrangements.

Subscriptions.

The following table sets forth a comparison of our subscriptions revenue for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
ES	\$ 210,740	\$ 164,317	\$ 46,423	28%
A&T	9,807	7,859	1,948	25
Total subscriptions revenue	\$ 220,547	\$ 172,176	\$ 48,371	28%

Subscription-based revenue primarily consists of revenue derived from our SaaS arrangements, which generally utilize the Tyler private cloud. As part of our subscription-based services, we also provide electronic document filing solutions ("e-filing") that simplify the filing and management of court related documents for courts and law offices. E-filing revenue is derived from transaction fees and fixed fee arrangements. Excluding the results of acquisitions, subscription-based revenue increased 21% compared to 2017.

New SaaS clients as well as existing clients who converted to our SaaS model provided the majority of the subscription revenue increase. In 2018, we added 410 new SaaS clients and 97 existing clients elected to convert to our SaaS model. Also, e-filing services contributed approximately \$6.2 million of the subscription revenue increase in 2018. The increase in e-filing revenue is attributed to new e-filing clients, as well as increased volumes as the result of several existing clients mandating e-filing. The acquisition of Socrata, which primarily has a subscription revenue model, also contributed to the increase in subscription revenues.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Software services.

The following table sets forth a comparison of our software services revenue for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
ES	\$ 166,921	\$ 161,245	\$ 5,676	4%
A&T	24,348	19,215	5,133	27
Total software services revenue	\$ 191,269	\$ 180,460	\$ 10,809	6%

Software services revenue primarily consists of professional services billed in connection with implementing our software, converting client data, training client personnel, custom development activities and consulting. New clients who purchase our proprietary software licenses generally also contract with us to provide for the related software services. Existing clients also periodically purchase additional training, consulting and minor programming services. Excluding the results of acquisitions, software services revenue grew 3% compared to the prior year period. This growth is due to a higher level of new software sales, through both our license and subscription models.

Maintenance.

The following table sets forth a comparison of our maintenance revenue for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
ES	\$ 359,904	\$ 337,701	\$ 22,203	7%
A&T	24,617	21,618	2,999	14
Total maintenance revenue	\$ 384,521	\$ 359,319	\$ 25,202	7%

We provide maintenance and support services for our software products and certain third-party software. Maintenance revenue grew 7% compared to the prior year. Maintenance and support revenue increased mainly due to growth in our installed customer base from new software license sales as well as annual maintenance rate increases.

Appraisal services.

The following table sets forth a comparison of our appraisal services revenue for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
ES	\$ —	\$ —	\$ —	— %
A&T	21,846	25,023	(3,177)	(13)
Total appraisal services revenue	\$ 21,846	\$ 25,023	\$ (3,177)	(13)%

In 2018, appraisal services revenue decreased 13% compared to the prior year primarily due to the successful completion of several large revaluation projects in mid-2017. The appraisal services business is somewhat cyclical and driven in part by statutory revaluation cycles in various states

Management's Discussion and Analysis of Financial Condition and Results of Operations

COST OF REVENUES AND GROSS MARGINS

The following table sets forth a comparison of the key components of our cost of revenues for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
Software licenses and royalties	\$ 3,802	\$ 3,321	\$ 481	14%
Acquired software	22,972	21,686	1,286	6
Software services, maintenance and subscriptions	438,923	387,634	51,289	13
Appraisal services	14,299	16,286	(1,987)	(12)
Hardware and other	15,708	12,595	3,113	25
Total cost of revenues	\$ 495,704	\$ 441,522	\$ 54,182	12%

The following table sets forth a comparison of gross margin percentage by revenue type for the years ended December 31:

Gross margin percentage	2018	2017	Change
Software licenses, royalties and acquired software	71.3%	71.0%	0.3 %
Software services, maintenance and subscriptions	44.9	45.6	(0.7)
Appraisal services	34.5	34.9	(0.4)
Hardware and other	33.6	28.8	4.8
Overall gross margin	47.0%	47.5%	(0.5)%

Software licenses, royalties and acquired software. Cost of software licenses, royalties and acquired software is primarily comprised of amortization expense for acquired software and third-party software costs. We do not have any direct costs associated with royalties. The gross margin increase of 0.3% is due to higher software license revenues offset by an increase in amortization expense for acquired software attributed to new acquisitions completed in 2018.

Software services, maintenance and subscriptions. Cost of software services, maintenance and subscriptions primarily consists of personnel costs related to installation of our software, conversion of client data, training client personnel and support activities and various other services such as custom client development and on-going operation of SaaS and e-filing arrangements. In 2018, the software services, maintenance and subscriptions gross margin decreased 0.7% compared to the prior year. Excluding employees added through acquisitions, our implementation and support staff grew by 57 employees in 2018 as we accelerated hiring to ensure that we are well-positioned to deliver our current backlog and anticipated new business. Recognition of acquisition-related deferred revenue associated with subscriptions and maintenance also resulted in lower gross margins.

Appraisal services. Appraisal services revenue comprised approximately 2.3% of total revenue. The appraisal services gross margin decreased 0.4% compared to 2017 due to the reduction in higher margin projects substantially complete by early 2017 and lower volume of revenues in the current period to cover relatively fixed costs.

Our 2018 blended gross margin slightly decreased by 0.5% compared to 2017. Our overall gross margin decrease is mainly attributed to additions to our implementation staff and lower margin revenues from appraisal services, offset by improved margin on revenues from software licenses.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Selling, General and Administrative Expenses

The following table sets forth a comparison of selling, general and administrative expenses for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
Selling, general and administrative expenses	\$ 207,605	\$ 175,914	\$ 31,691	18%

SG&A as a percentage of revenue was 22.2% in 2018 compared to 20.9% in 2017. SG&A expense increased approximately 18% compared to the prior year period. In 2018, our operating results include \$9.1 million of SG&A expenses for Socrata from the date of acquisition. The remaining SG&A expense increase is mainly due to compensation cost related to increased staff levels, higher stock compensation expense and increased commission expense as a result of higher sales. Excluding employees added with acquisitions, we added 47 employees mainly to our sales and finance teams since in 2018. In addition, our 2018 stock compensation expense rose \$11.2 million, mainly due to increases in our stock price over the last few years.

Research and Development Expense

The following table sets forth a comparison of our research and development expense for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
Research and development expense	\$ 63,264	\$ 47,324	\$ 15,940	34%

Research and development expense increased 34% in 2018 compared to the prior year period, mainly due to a number of new Tyler product development initiatives across our product suites, including increased investments in research and development at recently acquired businesses. To support these initiatives, our research and development staff grew by 159 in 2018.

Amortization of Customer and Trade Name Intangibles

The following table sets forth a comparison of amortization of customer and trade name intangibles for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
Amortization of customer and trade name intangibles	\$ 16,217	\$ 13,381	\$ 2,836	21%

Amortization of customer and trade name intangibles increased due to the impact of intangibles added with several acquisitions completed in 2017 and 2018.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Other

The following table sets forth a comparison of other income, net for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
Other income, net	\$ 3,378	\$ 698	\$ 2,680	384%

Other income is comprised of interest income from invested cash net of interest expense and non-usage and other fees associated with our revolving credit agreement. Other income, net, increased compared to the prior period due to increased interest income from significantly higher levels of cash and investments resulting from cash generated in the last year. We had no debt in 2018, as we repaid all borrowings under the revolving line of credit in January 2017.

Income Tax Provision (Benefit)

The following table sets forth a comparison of our income tax provision for the years ended December 31:

(\$ in thousands)	2018	2017	Change	
			\$	%
Income tax provision (benefit)	\$ 8,408	\$ (6,115)	\$ 14,523	(237)%
Effective income tax rate	5.4%	(3.7)%		

The increase in the income tax provision in 2018 is primarily due to the one-time tax benefit of \$26.0 million recognized in the fourth quarter of 2017 resulting from the remeasurement of deferred tax assets and liabilities associated with the enactment of the Tax Act which reduced the statutory U.S. federal corporate income tax rate from 35% to 21%. The increase is somewhat offset by the decrease in statutory U.S. federal corporate income tax rate for 2018. In addition, excess tax benefits from stock option exercises were lower in 2018 as compared to the prior period. Stock option exercise activity in 2018 generated excess tax benefits of \$32.5 million, while stock option exercise activity in 2017 generated \$40.6 million excess tax benefits.

The increase in the effective income tax rate in 2018 compared to 2017 is also primarily attributable to the one-time tax benefit associated with the Tax Act recognized in 2017 and the decrease in excess tax benefits related to stock option exercises realized, offset by the decrease in statutory U.S. federal corporate income tax rate for 2018. Excluding the impact of the Tax Act and the excess tax benefits, our income tax provision and effective tax rate in 2018 would have been \$42.6 million and 27.4% and in 2017, would have been \$60.5 million and 37.0%, respectively.

The effective income tax rates in both 2018 and 2017 differed from the statutory United States federal corporate income tax rate of 21% and 35%, respectively, due to state income taxes, the research tax credit, non-deductible share-based compensation expense, disqualifying incentive stock option dispositions, and other non-deductible business expenses, and in 2017, the domestic production activities deduction.

Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION AND LIQUIDITY

As of December 31, 2019, we had cash and cash equivalents of \$232.7 million compared to \$134.3 million at December 31, 2018. We also had \$81.6 million invested in investment grade corporate bonds, municipal bonds and asset-backed securities as of December 31, 2019 compared to \$97.7 million at December 31, 2018. These investments mature between 2020 through 2023 and we intend to hold these investments until maturity. Cash and cash equivalents consist of cash on deposit with several domestic banks and money market funds. As of December 31, 2019, we had no outstanding borrowings and no outstanding letters of credit. We believe our revolving line of credit, cash from operating activities, cash on hand and access to the credit markets provide us with sufficient flexibility to meet our long-term financial needs.

The following table sets forth a summary of cash flows for the years ended December 31:

(\$ in thousands)	2019	2018	2017
Cash flows provided (used) by:			
Operating activities	\$ 254,720	\$ 250,203	\$ 195,755
Investing activities	(245,015)	(238,255)	(85,395)
Financing activities	88,698	(63,595)	39,415
Net increase (decrease) in cash and cash equivalents	\$ 98,403	\$ (51,647)	\$ 149,775

Net cash provided by operating activities continues to be our primary source of funds to finance operating needs and capital expenditures. Other potential capital resources include cash on hand, public and private issuances of debt or equity securities, and bank borrowings. It is possible that our ability to access the capital and credit markets in the future may be limited by economic conditions or other factors. We currently believe that cash provided by operating activities, cash on hand and available credit are sufficient to fund our working capital requirements, capital expenditures, income tax obligations, and share repurchases for at least the next twelve months.

In 2019, operating activities provided cash of \$254.7 million compared to \$250.2 million in 2018. Operating activities that provided cash were primarily comprised of net income of \$146.5 million, non-cash depreciation and amortization charges of \$76.7 million and non-cash share-based compensation expense of \$60.0 million. Working capital, excluding cash, increased approximately \$35.5 million due to higher accounts receivable resulting from an increase in unbilled receivables attributed to revenues recognized prior to billings, higher accounts receivable related to annual maintenance and subscription billings, timing of income tax payments, and the deferred taxes associated with stock option activity during the period. These increases were offset by the growth in deferred revenue balances and timing of payments of payroll related taxes and vendor invoices.

In general, changes in the balance of deferred revenue are cyclical and primarily driven by the timing of our maintenance and subscription billings. Our renewal dates occur throughout the year, but our largest maintenance renewal cycles occur in the second and fourth quarters.

Days sales outstanding in accounts receivable were 117 days at December 31, 2019, compared to 111 days at December 31, 2018. The increase in our DSO is mainly due to an increase in unbilled receivables attributed to the increase in software license revenue for which we have recognized revenue at the point in time when the software is made available to the customer, but the billing has not yet been submitted to the customer. An increase in software services contracts accounted for using progress-to-completion method of revenue recognition in which the services are performed in one accounting period, but the billing normally occurs subsequently in another accounting period also contributed to the increase in DSO. Furthermore, our maintenance billing cycle typically peaks at its highest level in June and second highest level in December of each year and is followed by collections in the subsequent quarter. DSO is calculated based on quarter-end accounts receivable (excluding long-term receivables but including unbilled receivables) divided by the quotient of annualized quarterly revenues divided by 360 days.

Investing activities used cash of \$245.0 million in 2019 compared to \$238.3 million in 2018. We invested \$54.7 million and received \$70.8 million in proceeds from investment grade corporate bonds, municipal bonds and asset-backed securities with maturity dates ranging from 2020 through 2023. On February 28, 2019, we acquired all of the capital stock of MicroPact. The total purchase price, net of cash acquired of \$2.0 million, was approximately \$202.2 million, including \$198.2 million paid in cash and accrued contingent consideration of \$6.0 million at December 31, 2019. On February 1, 2019, we acquired all the assets of MyCivic for the total purchase price of \$3.7 million paid in cash. On October 30, 2019, we acquired certain assets of CHT. The total purchase price was approximately \$20.5 million of which \$19.1 million was

Management's Discussion and Analysis of Financial Condition and Results of Operations

paid in cash and approximately \$1.4 million accrued for working capital and indemnity holdbacks, subject to certain post-closing adjustments. Approximately \$37.2 million was invested in property and equipment, including \$20.8 million related to real estate. In addition, approximately \$4.8 million of software development was capitalized in 2019. The remaining additions were for computer equipment and furniture and fixtures in support of internal growth, particularly with respect to data centers supporting growth in our cloud-based offerings. These expenditures were funded from cash generated from operations.

In 2018, we invested \$115.6 million and received \$81.2 million in proceeds from investment grade corporate bonds, municipal bonds and asset-backed securities. Approximately \$27.4 million was invested in property and equipment, primarily for computer equipment, furniture and fixtures in support of internal growth, particularly with respect to our cloud-based offerings. We paid \$2.2 million for the expansion of existing buildings. On December 7, 2018, we acquired certain assets and intellectual property of SceneDoc, Inc., a company that provides mobile-first, SaaS field reporting for law enforcement agencies. The total purchase price was approximately \$6.2 million in cash. On October 1, 2018, we acquired all of the equity interests of MobileEyes, a company that develops software to improve public safety by supporting fire prevention and suppression, emergency response, and structural safety. The total purchase price was approximately \$5.3 million in cash. On August 31, 2018, we acquired all of the assets of CaseloadPRO, a company that provides a fully featured probation case management system. The purchase price of \$9.3 million was paid in cash. On April 30, 2018, we acquired all of the capital stock of Socrata, a company that provides open data and data-as-a-service solutions including cloud-based data integration, visualization, analysis, and reporting solutions for state and local government agencies. The purchase price, net of cash acquired of \$1.7 million, was \$147.6 million paid in cash. On April 30, 2018, we acquired all of the equity interests of Sage, a cybersecurity company offering a suite of services that supports an entire cybersecurity lifecycle, including program development, education and training, technical testing, advisory services, and digital forensics. The total purchase price was \$11.6 million paid in cash. These expenditures were funded from cash generated from operations.

Financing activities provided cash of \$88.7 million in 2019 compared to cash used of \$63.6 million in 2018. Financing activities in 2019 were primarily comprised of collections of \$106.5 million from stock option exercises and employee stock purchase plan activity. We also purchased approximately 72,000 shares of our common stock for an aggregate purchase price of \$14.3 million.

Financing activities used cash of \$63.6 million in 2018 compared to cash provided of \$39.4 million in 2017. Financing activities in 2018 were primarily comprised of collections of \$83.0 million from stock option exercises and employee stock purchase plan activity. We also purchased approximately 781,000 shares of our common stock for an aggregate purchase price of \$150.1 million, of which \$3.5 million was accrued as of December 31, 2018.

In February 2019, our board of directors authorized the repurchase of an additional 1.5 million shares of Tyler common stock. The repurchase program, which was approved by our board of directors, was announced in October 2002, and was amended at various times from 2003 through 2019. As of February 19, 2020, we had remaining authorization to repurchase up to 2.6 million additional shares of our common stock. Our share repurchase program allows us to repurchase shares at our discretion. Market conditions influence the timing of the buybacks and the number of shares repurchased, as well as the volume of employee stock option exercises. Share repurchases are generally funded using our existing cash balances and borrowings under our credit facility and may occur through open market purchases and transactions structured through investment banking institutions, privately negotiated transactions and/or other mechanisms. There is no expiration date specified for the authorization and we intend to repurchase stock under the plan from time to time.

On September 30, 2019, we entered into a \$400.0 million credit agreement (the "Credit Facility") with the various lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. The Credit Facility provides for an unsecured revolving credit line of up to \$400.0 million, including a \$25.0 million sublimit for letters of credit. The Credit Facility matures on September 30, 2024. Borrowings under the Credit Facility may be used for general corporate purposes, including working capital requirements, acquisitions and share repurchases. Borrowings under the Credit Facility bear interest at a rate of either (1) Wells Fargo Bank's prime rate (subject to certain higher rate determinations) plus a margin of 0.125% to 0.75% or (2) the 30, 60, 90 or 180 day LIBOR rate plus a margin of 1.125% to 1.75%. As of December 31, 2019, our interest rate was 4.88% under the prime rate option or approximately 2.89% under the 30-day LIBOR option. The Credit Facility is secured by substantially all of our assets. The Credit Facility requires us to maintain certain financial ratios and other financial conditions and prohibits us from making certain investments, advances, cash dividends or loans, and limits incurrence of additional indebtedness and liens. As of December 31, 2019, we were in compliance with those covenants.

Management's Discussion and Analysis of Financial Condition and Results of Operations

As of December 31, 2019, we had no outstanding borrowings and had unused borrowing capacity of \$400.0 million under the Credit Facility. We paid interest of \$1,750,000 in 2019, \$770,000 in 2018, and \$804,000 in 2017.

We paid income taxes, net of refunds received, of \$21.3 million in 2019, \$6.8 million in 2018, and \$36.0 million in 2017. In 2019, we experienced significant stock option exercise activity that generated net tax benefits of \$29.8 million and reduced tax payments accordingly. In 2018 and 2017, excess tax benefits were \$32.5 million and \$40.6 million, respectively.

We anticipate that 2020 capital spending will be between \$36 million and \$38 million, including approximately \$9 million related to real estate and approximately \$7 million of capitalized software development. We expect the majority of the other capital spending will consist of computer equipment and software for infrastructure replacements and expansion. Capital spending is expected to be funded from existing cash balances and cash flows from operations.

From time to time we engage in discussions with potential acquisition candidates. In order to pursue such opportunities, which could require significant commitments of capital, we may be required to incur debt or to issue additional potentially dilutive securities in the future. No assurance can be given as to our future acquisition opportunities and how such opportunities will be financed. We lease office facilities for use in our operations, as well as transportation and other equipment. Most of our leases are non-cancelable operating lease agreements and they expire from one year to eight years. Some of these leases include options to extend for up to 10 years.

Summarized in the table below are our obligations to make future payments under the Credit Facility and lease obligations at December 31, 2019 (in thousands):

	2020	2021	2022	2023	2024	Thereafter	Total
Revolving line of credit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Lease obligations	7,684	6,246	3,960	2,923	2,478	2,042	25,333
Total future payment obligations	\$ 7,684	\$ 6,246	\$ 3,960	\$ 2,923	\$ 2,478	\$ 2,042	\$ 25,333

As of December 31, 2019, we do not have any off-balance sheet arrangements, guarantees to third-parties or material purchase commitments.

CAPITALIZATION

At December 31, 2019, our capitalization consisted of no outstanding borrowings and \$1.6 billion of shareholders' equity.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk represents the risk of loss that may affect us due to adverse changes in financial market prices and interest rates.

In 2019, our effective average interest rate for borrowings was 3.84%. As of December 31, 2019, our interest rate was 4.88% under the prime rate option or approximately 2.89% under the 30-day LIBOR option. Loans under the Credit Facility bear interest, at Tyler's option, at a per annum rate of either (1) Wells Fargo Bank's prime rate (subject to certain higher rate determinations) plus a margin of 0.125% to 0.75% or (2) the one-, two-, three-, or six-month LIBOR rate plus a margin of 1.125% to 1.75%.

As of December 31, 2019, we had no outstanding borrowings under the Credit Facility and therefore are not subject to any interest risk.

Management's Discussion and Analysis of Financial Condition and Results of Operations

CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures — We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act) designed to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These include controls and procedures designed to ensure that this information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosures. Management, with the participation of the chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2019. Based on this evaluation, the chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2019.

Management's Report on Internal Control Over Financial Reporting — Tyler's management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Securities Exchange Act Rule 13a-15(f). Tyler's internal control over financial reporting is designed to provide reasonable assurance to Tyler's management and board of directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of Tyler's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Based on our assessment, we concluded that, as of December 31, 2019, Tyler's internal control over financial reporting was effective based on those criteria.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of MicroPact, which is included in our 2019 consolidated financial statements and constituted 11.5% of total assets as of December 31, 2019 and 5.8% of revenues for the year then ended.

Tyler's internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, the independent registered public accounting firm who also audited Tyler's financial statements. Ernst & Young's attestation report on Tyler's internal control over financial reporting appears on page 57 hereof.

Changes in Internal Control Over Financial Reporting — During the quarter ended December 31, 2019, there were no changes in our internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f), that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Tyler Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tyler Technologies, Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 19, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Estimation of hours for certain progress-to-completion (POC) arrangements

Description of the Matter

As described in Note 1 "Summary of Significant Accounting Policies" to the consolidated financial statements under "Revenue Recognition," many of the Company's software arrangements involve "off-the-shelf" software. For arrangements that involve significant production, modification or customization of the software, or where software services are otherwise not considered distinct, the Company recognizes revenue over time based on a measurement of progress-to-completion (POC). The Company measures POC primarily using labor hours incurred, believing it best depicts the pattern of transfer of control to the customer, which occurs as the Company incurs costs on its contracts. Estimates of budgeted total hours for these arrangements requires management judgment.

Report of Independent Registered Public Accounting Firm

Auditing management's estimates of total budgeted contract hours required additional audit effort due to the existence of management judgment required to make these estimates for arrangements that are completed over an extended period. These estimates require ongoing monitoring by management and may require revision over time.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's process to review contract progress-to-date and total budgeted hours, inclusive of executed contract amendments and change orders.

To test the appropriateness of management's assessment of contract progress-to-date, our audit procedures included, among others, obtaining an understanding of any increase or decrease to budgeted hours via contract amendments or change orders, observing quarterly POC meetings where the Company discussed contract progress-to-date and evaluated the appropriateness of contract estimated hours to complete, reviewing signed Company attestations as to the contracts' progress toward completion, performing a sensitivity analysis to assess the impact of changes to the budgeted hours on the amount of revenue recognized, and performing an analysis of completed contracts to compare actual hours incurred upon completion to the original budget.

Accounting for the acquisition of MP Holdings Parent, Inc.

Description of the Matter

As described in Note 2 "Acquisitions" to the consolidated financial statements, the Company completed three acquisitions during 2019 for net consideration of \$226.5 million. The most significant of these was the acquisition of MP Holdings Parent, Inc. (MicroPact) for net consideration of \$202.2 million. The transactions were accounted for as business combinations.

Auditing the Company's accounting for the MicroPact acquisition was more complex due to the significant estimations used by management in determining the fair values of assets acquired and liabilities assumed, in particular the fair values of identified intangible assets of \$136.1 million, the most significant of which consisted of customer relationships and developed technology, both of which utilize prospective financial information. The Company valued customer relationships using the multi-period excess earnings model. The significant assumptions used in this model included the attrition rate, weighted average cost of capital and existing customer growth. The Company valued the developed technology using the relief-from-royalty method. The significant assumptions used in this method included the obsolescence rate and weighted average cost of capital. The significant assumptions used in the valuation of the intangible assets are forward-looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls over its accounting for the MicroPact acquisition. For example, we tested controls over the recognition and measurement of consideration transferred, as well as management's review of the valuation methods and significant underlying assumptions for each identified intangible asset.

To test the estimated fair values of the acquired customer relationships and developed technology, we performed audit procedures that included, among others, evaluating the Company's selection of the valuation methodology, evaluating the significant assumptions used in the Company's valuation calculations and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions. We involved our valuation specialists to assist with our evaluation of the methodology used by the Company and significant assumptions included in the fair value estimates. Additionally, we performed sensitivity analyses and compared significant assumptions to forecasts, the assumptions used to value similar assets in other acquisitions and to historical financial results of both the Company and the acquiree, among other procedures. We also evaluated the Company's acquisition and related purchase accounting disclosures included in Note 2 "Acquisitions".

The logo for Ernst & Young LLP, featuring the company name in a stylized, cursive script font.

We have served as the Company's auditor since 1966.

Dallas, Texas
February 19, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Tyler Technologies, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Tyler Technologies, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Tyler Technologies, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of MP Holdings Parent, Inc. (MicroPact), which is included in the 2019 consolidated financial statements of the Company and constituted 11.5% of total assets as of December 31, 2019 and 5.8% of total revenue for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of MicroPact.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 19, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

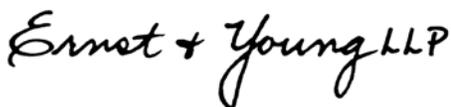
We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Dallas, Texas
February 19, 2020

Consolidated Statements of Comprehensive Income

For the years ended December 31,	2019	2018	2017
(In thousands, except per share amounts)			
Revenues:			
Software licenses and royalties	\$ 100,205	\$ 93,441	\$ 86,242
Subscriptions	296,352	220,547	172,176
Software services	213,061	191,269	180,460
Maintenance	430,318	384,521	359,319
Appraisal services	23,479	21,846	25,023
Hardware and other	23,012	23,658	17,679
Total revenues	1,086,427	935,282	840,899
Cost of revenues:			
Software licenses and royalties	3,938	3,802	3,321
Acquired software	30,642	22,972	21,686
Software services, maintenance and subscriptions	502,138	438,923	387,634
Appraisal services	15,337	14,299	16,286
Hardware and other	17,472	15,708	12,595
Total cost of revenues	569,527	495,704	441,522
Gross profit	516,900	439,578	399,377
Selling, general and administrative expenses	257,746	207,605	175,914
Research and development expense	81,342	63,264	47,324
Amortization of customer and trade name intangibles	21,445	16,217	13,381
Operating income	156,367	152,492	162,758
Other income, net	3,471	3,378	698
Income before income taxes	159,838	155,870	163,456
Income tax provision (benefit)	13,311	8,408	(6,115)
Net income	\$ 146,527	\$ 147,462	\$ 169,571
Earnings per common share:			
Basic	\$ 3.79	\$ 3.84	\$ 4.55
Diluted	\$ 3.65	\$ 3.68	\$ 4.32

See accompanying notes.

Consolidated Balance Sheets

December 31,	2019	2018
(In thousands, except par value and share amounts)		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 232,682	\$ 134,279
Accounts receivable (less allowance for losses and sales adjustments of \$5,738 in 2019 and \$4,647 in 2018)	374,089	298,912
Short-term investments	39,399	44,306
Prepaid expenses	24,717	33,258
Income tax receivable	6,482	4,697
Other current assets	2,328	3,406
Total current assets	679,697	518,858
Accounts receivable, long-term	22,432	16,020
Operating lease right-of-use assets	18,992	—
Property and equipment, net	171,861	155,177
Other assets:		
Goodwill	840,117	753,718
Other intangibles, net	378,914	276,852
Non-current investments and other assets	79,601	70,338
	\$ 2,191,614	\$ 1,790,963
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,977	\$ 6,910
Accrued liabilities	75,234	66,480
Operating lease liabilities	6,387	—
Deferred revenue	412,495	350,512
Total current liabilities	509,093	423,902
Revolving line of credit	—	—
Deferred revenue, long-term	199	424
Deferred income taxes	48,442	41,791
Operating lease liabilities, long-term	16,822	—
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$10.00 par value; 1,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 48,147,969 shares issued in 2019 and 2018	481	481
Additional paid-in capital	739,478	731,435
Accumulated other comprehensive loss, net of tax	(46)	(46)
Retained earnings	917,336	771,925
Treasury stock, at cost; 8,839,352 and 9,872,505 shares in 2019 and 2018, respectively	(40,191)	(178,949)
Total shareholders' equity	1,617,058	1,324,846
	\$ 2,191,614	\$ 1,790,963

See accompanying notes.

Consolidated Statements of Cash Flows

For the years ended December 31,	2019	2018	2017
(In thousands)			
Cash flows from operating activities:			
Net income	\$ 146,527	\$ 147,462	\$ 169,571
Adjustments to reconcile net income to cash provided by operations:			
Depreciation and amortization	76,672	61,759	53,395
Share-based compensation expense	59,967	52,740	37,348
Provision for losses and sales adjustments - accounts receivable	1,636	(569)	2,031
Operating lease right-of-use assets - non cash	5,397	—	—
Deferred income tax benefit	(6,088)	(5,069)	(33,664)
Changes in operating assets and liabilities, exclusive of effects of acquired companies:			
Accounts receivable	(65,738)	(50,916)	(33,091)
Income tax receivable	(1,925)	6,642	(8,444)
Prepaid expenses and other current assets	(8,976)	(588)	(6,958)
Accounts payable	7,403	(2,416)	878
Operating lease liabilities	(6,113)	—	—
Accrued liabilities	1,516	(2,445)	6,050
Deferred revenue	44,442	43,603	8,639
Net cash provided by operating activities	254,720	250,203	195,755
Cash flows from investing activities:			
Additions to property and equipment	(37,236)	(27,424)	(43,057)
Purchase of marketable security investments	(54,742)	(115,625)	(59,779)
Proceeds from marketable security investments	70,796	81,205	28,786
Capitalized software development costs	(4,804)	—	—
Cost of acquisitions, net of cash acquired	(218,734)	(178,093)	(11,344)
(Increase) decrease in other	(295)	1,682	(1)
Net cash used by investing activities	(245,015)	(238,255)	(85,395)
Cash flows from financing activities:			
Decrease in net borrowings on revolving line of credit	—	—	(10,000)
Purchase of treasury shares	(17,786)	(146,553)	(7,474)
Proceeds from exercise of stock options	96,908	74,907	49,845
Contributions from employee stock purchase plan	9,576	8,051	7,044
Net cash provided (used) by financing activities	88,698	(63,595)	39,415
Net increase (decrease) in cash and cash equivalents	98,403	(51,647)	149,775
Cash and cash equivalents at beginning of period	134,279	185,926	36,151
Cash and cash equivalents at end of period	\$ 232,682	\$ 134,279	\$ 185,926

See accompanying notes.

Consolidated Statements of Shareholders' Equity

For the years ended December 31, 2019, 2018 and 2017

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
(In thousands)								
Balance at December 31, 2016	48,148	\$ 481	\$ 556,663	\$ (46)	\$ 454,892	(11,382)	\$ (77,449)	\$ 934,541
Net income	—	—	—	—	\$ 169,571	—	—	\$ 169,571
Issuance of shares pursuant to stock compensation plan	—	—	28,174	—	—	1,113	21,671	49,845
Stock compensation	—	—	37,348	—	—	—	—	37,348
Issuance of shares pursuant to employee stock purchase plan	—	—	4,682	—	—	51	2,362	7,044
Treasury stock purchases	—	—	—	—	—	(44)	(6,613)	(6,613)
Balance at December 31, 2017	48,148	481	626,867	(46)	624,463	(10,262)	(60,029)	1,191,736
Net income	—	—	—	—	147,462	—	—	147,462
Issuance of shares pursuant to stock compensation plan	—	—	44,458	—	—	1,126	30,449	74,907
Stock compensation	—	—	52,740	—	—	—	—	52,740
Issuance of shares pursuant to employee stock purchase plan	—	—	7,370	—	—	45	681	8,051
Treasury stock purchases	—	—	—	—	—	(781)	(150,050)	(150,050)
Balance at December 31, 2018	48,148	481	731,435	(46)	771,925	(9,872)	(178,949)	1,324,846
Net income	—	—	—	—	146,527	—	—	146,527
Retained earnings adjustment-adoption of Topic 842 Leases, net of taxes	—	—	—	—	(1,116)	—	—	(1,116)
Exercise of stock options and vesting of restricted stock units	—	—	(52,833)	—	—	1,075	149,741	96,908
Employee taxes paid for withheld shares for taxes upon equity award	—	—	—	—	—	(23)	(5,361)	(5,361)
Stock compensation	—	—	59,967	—	—	—	—	59,967
Issuance of shares pursuant to employee stock purchase plan	—	—	909	—	—	53	8,667	9,576
Treasury stock purchases	—	—	—	—	—	(72)	(14,289)	(14,289)
Balance at December 31, 2019	48,148	\$ 481	\$ 739,478	\$ (46)	\$ 917,336	(8,839)	\$ (40,191)	\$1,617,058

See accompanying notes.

Notes to Consolidated Financial Statements

(Tables in thousands, except per share data)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

We provide integrated software systems and related services for the public sector, with a focus on local governments. We develop and market a broad line of software solutions and services to address the information technology (“IT”) needs primarily of cities, counties, schools and other local government entities. In addition, we provide professional IT services, including software and hardware installation, data conversion, training, and for certain customers, product modifications, along with continuing maintenance and support for customers using our systems. We also provide subscription-based services such as software as a service (“SaaS”) arrangements, which primarily utilize the Tyler private cloud, and electronic document filing solutions (“e-filing”). In addition, we provide property appraisal outsourcing services for taxing jurisdictions.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include our parent company and sixteen subsidiaries, which are wholly-owned. All significant intercompany balances and transactions have been eliminated in consolidation. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions, and other events and circumstances from non-owner sources and includes all components of net income (loss) and other comprehensive income (loss). We had no items of other comprehensive income (loss) during the years ended December 31, 2019, 2018 and 2017.

CASH AND CASH EQUIVALENTS

Cash in excess of that necessary for operating requirements is invested in short-term, highly liquid, income-producing investments. Investments with original maturities of three months or less are classified as cash and cash equivalents, which primarily consist of cash on deposit with several banks and money market funds. Cash and cash equivalents are stated at cost, which approximates market value.

REVENUE RECOGNITION

Nature of Products and Services

We earn revenue from software licenses, royalties, subscription-based services, software services, post-contract customer support (“PCS” or “maintenance”), hardware, and appraisal services. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

Most of our software arrangements with customers contain multiple performance obligations that range from software licenses, installation, training, and consulting to software modification and customization to meet specific customer needs (services), hosting, and PCS. For these contracts, we account for individual performance obligations separately when they are distinct. We evaluate whether separate performance obligations can be distinct or should be accounted for as one performance obligation. Arrangements that include software services, such as training or installation, are evaluated to determine whether those services are highly interdependent or interrelated to the product’s functionality. The transaction price is allocated to the distinct performance obligations on a relative standalone selling price (“SSP”) basis. We determine the SSP based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, the applications sold, customer demographics, and the number and types of users within our contracts. Revenue is recognized net of allowances for sales adjustments and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Notes to Consolidated Financial Statements

Software Arrangements:

Software Licenses and Royalties

Many of our software arrangements involve “off-the-shelf” software. We recognize the revenue allocable to “off-the-shelf” software licenses and specified upgrades at a point in time when control of the software license transfers to the customer, unless the software is not considered distinct. We consider off-the-shelf software to be distinct when it can be added to an arrangement with minor changes in the underlying code, it can be used by the customer for the customer’s purpose upon installation, and remaining services such as training are not considered highly interdependent or interrelated to the product’s functionality.

For arrangements that involve significant production, modification or customization of the software, or where software services are otherwise not considered distinct, we recognize revenue over time by measuring progress-to-completion. We measure progress-to-completion primarily using labor hours incurred as it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. These arrangements are often implemented over an extended period and occasionally require us to revise total cost estimates. Amounts recognized in revenue are calculated using the progress-to-completion measurement after giving effect to any changes in our cost estimates. Changes to total estimated contract costs, if any, are recorded in the period they are determined. Estimated losses on uncompleted contracts are recorded in the period in which we first determine that a loss is apparent.

Software license fees are billed in accordance with the contract terms. Typically, a majority of the fee is due when access to the software license is made available to the customer and the remainder of the fee due over a passage of time stipulated by the contract. We record amounts that have been invoiced in accounts receivable and in deferred revenue or revenues, depending on whether the revenue recognition criteria have been met.

We recognize royalty revenue when the sale occurs under the terms of our third-party royalty arrangements. Currently, our third-party royalties are recognized on an estimated basis and are trued up when we receive notice of amounts we are entitled to receive. We typically receive notice of royalty revenues we are entitled to and billed on a quarterly basis in the quarter immediately following the royalty reporting period.

Software Services

As noted above, some of our software arrangements include services considered highly interdependent or highly interrelated or require significant customization to meet the customer’s desired functionality. For these software arrangements, both the software licenses and related software services revenue are not distinct and are recognized over time using the progress-to-completion method. We measure progress-to-completion primarily using labor hours incurred as it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Contract fees are typically billed on a milestone basis as defined within contract terms. We record amounts that have been invoiced in accounts receivable and in deferred revenue or revenues, depending on whether the revenue recognition criteria have been met. When software services are distinct, the fee allocable to the service element is recognized over the time we perform the services and is billed on a time and material basis.

Post-Contract Customer Support

Our customers generally enter into PCS agreements when they purchase our software licenses. PCS includes telephone support, bug fixes, and rights to upgrades on a when-and-if available basis. PCS is considered distinct when purchased with our software licenses. Our PCS agreements are typically renewable annually. PCS is recognized over time on a straight-line basis over the period the PCS is provided. All significant costs and expenses associated with PCS are expensed as incurred.

Computer Hardware Equipment

Revenue allocable to computer hardware equipment is recognized at a point in time when control of the equipment is transferred to the customer.

Notes to Consolidated Financial Statements

Subscription-Based Services:

Subscription-based services consist primarily of revenues derived from SaaS arrangements, typically utilizing the Tyler private cloud, and electronic filing transactions. Revenue from subscription-based services is generally recognized over time on a ratable basis over the contract term, beginning on the date that our service is made available to the customer. Our subscription contracts are generally three to five years or longer in length, billed annually in advance, and non-cancelable.

For SaaS arrangements, we evaluate whether the customer has the contractual right to take possession of our software at any time during the hosting period without significant penalty and whether the customer can feasibly maintain the software on the customer's hardware or enter into another arrangement with a third-party to host the software. We allocate contract value to each performance obligation of the arrangement that qualifies for treatment as a distinct element based on estimated SSP. We recognize SaaS arrangements services ratably over the term of the arrangement, which range from one to ten years, but are typically for a period of three to five years. For software services associated with certain SaaS arrangements, we have concluded that the services are not distinct, and we recognize the revenue ratably over the remaining contractual period once we have provided the customer access to the software. We record amounts that have been invoiced in accounts receivable and in deferred revenue or revenues, depending on whether the revenue recognition criteria have been met.

Electronic filing transaction fees primarily pertain to documents filed with the courts by attorneys and other third-parties via our e-filing services and retrieval of filed documents via our access services. For each document filed with a court, the filer generally pays a transaction fee and a court filing fee to us and we remit a portion of the transaction fee and the filing fee to the court. We record as revenue the transaction fee, while the portion of the transaction fee remitted to the courts is recorded as cost of revenues as we are acting as a principal in the arrangement. Court filing fees collected on behalf of the courts and remitted to the courts are recorded on a net basis and thus do not affect the statement of comprehensive income.

Other transaction-based fees primary relate to online payment services, which are offered with the assistance of third-party vendors. In general, when we are the principal in a transaction based on the factors identified in ASC 606-10-55-36 through 55-40, we record the revenue and related costs on a gross basis. Otherwise, we net the cost of revenue associated with the service against the gross revenue (amount billed to the customer) and record the net amount as revenue.

For e-filing transaction fees and other transaction-based revenues, we have the right to charge the customer an amount that directly corresponds with the value to the customer of our performance to date. Therefore, we recognize revenue for these services over time based on the amount billable to the customer in accordance with the 'as invoiced' practical expedient in ASC 606-10-55-18. In some cases, we are paid on a fixed fee basis and recognize the revenue ratably over the contractual period.

Costs of performing services under subscription-based arrangements are expensed as incurred, except for certain direct and incremental contract origination and set-up costs associated with SaaS arrangements. Such direct and incremental costs are capitalized and amortized ratably over the useful life.

Appraisal Services:

For our property appraisal projects, we recognize revenue using the progress-to-completion method since many of these projects are executed over one to three-year periods and consist of various unique activities. Appraisal services require a significant level of integration and interdependency with various individual service components; therefore, the service components are not considered distinct. Appraisal services are recognized over time by measuring progress-to-completion primarily using labor hours incurred as it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. These arrangements are often executed over an extended period and occasionally require us to revise total cost estimates. Amounts recognized in revenue are calculated using the progress-to-completion measurement after giving effect to any changes in our cost estimates. Changes to total estimated contract costs, if any, are recorded in the period they are determined. Estimated losses on uncompleted contracts are recorded in the period in which we first determine that a loss is apparent. Contract fees are typically billed on a milestone basis as defined within contract terms. We record amounts that have been invoiced in accounts receivable and in deferred revenue or revenues, depending on whether the revenue recognition criteria have been met.

Notes to Consolidated Financial Statements

Significant Judgments:

Our contracts with customers often include multiple performance obligations to a customer. When a software arrangement (license or subscription) includes both software licenses and software services, judgment is required to determine whether the software license is considered distinct and accounted for separately, or not distinct and accounted for together with the software services and recognized over time.

The transaction price is allocated to the separate performance obligations on a relative SSP basis. We determine the SSP based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, the applications sold, customer demographics, and the number and types of users within our contracts. We use a range of amounts to estimate SSP when we sell each of the products and services separately and need to determine whether there is a discount to be allocated based on the relative SSP of the various products and services. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we determine SSP using the expected cost-plus margin approach.

For arrangements that involve significant production, modification or customization of the software, or where software services otherwise cannot be considered distinct, we recognize revenue as control is transferred to the customer over time using progress-to-completion methods. Depending on the contract, we measure progress-to-completion primarily using labor hours incurred, or value added. The progress-to-completion method generally results in the recognition of reasonably consistent profit margins over the life of a contract because we can provide reasonably dependable estimates of contract billings and contract costs. We use the level of profit margin that is most likely to occur on a contract. If the most likely profit margin cannot be precisely determined, the lowest probable level of profit margin in the range of estimates is used until the results can be estimated more precisely. These arrangements are often implemented over an extended time period and occasionally require us to revise total cost estimates. Amounts recognized in revenue are calculated using the progress-to-completion measurement after giving effect to any changes in our cost estimates. Changes to total estimated contract costs, if any, are recorded in the period they are determined. Estimated losses on uncompleted contracts are recorded in the period in which we first determine that a loss is apparent.

Typically, the structure of our arrangements does not give rise to variable consideration. However, in those instances whereby variable consideration exists, we include in our estimates additional revenue for variable consideration when we believe we have an enforceable right, the amount can be estimated reliably and its realization is probable.

Refer to Note 15 – “Disaggregation of Revenue” for further information, including the economic factors that affect the nature, amount, timing, and uncertainty of revenue and cash flows of our various revenue categories.

Contract Balances:

Accounts receivable and allowance for doubtful accounts and sales adjustments

Timing of revenue recognition may differ from the timing of invoicing to customers. We record an unbilled receivable when revenue is recognized prior to invoicing, or deferred revenue when revenue is recognized subsequent to invoicing. For multi-year agreements, we generally invoice customers annually at the beginning of each annual coverage period. We record an unbilled receivable related to revenue recognized for on-premises licenses as we have an unconditional right to invoice and receive payment in the future related to those licenses.

We maintain allowances for doubtful accounts, which are provided at the time the revenue is recognized. Since most of our customers are domestic governmental entities, we rarely incur a loss resulting from credit risk associated with the inability of a customer to make required payments. Events or changes in circumstances that indicate the carrying amount for the allowances for doubtful accounts may require revision include, but are not limited to, deterioration of a customer's financial condition, failure to manage our customer's expectations regarding the scope of the services to be delivered, and defects or errors in new versions or enhancements of our software products.

Notes to Consolidated Financial Statements

The following table summarizes the changes in the allowances for doubtful accounts and sales adjustments (in thousands):

Years Ended December 31,	2019	2018	2017
Balance at beginning of year	\$ 4,647	\$ 5,427	\$ 3,396
Provisions for losses and sales adjustments - accounts receivable	1,636	(569)	2,031
Collection of accounts previously written off	(545)	(211)	—
Balance at end of year	\$ 5,738	\$ 4,647	\$ 5,427

The allowance for doubtful accounts and sales adjustments reflects our best estimate of probable losses inherent in the accounts receivable balance. We determine the allowance based on known troubled accounts, historical experience, and other currently available evidence.

In connection with our appraisal services contracts and certain software services contracts, we may perform work prior to when the software and services are billable and/or payable pursuant to the contract. Unbilled revenue is not billable at the balance sheet date but is recoverable over the remaining life of the contract through billings made in accordance with contractual agreements. The termination clauses in most of our contracts provide for the payment for the value of products delivered or services performed in the event of early termination. We have historically recorded such unbilled receivables (costs and estimated profit in excess of billings) in connection with (1) property appraisal services contracts accounted for using progress-to-completion method of revenue recognition using labor hours as a measure of progress towards completion in which the services are performed in one accounting period but the billing normally occurs subsequently and may span another accounting period; (2) software services contracts accounted for using progress-to-completion method of revenue recognition using labor hours as a measure of progress towards completion in which the services are performed in one accounting period but the billing for the software element of the arrangement may be based upon the specific phase of the implementation; (3) software revenue for which we have recognized revenue at the point in time when the software is made available to the customer but the billing has not yet been submitted to the customer; (4) some of our contracts which provide for an amount to be withheld from a progress billing (generally between 5% and 20% retention) until final and satisfactory project completion is achieved; and (5) in a limited number of cases, extended payment terms, which may be granted to customers with whom we generally have a long-term relationship and favorable collection history.

As of December 31, 2019, and December 31, 2018, total current and long-term accounts receivable, net of allowance for doubtful accounts, was \$396.5 million and \$314.9 million, respectively. We have recorded unbilled receivables of \$134.0 million and \$104.2 million at December 31, 2019, and December 31, 2018, respectively. Included in unbilled receivables are retention receivables of \$13.1 million and \$12.2 million at December 31, 2019, and December 31, 2018, respectively, which become payable upon the completion of the contract or completion of our fieldwork and formal hearings. Unbilled receivables expected to be collected within one year have been included with accounts receivable, current portion in the accompanying consolidated balance sheets. Unbilled receivables and retention receivables expected to be collected past one year have been included with accounts receivable, long-term portion in the accompanying consolidated balance sheets.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 90 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers or to provide customers with financing. Examples include invoicing at the beginning of a subscription term with revenue recognized ratably over the contract period, and multi-year on-premises term licenses that are invoiced annually with revenue recognized upfront.

Notes to Consolidated Financial Statements

Deferred Revenue

The majority of deferred revenue consists of deferred maintenance revenue that has been billed based on contractual terms in the underlying arrangement, with the remaining balance consisting of payments received in advance of revenue being earned under software licensing, subscription-based services, software and appraisal services and hardware installation. Refer to Note 16 – “Deferred Revenue and Performance Obligations” for further information, including deferred revenue by segment and changes in deferred revenue during the period.

Deferred Commissions

Sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for initial contracts are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be three to seven years. We utilized the “portfolio approach” practical expedient in ASC 606-10-10-4, which allows entities to apply the guidance to a portfolio of contracts with similar characteristics because the effects on the financial statements of this approach would not differ materially from applying the guidance to individual contracts. Using the ‘portfolio approach’, we determined the period of benefit by taking into consideration our customer contracts, our technology life-cycle and other factors. Sales commissions for renewal contracts are generally not paid in connection with the renewal of a contract. In the small number of instances where a commission is paid on a renewal, it is not commensurate with the commission paid on the initial sale and is recognized over the term of renewal, which is generally one year. Amortization expense related to deferred commissions is included in selling, general and administrative expenses in the accompanying consolidated statements of income. Refer to Note 17 – “Deferred Commissions” for further information.

Prepaid expenses and other current assets include direct and incremental costs such as commissions associated with arrangements for which revenue recognition has been deferred. Such costs are expensed at the time the related revenue is recognized.

USE OF ESTIMATES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include revenue recognition, determining the nature and timing of satisfaction of performance obligations, determining the SSP of performance obligations, variable consideration, and other obligations such as returns and refunds; loss contingencies; the estimated useful life of deferred commissions; the carrying amount and estimated useful lives of intangible assets; the carrying amount of operating lease right-of-use assets and operating lease liabilities; determining share-based compensation expense; the valuation allowance for receivables; and determining the potential outcome of future tax consequences of events that have been recognized on our consolidated financial statements or tax returns. Actual results could differ from estimates.

PROPERTY AND EQUIPMENT, NET

Property, equipment and purchased software are recorded at original cost and increased by the cost of any significant improvements after purchase. We expense maintenance and repairs when incurred. Depreciation and amortization is calculated using the straight-line method over the shorter of the asset’s estimated useful life or the term of the lease in the case of leasehold improvements. For income tax purposes, we use accelerated depreciation methods as allowed by tax laws.

RESEARCH AND DEVELOPMENT COSTS

We expensed research and development expense of \$81.3 million in 2019, \$63.3 million in 2018, and \$47.3 million in 2017.

Notes to Consolidated Financial Statements

INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred taxes arise because of different treatment between financial statement accounting and tax accounting, known as “temporary differences”. We record the tax effect of these temporary differences as “deferred tax assets” (generally items that can be used as a tax deduction or credit in the future periods) and “deferred tax liabilities” (generally items that we received a tax deduction for, which have not yet been recorded in the income statement). The deferred tax assets and liabilities are measured using enacted tax rules and laws that are expected to be in effect when the temporary differences are expected to be recovered or settled. A valuation allowance would be established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be “realized.” On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Act”) was enacted into law. The Tax Act amends the Internal Revenue Code to reduce tax rates and modify policies, credits and deductions for individuals and businesses. For businesses, the Tax Act reduces the corporate U.S. federal tax rate from a maximum of 35% to a flat 21% rate and transitions from a worldwide tax system to a territorial tax system. Under ASC 740 Income Taxes, the effects of changes in tax rates and laws are recognized in the period in which the new legislation is enacted.

SHARE-BASED COMPENSATION

We have a share-based award plan that provides for the grant of stock options, restricted stock units, and performance share units to key employees, directors and non-employee consultants. Stock options generally vest after three to six years of continuous service from the date of grant and have a contractual term of 10 years. Restricted stock unit grants generally vest ratably over three to five years of continuous service from the date of grant. Each performance share unit represents the right to receive one share of our common stock based on our achievement of certain financial performance targets during applicable performance periods. We account for share-based compensation utilizing the fair value recognition pursuant to ASC 718, Stock Compensation. See Note 9 – “Share-Based Compensation” for further information.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired, including identifiable intangible assets, in connection with our business combinations. Upon acquisition, goodwill is assigned to the reporting unit that is expected to benefit from the synergies of the business combination, which is the reporting unit to which the related acquired technology is assigned. A reporting unit is the operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by executive management.

We assess goodwill for impairment annually as of April 1st, or more frequently whenever events or changes in circumstances indicate its carrying value may not be recoverable. We begin with the qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying the quantitative assessment described below. If it is determined through the evaluation of events or circumstances that the carrying value may not be recoverable, we perform a comparison of the estimated fair value of the reporting unit to which the goodwill has been assigned to the sum of the carrying value of the assets and liabilities of that unit. If the sum of the carrying value of the assets and liabilities of a reporting unit exceeds the estimated fair value of that reporting unit, the carrying value of the reporting unit's goodwill is reduced to its fair value through an adjustment to the goodwill balance, resulting in an impairment charge. The fair values calculated in our impairment tests are determined using discounted cash flow models involving several assumptions. The assumptions that are used are based upon what we believe a hypothetical marketplace participant would use in estimating fair value. We evaluate the reasonableness of the fair value calculations of our reporting units by comparing the total of the fair value of all of our reporting units to our total market capitalization. Our annual goodwill impairment analysis, which we performed qualitatively during the second quarter of 2019, did not result in an impairment charge.

There have been no impairments of intangible assets in any of the periods presented. See Note 4 – “Goodwill and Other Intangible Assets” for additional information.

Other Intangible Assets

We make judgments about the recoverability of purchased intangible assets other than goodwill whenever events or changes in circumstances indicate that an impairment may exist. Customer base and acquired software each comprise approximately half of our purchased intangible assets other than goodwill. We review our customer turnover each year for indications of impairment. Our customer turnover has historically been very low. If indications of impairment are determined to exist, we measure the recoverability of assets by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the assets exceeds their estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the assets. There have been no impairments of intangible assets in any of the periods presented.

Notes to Consolidated Financial Statements

IMPAIRMENT OF LONG-LIVED ASSETS

We periodically evaluate whether current facts or circumstances indicate that the carrying value of our property and equipment or other long-lived assets to be held and used may not be recoverable. If such circumstances are determined to exist, we measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset or appropriate grouping of assets and the estimated undiscounted future cash flows expected to be generated by the assets. If the carrying amount of the assets exceeds their estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and would no longer be depreciated. The assets and liabilities of a disposed group or classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet. There have been no significant impairments of long-lived assets in any of the periods presented.

COSTS OF COMPUTER SOFTWARE

We capitalize software development costs upon the establishment of technological feasibility and prior to the availability of the product for general release to customers. Software development costs primarily consist of personnel costs and rent for related office space. We capitalized approximately \$4.8 million of software development costs in 2019. We begin to amortize capitalized costs when a product is available for general release to customers. Amortization expense is determined on a product-by-product basis at a rate not less than straight-line basis over the product's remaining estimated economic life of, generally, five years. Amortization of software development costs was approximately \$296,000 in 2019, and is included in cost of software license revenue in the accompanying consolidated statements of comprehensive income. We have not capitalized any internal use software development costs in any of the periods presented.

CONTINGENT PURCHASE CONSIDERATION

Contingent future cash payments related to acquisitions are recognized at fair value as of the acquisition date and included in the determination of the acquisition date purchase price. Subsequent changes in the fair value of the contingent future cash payments are recognized in earnings in the period that the change occurs.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents, accounts receivables, accounts payables, short-term obligations and certain other assets at cost approximate fair value because of the short maturity of these instruments. The fair value of our revolving line of credit would approximate book value as of December 31, 2019, because our interest rates reset approximately every 30 days or less. See Note 6 – "Revolving Line of Credit" for further discussion.

As of December 31, 2019, we have \$81.6 million in investment grade corporate bonds, municipal bonds and asset-backed securities with maturity dates ranging from 2020 through 2023. We intend to hold these bonds to maturity and have classified them as such. We believe cost approximates fair value. The fair values of these securities are considered Level II as they are based on inputs from quoted prices in markets that are not active or from other observable market data. These investments are included in short-term investments and non-current investments and other assets.

As of December 31, 2019, we have \$15.0 million invested in convertible preferred stock representing a 20% interest in Record Holdings Pty Limited, a privately held Australian company specializing in digitizing the spoken word in court and legal proceedings. The investment in convertible preferred stock is accounted under the cost method because we do not have the ability to exercise significant influence over the investee and the securities do not have readily determinable fair values. Our investment is carried at cost less any impairment write-downs. Our cost method investments are assessed annually for impairment. We do not reassess the fair value of cost method investments if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investments. There has been no impairment of our cost method investment for the periods presented. This investment is included in non-current investments and other assets in the accompanying consolidated balance sheets.

Notes to Consolidated Financial Statements

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable from trade customers, and investments in marketable securities. Our cash and cash equivalents primarily consist of operating account balances and money market funds, which are maintained at several major domestic financial institutions and the balances often exceed insured amounts. As of December 31, 2019, we had cash and cash equivalents of \$232.7 million. We perform periodic evaluations of the credit standing of these financial institutions.

Concentrations of credit risk with respect to receivables are limited due to the size and geographical diversity of our customer base. Historically, our credit losses have not been significant. As a result, we do not believe we have any significant concentrations of credit risk as of December 31, 2019.

We maintain allowances for doubtful accounts, which are provided at the time the revenue is recognized. Since most of our customers are domestic governmental entities, we rarely incur a loss resulting from the inability of a customer to make required payments. Events or changes in circumstances that indicate the carrying amount for the allowances for doubtful accounts may require revision include, but are not limited to, deterioration of a customer's financial condition, failure to manage our customer's expectations regarding the scope of the services to be delivered, and defects or errors in new versions or enhancements of our software products.

LEASES

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, and operating lease liabilities, current and long-term, on our consolidated balance sheets. We currently do not have any finance lease arrangements.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date of the lease in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components, which are generally accounted for as a single lease component.

INDEMNIFICATION

Most of our software license agreements indemnify our customers in the event that the software sold infringes upon the intellectual property rights of a third-party. These agreements typically provide that in such event we will either modify or replace the software so that it becomes non-infringing or procure for the customer the right to use the software. We have recorded no liability associated with these indemnifications, as we are not aware of any pending or threatened infringement actions that are possible losses. We believe the estimated fair value of these intellectual property indemnification clauses is minimal.

We have also agreed to indemnify our officers and board members if they are named or threatened to be named as a party to any proceeding by reason of the fact that they acted in such capacity. We maintain directors' and officers' liability insurance coverage to protect against any such losses. We have recorded no liability associated with these indemnifications. Because of our insurance coverage, we believe the estimated fair value of these indemnification agreements is minimal.

RECLASSIFICATIONS

Certain amounts for previous years have been reclassified to conform to the current year presentation.

Notes to Consolidated Financial Statements

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Leases. We adopted ASU No. 2016-02, *Leases* (“Topic 842”) using the transition method that allows us to initially apply the guidance at the adoption date of January 1, 2019, and recognized a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. We used the package of practical expedients that allows us to not reassess: (1) lease classification for any expired or existing leases and (2) initial direct costs for any expired or existing leases. We did not elect to use the hindsight application for evaluating the life of the lease arrangement. The impact of adoption is reflected in the financial information herein. For additional details, see Note 11 to our consolidated financial statements.

The impact of Topic 842 on our consolidated balance sheet beginning January 1, 2019, included the recognition of ROU assets and operating lease liabilities, while our accounting for finance leases remained substantially unchanged. We had no finance leases prior to the adoption of Topic 842 and continue to have none as of December 31, 2019.

Amounts recognized at January 1, 2019, for operating leases were as follows:

In thousands	
Operating lease right-of-use assets	\$ 15,633
Operating lease liabilities	(4,344)
Operating lease liabilities, long-term	(12,405)
Retained earnings	\$ (1,116)

NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*, (“ASU 2016-13”). ASU 2016-13 changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans, and requires entities to use a new forward-looking expected loss model that will result in the earlier recognition of allowance for losses. This update is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for a fiscal year beginning after December 15, 2018, including interim periods within that fiscal year. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. We will adopt the new standard in the first quarter of 2020. We have evaluated the impact of this standard on our consolidated financial statements, including accounting policies, processes and systems. Based on the nature of the Company's customer base and historical nature of losses, we do not expect the impact to be material upon adoption.

(2) ACQUISITIONS

2019

On October 30, 2019, we acquired certain assets of Courthouse Technologies, Ltd (“CHT”), an industry-leading provider of jury management systems that offers a fully integrated, end-to-end SaaS solution to manage all facets of juror management, from source list generation to juror processing and payment. The total purchase price was approximately \$20.5 million of which \$19.1 million was paid in cash and approximately \$1.4 million was accrued for working capital and indemnity holdbacks, subject to certain post-closing adjustments.

On February 28, 2019, we acquired all of the capital stock of MP Holdings Parent, Inc. dba MicroPact (“MicroPact”), a leading provider of commercial off-the-shelf (“COTS”) solutions, including Entellitrak, a low-code application development platform for case management and business process management used extensively in the public sector. The total purchase price, net of cash acquired of \$2.0 million, was approximately \$202.2 million consisting of \$198.2 million paid in cash and accrued consideration of \$6.0 million contingent upon the achievement of certain financial performance objectives.

Notes to Consolidated Financial Statements

We have performed a valuation analysis of the fair market value of MicroPact's assets and liabilities. The following table summarizes the final allocation of the purchase price as of the acquisition date:

In thousands	
Cash	\$ 1,983
Accounts receivable	10,535
Other current assets	8,979
Other noncurrent assets	10,417
Identifiable intangible assets	136,143
Goodwill	76,319
Accounts payable	(602)
Accrued expenses	(4,092)
Other noncurrent liabilities	(8,879)
Deferred revenue	(13,510)
Deferred tax liabilities, net	(13,125)
Total consideration	\$ 204,168

In connection with this transaction, we acquired total tangible assets of \$31.9 million and assumed liabilities of approximately \$27.1 million. We recorded goodwill of \$76.3 million, none of which is expected to be deductible for tax purposes, and other identifiable intangible assets of approximately \$136.1 million. The \$136.1 million of intangible assets are attributable to customer relationships, acquired software, trade name and favorable fair value of an operating lease and will be amortized over a weighted average period of approximately 11 years. We recorded deferred tax liabilities of \$13.1 million related to estimated fair value allocations.

The acquisition of MicroPact augments our product solutions, positions us in new practice areas such as health and human services, and presents opportunities to expand our business across new and complementary markets. We intend to expand our total addressable market through MicroPact's strong presence in the federal market. Therefore, the goodwill of \$76.3 million arising from this acquisition is primarily attributed to our ability to generate increased revenues, earnings and cash flow by expanding our addressable market and client base. In 2019, we recorded adjustments to the preliminary opening balance sheet attributed to changes in accounts receivable, deferred revenue, customer relationships, accrued expenses, working capital holdback and related deferred taxes resulting in a net decrease to goodwill of approximately \$5.7 million.

The following unaudited pro forma consolidated operating results information has been prepared as if the MicroPact acquisition had occurred at January 1, 2018, after giving effect to certain adjustments, including amortization of intangibles, interest, transaction costs and tax effects.

Twelve Months Ended December 31, unaudited	2019	2018
Revenues	\$ 1,098,226	\$ 1,009,427
Net income	146,200	146,998
Basic earnings per share	\$ 3.78	\$ 3.82
Dilutes earnings per share	\$ 3.65	\$ 3.66

Notes to Consolidated Financial Statements

The pro forma information above does not include acquisitions that are not considered material to our results of operations. The pro forma information does not purport to represent what our results of operations actually would have been had such transaction occurred on the date specified or to project our results of operations for any future period.

On February 1, 2019, we acquired all the assets of Civic, LLC (“MyCivic”), a company that provides software solutions to connect communities. The total purchase price was \$3.7 million in cash.

As of December 31, 2019, the purchase price allocations for MicroPact and MyCivic are complete. As of December 31, 2019, the purchase price allocation for CHT is not yet complete; therefore, the preliminary valuation estimates of fair value assumed at the acquisition date for intangible assets, receivables and deferred revenue and related deferred taxes are subject to change as valuations are finalized.

The operating results of all 2019 acquisitions are included with the operating results of the Enterprise Software segment since their date of acquisition. Revenues from MicroPact included in Tyler's results of operations totaled approximately \$63.0 million and the net loss was approximately \$98,000 from the date of acquisition through December 31, 2019. The impact of the MyCivic and CHT acquisitions, individually and in the aggregate, on our operating results, assets and liabilities is not material. In 2019, we incurred fees of approximately \$1.1 million for financial advisory, legal, accounting, due diligence, valuation and other various services necessary to complete these acquisitions. These fees were expensed in 2019 and are included in selling, general and administrative expenses on the consolidated statement of comprehensive income.

Our balance sheet as of December 31, 2019, reflects the allocation of the purchase price to the assets acquired based on their fair value at the date of each acquisition. The fair value of the assets and liabilities acquired are based on valuations using Level III, unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At December 31, 2019, the maximum aggregate amount of remaining contingent cash payments associated with our acquisitions is \$6.0 million and are payable in fiscal year 2020.

2018

On December 7, 2018, we acquired certain assets and intellectual property of SceneDoc, Inc., a company that provides mobile-first, SaaS field reporting for law enforcement agencies. The total purchase price was approximately \$6.2 million in cash.

On October 1, 2018, we acquired all of the equity interests of TradeMaster, Inc. dba MobileEyes, a company that develops SaaS software to improve public safety by supporting fire prevention and suppression, emergency response, and structural safety. The total purchase price was approximately \$5.3 million in cash.

On August 31, 2018, we acquired all of the assets of CaseloadPRO, L. P., a company that provides a fully featured SaaS probation case management system. The purchase price of \$9.3 million was paid in cash.

On April 30, 2018, we acquired all of the capital stock of Socrata, Inc. (“Socrata”), a company that provides open data and data-as-a-service solutions including cloud-based data integration, visualization, analysis, and reporting solutions for state and local government agencies. The purchase price, net of cash acquired of \$1.7 million, was \$147.6 million paid in cash.

On April 30, 2018, we acquired all of the equity interests of Sage Data Security, LLC, a cybersecurity company offering a suite of services that supports an entire cybersecurity lifecycle, including program development, education and training, technical testing, advisory services, and digital forensics. The total purchase price was \$11.6 million paid in cash.

The operating results of these acquisition are included in our results of operations of the Enterprise Software segment from their respective dates of acquisition.

Notes to Consolidated Financial Statements

2017

On November 29, 2017, we acquired audio and digital two-way radio communications technology and related assets from Radio 10-33, LLC. The total purchase price was \$1.4 million, all of which was paid in cash.

On August 2, 2017, we acquired substantially all of the assets and assumed certain liabilities of Digital Health Department, Inc., a company that provides environmental health software, offering a SaaS solution for public health compliance and inspections processes. The total purchase price, net of debt assumed, was \$3.9 million, all of which was paid in cash.

On May 30, 2017, we acquired all of the capital stock of Modria.com, Inc., a company that specializes in online dispute resolution for government and commercial entities. The total purchase price, net of debt assumed, was \$6.1 million, all of which was paid in cash.

The operating results of these acquisition are included in our results of operations of the Enterprise Software segment from their respective dates of acquisition.

(3) PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31:

	Useful lives (years)	2019	2018
Land	—	\$ 18,653	\$ 9,958
Building and leasehold improvements	5-39	137,448	122,241
Computer equipment and purchased software	3-5	99,435	84,649
Furniture and fixtures	5	28,506	27,238
Transportation equipment	5	402	438
		284,444	244,524
Accumulated depreciation and amortization		(112,583)	(89,347)
Property and equipment, net		\$ 171,861	\$ 155,177

Depreciation expense was \$23.4 million in 2019, \$21.2 million in 2018, and \$17.3 million in 2017.

We paid \$20.8 million and \$2.2 million for real estate and the expansion of existing buildings in 2019 and 2018, respectively.

In 2017, we purchased an office building in Latham, New York for approximately \$2.9 million and paid \$2.1 million for improvements to that building. We also paid \$19.4 million for construction to expand our office building in Yarmouth, Maine.

(4) GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the two years ended December 31, 2019 are as follows:

	Enterprise Software	Appraisal and Tax	Total
Balance as of 12/31/2017	\$ 651,430	\$ 6,557	\$ 657,987
Goodwill acquired related to the purchase of Socrata	75,657	—	75,657
Goodwill acquired related to other acquisitions	20,074	—	20,074
Balance as of 12/31/2018	747,161	6,557	753,718
Goodwill acquired related to the purchase of MicroPact	76,319	—	76,319
Goodwill acquired related to other acquisitions	10,080	—	10,080
Balance as of 12/31/2019	\$ 833,560	\$ 6,557	\$ 840,117

Notes to Consolidated Financial Statements

Other intangible assets and related accumulated amortization consists of the following at December 31:

	2019	2018
Gross carrying amount of other intangibles:		
Customer related intangibles	\$ 321,019	\$ 238,219
Acquired software	262,286	202,416
Trade names	22,905	16,905
Capitalized software development costs	4,804	—
Leases acquired	5,037	3,694
	616,051	461,234
Accumulated amortization	(237,137)	(184,382)
Total other intangibles, net	\$ 378,914	\$ 276,852

Amortization expense for acquired software and capitalized software development costs are recorded to cost of revenues. Amortization expense for customer relationships and trade names are recorded to selling, general and administrative expenses. Total amortization expense for other intangibles was \$52.8 million in 2019, \$39.6 million in 2018, and \$35.5 million in 2017.

The amortization periods of other intangible assets are summarized in the following table:

	December 31, 2019			December 31, 2018		
	Gross Carrying Amount	Weighted Average Amortization Period	Accumulated Amortization	Gross Carrying Amount	Weighted Average Amortization Period	Accumulated Amortization
Non-amortizable intangibles:						
Goodwill	\$ 840,117	\$ —	\$ —	\$ 753,718	—	\$ —
Amortizable intangibles:						
Customer related intangibles	321,019	16 years	97,320	238,219	15 years	78,120
Acquired software	262,286	7 years	130,416	202,416	7 years	99,772
Trade names	22,905	11 years	7,205	16,905	11 years	5,139
Capitalized software development costs	\$ 4,804	5 years	\$ 296	\$ —	—	\$ —
Leases acquired	5,037	9 years	1,900	3,694	10 years	1,351

Estimated annual amortization expense related to acquired leases will be recorded as a reduction to hardware and other revenue and is expected to be \$525,000 in 2020, \$525,000 in 2021, \$525,000 in 2022, \$525,000 in 2023, \$525,000 in 2024, and \$512,000 thereafter.

Estimated annual amortization expense related to other intangibles, including customer relationships, acquired software, trade names and capitalized software development costs is as follows:

2020	\$ 54,045
2021	53,687
2022	49,989
2023	31,838
2024	31,213
Thereafter	\$ 155,005

Notes to Consolidated Financial Statements

(5) ACCRUED LIABILITIES

Accrued liabilities consist of the following at December 31:

	2019	2018
Accrued wages, bonuses and commissions	\$ 49,126	\$ 40,100
Other accrued liabilities	26,108	26,380
	\$ 75,234	\$ 66,480

(6) REVOLVING LINE OF CREDIT

On September 30, 2019, we entered into a \$400 million credit agreement (the "Credit Facility") with the various lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. The Credit Agreement provides for an unsecured revolving credit facility in an aggregate principal amount of up to \$400.0 million, including a \$25.0 million sublimit for letters of credit. The Credit Facility matures on September 30, 2024. Borrowings under the Credit Facility may be used for general corporate purposes, including working capital requirements, acquisitions and share repurchases.

Borrowings under the Credit Facility bear interest at a rate of either (1) Wells Fargo Bank's prime rate (subject to certain higher rate determinations) plus a margin of 0.125% to 0.75% or (2) the 30, 60, 90 or 180-day LIBOR rate plus a margin of 1.125% to 1.75%. As of December 31, 2019, our interest rate was 4.88% under the prime rate option or approximately 2.89% under the 30-day LIBOR option. The Credit Facility requires us to maintain certain financial ratios and other financial conditions and prohibits us from making certain investments, advances, cash dividends or loans, and limits incurrence of additional indebtedness and liens. As of December 31, 2019, we were in compliance with those covenants.

As of December 31, 2019, we had no outstanding borrowings and had unused borrowing capacity of \$400 million under the Credit Facility. In addition, as of December 31, 2019, we had no outstanding letter of credit.

We paid interest of \$1,750,000 in 2019, \$770,000 in 2018, and \$804,000 in 2017.

(7) INCOME TAX

The Income tax provision (benefit) on income from operations consists of the following:

Years Ended December 31,	2019	2018	2017
Current:			
Federal	\$ 12,814	\$ 9,110	\$ 22,883
State	6,585	4,367	4,666
	19,399	13,477	27,549
Deferred	(6,088)	(5,069)	(33,664)
	\$ 13,311	\$ 8,408	\$ (6,115)

Notes to Consolidated Financial Statements

Reconciliation of the U.S. statutory income tax rate to our effective income tax expense rate for operations follows:

Years Ended December 31,	2019	2018	2017
Federal income tax expense at statutory rate	\$ 33,566	\$ 32,733	\$ 57,209
State income tax, net of federal income tax benefit	6,999	7,953	4,754
Domestic production activities deduction	—	—	(2,617)
Excess tax benefits related to stock option exercises	(29,819)	(32,487)	(40,624)
Tax Act adjustments	—	(1,750)	(25,992)
Tax credits	(3,446)	(3,715)	(3,578)
Non-deductible business expenses	6,011	5,655	4,573
Other, net	—	19	160
	\$ 13,311	\$ 8,408	\$ (6,115)

The tax effects of the major items recorded as deferred tax assets and liabilities as of December 31 are:

	2019	2018
Deferred income tax assets:		
Operating expenses not currently deductible	\$ 10,214	\$ 8,989
Stock option and other employee benefit plans	19,308	19,496
Loss and credit carryforwards	23,841	17,999
Total deferred income tax assets	53,363	46,484
Valuation allowance	(1,923)	(1,049)
Total deferred income tax assets, net of valuation allowance	51,440	45,435
Deferred income tax liabilities:		
Intangible assets	(84,019)	(70,752)
Property and equipment	(9,265)	(8,455)
Prepaid expenses	(4,922)	(4,079)
Deferred revenue	(1,676)	(3,940)
Total deferred income tax liabilities	(99,882)	(87,226)
Net deferred income tax liabilities	\$ (48,442)	\$ (41,791)

As of December 31, 2019, we had federal net operating loss carryforwards of approximately \$85.2 million, after-tax state net operating loss carryforwards of approximately \$3.1 million, and tax credit carryforwards of approximately \$4.8 million. The federal net operating loss carryforward will begin to expire in 2032 if not utilized, and a portion of the state net operating loss and tax credit carryforwards begin expiring in 2020 if not utilized.

The acquired carryforwards are subject to an annual limitation but are expected to be realized with the exception of certain state net operating loss and tax credit carryforwards. The valuation allowance disclosed in the table above relates to state net operating losses and tax credit carryforwards that are likely to expire before utilization. We believe it is more likely than not that all other deferred tax assets will be realized. However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of reversing taxable temporary differences are revised.

In connection with the acquisition of Socrata in 2018, we recorded a \$1.9 million liability for an uncertain tax position associated with acquired tax credit carryforwards. The unrecognized tax benefits are included in deferred income taxes in our consolidated balance sheets. The entire amount, if recognized, would affect the effective tax rate. There was no change in the balance of unrecognized tax benefits during 2019. Based on the information currently available, we do not anticipate a significant increase or decrease to our tax contingencies for these issues for the next 12 months.

Notes to Consolidated Financial Statements

We are subject to U.S. federal income tax, as well as income tax of multiple state, local and foreign jurisdictions. We are routinely subject to income tax examinations by these taxing jurisdictions, but we do not have a history of, nor do we expect any material adjustments as a result of these examinations. With few exceptions, major U.S. federal, state, local and foreign jurisdictions are no longer subject to examination for years before 2015. As of February 19, 2020, no significant adjustments have been proposed by any taxing jurisdiction.

We paid income taxes, net of refunds received, of \$21.3 million in 2019, \$6.8 million in 2018, and \$36.0 million in 2017.

(8) SHAREHOLDERS' EQUITY

The following table details activity in our common stock:

	Years Ended December 31,					
	2019		2018		2017	
	Shares	Amount	Shares	Amount	Shares	Amount
Stock option exercises	999	\$ 96,908	1,126	\$ 74,907	1,113	\$ 49,845
Purchases of common stock	(72)	(14,289)	(781)	(150,050)	(44)	(6,613)
Employee stock plan purchase	53	9,576	45	8,051	51	7,044
Employee stock plan purchase	53	(5,361)	—	—	—	—

As of February 19, 2020, we had authorization from our board of directors to repurchase up to 2.6 million additional shares of our common stock.

(9) SHARE-BASED COMPENSATION

Share-Based Compensation Plan

In May 2018, shareholders approved the Tyler Technologies, Inc. 2018 Stock Incentive Plan ("the 2018 Plan") which amended and restated the existing Tyler Technologies, Inc. 2010 Stock Option Plan ("the 2010 Plan"). Upon shareholder approval of the 2018 Plan, the remaining shares available for grant under the 2010 Plan were added to the shares authorized for grant under the 2018 Plan. Additionally, any awards previously granted under the 2010 Plan that expire unexercised or are forfeited are added to the shares authorized for grant under the 2018 Plan.

During fiscal year 2019, we granted stock awards under the 2018 Plan in the form of stock options, restricted stock units and performance share units. Stock options generally vest after three to six years of continuous service from the date of grant and have a contractual term of 10 years. Once options become exercisable, the employee can purchase shares of our common stock at the market price on the date we granted the option. Restricted stock unit grants generally vest ratably over three to five years of continuous service from the date of grant. Each performance share unit represents the right to receive one share of our common stock based on our achievement of certain financial performance targets during applicable performance periods. We account for share-based compensation utilizing the fair value recognition pursuant to ASC 718, Stock Compensation.

As of December 31, 2019, there were 3.1 million shares available for future grants under the plan from the 22.9 million shares previously approved by the shareholders.

Notes to Consolidated Financial Statements

Determining Fair Value of Stock Compensation

Valuation and Amortization Method. We estimate the fair value of stock option awards granted using the Black-Scholes option valuation model. For restricted stock unit and performance stock unit awards, we amortize the fair value of all awards on a straight-line basis over the requisite service periods, which are generally the vesting periods.

Expected Life. The expected life of awards granted represents the period of time that they are expected to be outstanding. The expected life represents the weighted-average period the stock options are expected to be outstanding based primarily on the options' vesting terms, remaining contractual life and the employees' expected exercise based on historical patterns.

Expected Volatility. Using the Black-Scholes option valuation model, we estimate the volatility of our common stock at the date of grant based on the historical volatility of our common stock.

Risk-Free Interest Rate. We base the risk-free interest rate used in the Black-Scholes option valuation model on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award.

Expected Dividend Yield. We have not paid any cash dividends on our common stock in more than ten years and we do not anticipate paying any cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero in the Black-Scholes option valuation model.

Expected Forfeitures. We use historical data to estimate pre-vesting option forfeitures. We record share-based compensation only for those awards that are expected to vest.

The following weighted average assumptions were used for options granted:

Years Ended December 31,	2019	2018	2017
Expected life (in years)	6.0	6.0	6.0
Expected volatility	26.6%	26.7%	28.1%
Risk-free interest rate	1.8%	2.7%	2.0%
Expected forfeiture rate	—%	—%	—%

Share-Based Award Activity

The following table summarizes restricted stock unit and performance stock unit activity during fiscal year 2019 (shares in thousands):

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested at January 1, 2018	—	\$ —
Granted	336	221.29
Vested	—	—
Forfeited	(2)	229.75
Unvested at December 31, 2018	334	221.25
Granted	256	241.19
Vested	(76)	221.15
Forfeited	(14)	229.75
Unvested at December 31, 2019	500	\$ 231.57

Notes to Consolidated Financial Statements

Options granted, exercised, forfeited and expired are summarized as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2016	5,156	\$ 83.64		
Granted	824	176.26		
Exercised	(1,113)	44.80		
Forfeited	(50)	134.83		
Outstanding at December 31, 2017	4,817	107.91		
Granted	432	208.21		
Exercised	(1,126)	66.53		
Forfeited	(31)	158.80		
Outstanding at December 31, 2018	4,092	129.51		
Granted	162	251.58		
Exercised	(999)	96.92		
Forfeited	(29)	174.54		
Outstanding at December 31, 2019	3,226	\$145.27	6	\$ 499,124
Exercisable at December 31, 2019	2,067	\$121.07	6	\$ 369,938

We had unvested options to purchase 1.2 million shares with a weighted average grant date exercise price of \$188.48 as of December 31, 2019, and unvested options to purchase 1.7 million shares with a weighted average grant date exercise price of \$169.24 as of December 31, 2018.

Other information pertaining to option activity was as follows during the twelve months ended December 31:

	2019	2018	2017
Weighted average grant-date fair value of stock options granted	\$ 74.54	\$ 66.52	\$ 55.56
Total intrinsic value of stock options exercised	\$155,899	\$ 176,716	\$ 137,699

Share-Based Compensation Expense

The following table summarizes share-based compensation expense related to share-based awards which is recorded in the consolidated statements of comprehensive income:

Years Ended December 31,	2019	2018	2017
Cost of software services, maintenance and subscriptions	\$ 15,002	\$ 13,588	\$ 9,415
Selling, general and administrative expenses	44,965	39,152	27,933
Total share-based compensation expenses	59,967	52,740	37,348
Excess tax benefit	(29,819)	(32,487)	(40,624)
Net decrease (increase) in net income	\$ 30,148	\$ 20,253	\$ (3,276)

As of December 31, 2019, we had \$148.7 million of total unrecognized compensation cost related to unvested options and restricted stock units, net of expected forfeitures, which is expected to be amortized over a weighted average amortization period of 2.5 years.

Notes to Consolidated Financial Statements

Employee Stock Purchase Plan

Under our Employee Stock Purchase Plan (“ESPP”) participants may contribute up to 15% of their annual compensation to purchase common shares of Tyler. The purchase price of the shares is equal to 85% of the closing price of Tyler shares on the last day of each quarterly offering period. As of December 31, 2019, there were 702,000 shares available for future issuances the ESPP from the 2.0 million shares previously approved by the shareholders.

(10) EARNINGS PER SHARE

Basic earnings and diluted earnings per share data were computed as follows:

Years Ended December 31,	2019	2018	2017
Numerator for basic and diluted earnings per share:			
Net income	\$ 146,527	\$ 147,462	\$ 169,571
Denominator:			
Weighted-average basic common shares outstanding	38,640	38,445	37,273
Assumed conversion of dilutive securities:			
Stock options	1,465	1,678	1,973
Denominator for diluted earnings per share – Adjusted weighted-average shares	40,105	40,123	39,246
Earnings per common share:			
Basic	\$ 3.79	\$ 3.84	\$ 4.55
Diluted	\$ 3.65	\$ 3.68	\$ 4.32

Share-based awards representing the right to purchase common stock of 633,000 shares in 2019, 888,000 shares in 2018, and 1,343,000 shares in 2017 were not included in the computation of diluted earnings per share because their inclusion would have had an anti-dilutive effect.

Notes to Consolidated Financial Statements

(11) LEASES

We lease office facilities for use in our operations, as well as transportation and other equipment. Most of our leases are non-cancelable operating lease agreements and they expire in one year to eight years. Some of these leases include options to extend for up to 10 years. We had no finance leases and no related party lease agreements as of December 31, 2019. Operating lease costs were approximately \$9.9 million in 2019, \$7.4 million in 2018, and \$6.9 million in 2017.

The components of operating lease expense were as follows (in thousands):

Lease Costs	Financial Statement Classification	For the year ended 2019
Operating lease cost	Selling, general and administrative expenses	\$ 6,379
Short-term lease cost	Selling, general and administrative expenses	2,269
Variable lease cost	Selling, general and administrative expenses	1,274
Net lease cost		\$ 9,922

As of December 31, 2019, ROU lease assets and lease liabilities for our operating leases were recorded in the consolidated balance sheet as follows (in thousands):

	December 31, 2019
Assets:	
Operating lease right-of-use assets	\$ 18,992
Liabilities:	
Operating leases, short-term	6,387
Operating leases, long-term	16,822
Total lease liabilities	\$ 23,209

Supplemental information related to leases was as follows:

Other Information	For the year ended 2019
Cash Flows (in thousands):	
Cash paid amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	\$ 7,267
Right-of-use assets obtained in exchange for lease obligations (non-cash):	
Operating leases	\$ 3,466
Lease Term and Discount Rate:	
Weighted average remaining lease term (years)	4
Weighted average discount rate	4.00%

Notes to Consolidated Financial Statements

As of December 31, 2019, maturities of lease liabilities were as follows (in thousands):

Years Ending December 31,	Amount
2020	\$ 7,684
2021	6,246
2022	3,960
2023	2,923
2024	2,478
Thereafter	2,042
Total lease payments	25,333
Less: Interest	(2,124)
Present value of operating lease liabilities	\$ 23,209

As of December 31, 2018, the future minimum lease commitments related to lease agreements under Topic 840, the predecessor of Topic 842, were as follows (in thousands):

Years Ending December 31,	Amount
2019	\$ 5,994
2020	5,146
2021	3,976
2022	1,925
2023	1,164
Thereafter	2,132
Total	\$ 20,337

Rental Income from third parties

We own office buildings in Bangor, Falmouth and Yarmouth, Maine; Lubbock and Plano, Texas; Troy, Michigan; Latham, New York; and Moraine, Ohio. We lease space in some of these buildings to third-party tenants. The property we lease to others under operating leases consists primarily of specific facilities where one tenant obtains substantially all of the economic benefit from the asset and has the right to direct the use of the asset. These non-cancelable leases expire between 2020 and 2025, some of which have options to extend the lease for up to five years. We determine if an arrangement is a lease at inception. None of our leases allow the lessee to purchase the leased asset.

Rental income from third-party tenants was \$1.1 million in 2019, \$1.2 million in 2018, and \$1.5 million in 2017. Rental income is included in Hardware and other revenue on the consolidated statements of comprehensive income. Future minimum operating rental income based on contractual agreements is as follows (in thousands):

Years Ending December 31,	Amount
2020	\$ 1,341
2021	1,372
2022	1,402
2023	1,432
2024	1,462
Thereafter	857
Total	\$ 7,866

As of December 31, 2019, we had no additional significant operating or finance leases that had not yet commenced.

Notes to Consolidated Financial Statements

(12) EMPLOYEE BENEFIT PLANS

We provide a defined contribution plan for the majority of our employees meeting minimum service requirements. Eligible employees can contribute up to 30% of their current compensation to the plan subject to certain statutory limitations. We contribute up to a maximum of 3% of an employee's compensation to the plan. We made contributions to the plan and charged operating results \$11.5 million in 2019, \$9.3 million in 2018, and \$7.9 million in 2017.

(13) COMMITMENTS AND CONTINGENCIES

Other than routine litigation incidental to our business, there are no material legal proceedings pending to which we are party or to which any of our properties are subject.

(14) SEGMENT AND RELATED INFORMATION

We provide integrated information management solutions and services for the public sector, with a focus on local governments.

We provide our software systems and services and appraisal services through six business units, which focus on the following products:

- financial management, education and planning, regulatory and maintenance software solutions;
- financial management, municipal courts, planning, regulatory and maintenance, and land and vital records management software solutions;
- courts and justice and public safety software solutions;
- data and insights solutions;
- case management and business management solutions; and
- appraisal and tax software solutions and property appraisal services.

In accordance with ASC 280-10, *Segment Reporting*, the financial management, education and planning, regulatory and maintenance software solutions unit; financial management, municipal courts, planning, regulatory and maintenance, and land and vital records management software solutions unit; courts and justice and public safety software solutions unit; the data and insights solutions unit; and case management and business management solutions unit meet the criteria for aggregation and are presented in one reportable segment, Enterprise Software ("ES"). The ES segment provides public sector entities with software systems and services to meet their information technology and automation needs for mission-critical "back-office" functions such as: financial management and education, courts and justice, public safety, planning, regulatory and maintenance, land and vital records management, data and insights and case management and business management processes. The Appraisal and Tax ("A&T") segment provides systems and software that automate the appraisal and assessment of real and personal property as well as property appraisal outsourcing services for local governments and taxing authorities. Property appraisal outsourcing services include: the physical inspection of commercial and residential properties; data collection and processing; computer analysis for property valuation; preparation of tax rolls; community education; and arbitration between taxpayers and the assessing jurisdiction.

We evaluate performance based on several factors, of which the primary financial measure is business segment operating income. We define segment operating income for our business units as income before noncash amortization of intangible assets associated with their acquisition, interest expense and income taxes. Segment operating income includes intercompany transactions. The majority of intercompany transactions relate to contracts involving more than one unit and are valued based on the contractual arrangement. Segment operating income for corporate primarily consists of compensation costs for the executive management team and certain accounting and administrative staff and share-based compensation expense for the entire company. Corporate segment operating income also includes revenues and expenses related to a company-wide user conference. The accounting policies of the reportable segments are the same as those described in Note 1, "Summary of Significant Accounting Policies."

Segment assets include net accounts receivable, prepaid expenses and other current assets and net property and equipment. Corporate assets consist of cash and investments, prepaid insurance, intangibles associated with acquisitions, capitalized software development costs, deferred income taxes and net property and equipment mainly related to unallocated information and technology assets.

ES segment capital expenditures included \$12.6 million in 2019 and \$2.2 million in 2018 for the expansion of existing buildings and purchases of buildings and land. A&T segment capital expenditures included \$8.2 million in 2019 for the expansion of existing buildings.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019	Enterprise Software	Appraisal and Tax	Corporate	Totals
Revenues				
Software licenses and royalties	\$ 92,567	\$ 7,638	\$ —	\$ 100,205
Subscriptions	285,092	11,260	—	296,352
Software services	185,892	27,169	—	213,061
Maintenance	405,063	25,255	—	430,318
Appraisal services	—	23,479	—	23,479
Hardware and other	16,735	21	6,256	23,012
Intercompany	15,496	—	(15,496)	—
Total revenues	\$ 1,000,845	\$ 94,822	\$ (9,240)	\$ 1,086,427
Depreciation and amortization expense	64,289	926	11,457	76,672
Segment operating income	261,494	20,789	(73,829)	208,454
Capital expenditures	19,335	8,384	10,379	38,098
Segment assets	\$ 834,010	\$ 90,536	\$ 1,267,068	\$ 2,191,614

For the year ended December 31, 2018	Enterprise Software	Appraisal and Tax	Corporate	Totals
Revenues				
Software licenses and royalties	\$ 83,735	\$ 9,706	\$ —	\$ 93,441
Subscriptions	210,740	9,807	—	220,547
Software services	166,921	24,348	—	191,269
Maintenance	359,904	24,617	—	384,521
Appraisal services	—	21,846	—	21,846
Hardware and other	18,745	32	4,881	23,658
Intercompany	13,155	—	(13,155)	—
Total revenues	\$ 853,200	\$ 90,356	\$ (8,274)	\$ 935,282
Depreciation and amortization expense	50,130	914	10,715	61,759
Segment operating income	237,159	23,094	(68,572)	191,681
Capital expenditures	13,973	782	10,377	25,132
Segment assets	\$ 556,100	\$ 63,670	\$ 1,171,193	\$ 1,790,963

For the year ended December 31, 2017	Enterprise Software	Appraisal and Tax	Corporate	Totals
Revenues				
Software licenses and royalties	\$ 78,388	\$ 7,854	\$ —	\$ 86,242
Subscriptions	614,317	7,859	—	172,176
Software services	161,245	19,215	—	180,460
Maintenance	337,701	21,618	—	359,319
Appraisal services	—	25,023	—	25,023
Hardware and other	13,057	10	4,612	17,679
Intercompany	10,425	—	(10,425)	—
Total revenues	\$ 765,133	\$ 81,579	\$ (5,813)	\$ 840,899
Depreciation and amortization expense	43,987	760	8,648	53,359
Segment operating income	229,001	20,788	(51,964)	197,825
Capital expenditures	28,096	1,181	16,341	45,618
Segment assets	\$ 365,736	\$ 46,279	\$ 1,199,336	\$ 1,611,351

Notes to Consolidated Financial Statements

Reconciliation of reportable segment operating income to the Company's consolidated totals:	Years Ended December 31,		
	2019	2018	2017
Total segment operating income	\$ 208,454	\$ 191,681	\$ 197,825
Amortization of acquired software	(30,642)	(22,972)	(21,686)
Amortization of customer and trade name intangibles	(21,445)	(16,217)	(13,381)
Other income (expense), net	3,471	3,378	698
Income before income taxes	\$ 159,838	\$ 155,870	\$ 163,456

(15) DISAGGREGATION OF REVENUE

The tables below show disaggregation of revenue into categories that reflect how economic factors affect the nature, amount, timing, and uncertainty of revenue and cash flows.

Timing of Revenue Recognition

Timing of revenue recognition by revenue category during the period is as follows:

For the year ended December 31, 2019	Products and Services Transferred at a Point in Time	Products and Services Transferred Over Time	Total
Revenues			
Software licenses and royalties	\$ 84,900	\$ 15,305	\$ 100,205
Subscriptions	—	296,352	296,352
Software services	—	213,061	213,061
Maintenance	—	430,318	430,318
Appraisal services	—	23,479	23,479
Hardware and other	23,012	—	23,012
Total	\$ 107,912	\$ 978,515	\$ 1,086,427

For the year ended December 31, 2018	Products and Services Transferred at a Point in Time	Products and Services Transferred Over Time	Total
Revenues			
Software licenses and royalties	\$ 75,188	\$ 18,253	\$ 93,441
Subscriptions	—	220,547	220,547
Software services	—	191,269	191,269
Maintenance	—	384,521	384,521
Appraisal services	—	21,846	21,846
Hardware and other	23,658	—	23,658
Total	\$ 98,846	\$ 836,436	\$ 935,282

Notes to Consolidated Financial Statements

For the year ended December 31, 2017	Products and Services Transferred at a Point in Time	Products and Services Transferred Over Time	Total
Revenues			
Software licenses and royalties	\$ 69,167	\$ 17,075	\$ 86,242
Subscriptions	—	172,176	172,176
Software services	—	180,460	180,460
Maintenance	—	359,319	359,319
Appraisal services	—	25,023	25,023
Hardware and other	17,679	—	17,679
Total	\$ 86,846	\$ 754,053	\$ 840,899

Recurring Revenue

The majority of our revenue is comprised of recurring revenues from maintenance and subscriptions. Virtually all of our on-premises software clients contract with us for maintenance and support, which provides us with a significant source of recurring revenue. We generally provide maintenance and support for our on-premises clients under annual, or in some cases, multi-year contracts. The contract terms for subscription arrangements range from one to 10 years but are typically contracted for initial periods of three to five years. Non-recurring revenues are derived from all other revenue categories.

Recurring revenues and non-recurring revenues recognized during the period are as follows:

For the year ended December 31, 2019	Enterprise Software	Appraisal and Tax	Corporate	Totals
Recurring revenues	\$ 690,156	\$ 36,514	\$ —	\$ 726,670
Non-recurring revenues	295,193	58,308	6,256	359,757
Intercompany	15,496	—	(15,496)	—
Total revenues	\$ 1,000,845	\$ 94,822	\$ (9,240)	\$ 1,086,427

For the year ended December 31, 2018	Enterprise Software	Appraisal and Tax	Corporate	Totals
Recurring revenues	\$ 570,645	\$ 34,424	\$ —	\$ 605,069
Non-recurring revenues	269,400	55,932	4,881	330,213
Intercompany	13,155	—	(13,155)	—
Total revenues	\$ 853,200	\$ 90,356	\$ (8,274)	\$ 935,282

For the year ended December 31, 2017	Enterprise Software	Appraisal and Tax	Corporate	Totals
Recurring revenues	\$ 502,018	\$ 29,477	\$ —	\$ 531,495
Non-recurring revenues	252,690	52,102	4,612	309,404
Intercompany	10,425	—	(10,425)	—
Total revenues	\$ 756,133	\$ 81,579	\$ (5,813)	\$ 840,899

Notes to Consolidated Financial Statements

(16) DEFERRED REVENUE AND PERFORMANCE OBLIGATIONS

Total deferred revenue, including long-term, by segment is as follows:

December 31,	2019	2018
Enterprise software	\$ 386,115	\$ 327,521
Appraisal and tax	25,210	20,018
Corporate	1,369	3,397
Totals	\$ 412,694	\$ 350,936

Changes in total deferred revenue, including long-term, were as follows:

	2019
Balance at beginning of year	\$ 350,936
Deferral of revenue	993,109
Recognition of deferred revenue	(931,351)
Balance at end of year	\$ 412,694

Transaction Price Allocated to the Remaining Performance Obligations

The aggregate amount of transaction price allocated to the remaining performance obligations represents contracted revenue that has not yet been recognized ("Backlog"), which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. Backlog as of December 31, 2019 was \$1.46 billion, of which we expect to recognize approximately 49% as revenue over the next 12 months and the remainder thereafter.

(17) DEFERRED COMMISSIONS

Sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for initial contracts are deferred and then amortized commensurate with the recognition of associated revenue over a period of benefit that we have determined to be three to seven years. Deferred commissions were \$29.8 million, \$21.9 million, as of December 31, 2019, and 2018 respectively. Amortization expense was \$17.8 million \$15.6 million, \$11.2 million for the twelve months ended December 31, 2019, 2018, and 2017, respectively. There were no indicators of impairment in relation to the costs capitalized for the periods presented. Deferred commissions have been included with prepaid expenses in the accompanying consolidated balance sheets. Amortization expense related to deferred commissions is included in selling, general and administrative expenses in the accompanying consolidated statements of comprehensive income.

(18) SUBSEQUENT EVENTS

There are no material events or transactions that have occurred subsequent to December 31, 2019.

Notes to Consolidated Financial Statements

(19) QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

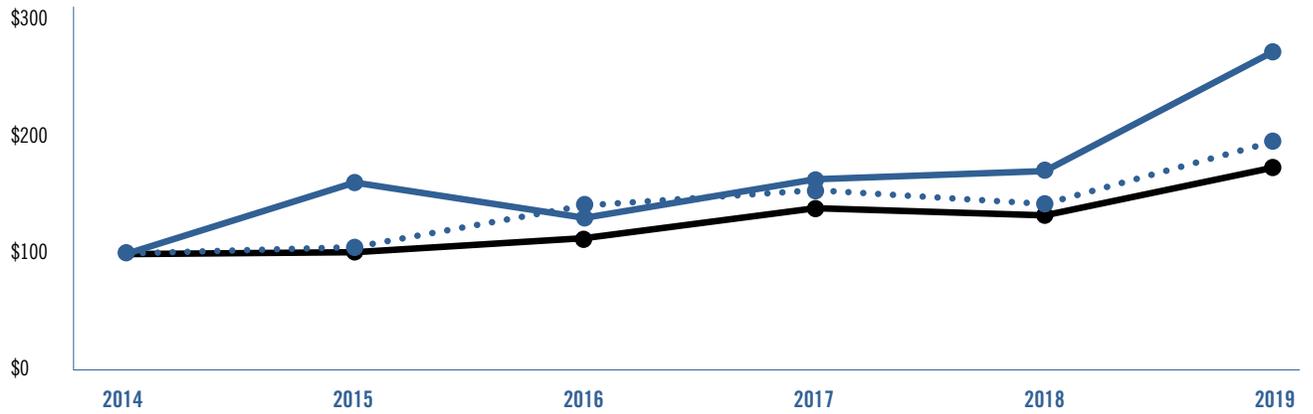
The following table contains selected financial information from unaudited statements of income for each quarter of 2019 and 2018:

	Quarters Ended							
	2019				2018			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenues	\$ 288,837	\$ 275,400	\$ 275,124	\$ 247,066	\$ 241,981	\$ 236,067	\$ 236,060	\$ 221,174
Gross profit	142,275	130,717	127,860	116,048	115,871	111,626	109,276	102,805
Income before income taxes	47,790	40,552	36,419	35,077	40,107	38,626	37,700	39,437
Net income	46,790	40,390	31,999	27,348	31,552	38,924	39,161	37,825
Earnings per diluted share	\$ 1.15	\$ 1.00	\$ 0.80	\$ 0.69	\$ 0.79	\$ 0.96	\$ 0.97	\$ 0.95
Shares used in computing diluted earnings per share	40,736	40,280	39,813	39,585	39,891	40,528	40,224	39,836

Performance Graph

The following table compares total shareholder returns for Tyler over the last five years to the Standard and Poor's 500 Stock Index and the Standard and Poor's 600 Information Technology Index assuming a \$100 investment made on December 31, 2014. Each of the three measures of cumulative total return assumes reinvestment of dividends. The stock performance shown on the graph below is not necessarily indicative of future price performance.

COMPARISON OF CUMULATIVE FIVE YEAR TOTAL RETURN



—●—	100	159.28	130.46	161.78	169.79	274.14
—●—	100	101.38	113.51	138.29	132.23	173.86
····●···	100	104.65	140.08	154.48	140.68	196.38

- Tyler Technologies, Inc.
- S&P 500 Stock Index
- S&P 600 Information Technology Index

CORPORATE OFFICERS

H. Lynn Moore Jr.

President and
Chief Executive Officer

Brian K. Miller

Executive Vice President
Chief Financial Officer
and Treasurer

Matthew B. Bieri

Chief Information Officer

S. Brett Cate

Chief Sales Officer

Samantha B. Crosby

Chief Marketing Officer

Abigail M. Diaz

Chief Legal Officer and Secretary

Bruce E. Graham

Senior Strategy Advisor

Jason P. Durham

Corporate Controller

Jeffrey S. Green

Chief Technology Officer

Jeffrey D. Puckett

Chief Strategy Officer

Kelley B. Shimansky

Chief Human Resources Officer

W. Michael Smith

Chief Accounting Officer

BOARD OF DIRECTORS

John S. Marr Jr.¹

Executive Chairman of the Board
Tyler Technologies, Inc.

H. Lynn Moore Jr.¹

President and
Chief Executive Officer
Tyler Technologies, Inc.

Donald R. Brattain^{2,4}

President
Brattain and Associates, LLC

Glenn A. Carter^{3,4}

Retired Chief Executive Officer
DataProse, Inc.

Brenda A. Cline^{2,3}

Executive Vice President
Kimbell Art Foundation

J. Luther King Jr.^{2,4}

Chief Executive Officer
Luther King Capital Management

Daniel M. Pope³

Mayor
City of Lubbock, Texas

Dustin R. Womble

Retired Executive Vice President
Tyler Technologies, Inc.

¹ Executive Committee

² Audit Committee

³ Nominating and Governance Committee

⁴ Compensation Committee

OPERATIONAL LEADERSHIP

S. Franklin Williams III

President
Data & Insights Division

Enterprise Group

Christopher P. Hepburn

President
Enterprise Group

Mark A. Hawkins

President
Appraisal & Tax Division

Christopher J. Webster

President
ERP Division

Dane L. Womble

President
Local Government Division

Kristoffer L. Collo

President
Federal Division

Justice Group

D. Bret Dixon

President
Justice Group

Russell J. Smith

President
Courts & Justice Division

Bryan K. Proctor

President
Public Safety Division

CORPORATE HEADQUARTERS

5101 Tennyson Parkway
Plano, Texas 75024
972.713.3700
tylertech.com

TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust
Company
6201 15th Avenue
Brooklyn, New York 11219
800.937.5449
help@astfinancial.com
amstock.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
Dallas, Texas

ANNUAL MEETING OF SHAREHOLDERS

Tuesday, May 12, 2020
9:00 a.m. Central Time
Renaissance Dallas at
Plano Legacy West
607 Legacy Drive
Plano, Texas 75024

CERTIFICATIONS

We submitted an unqualified
Annual CEO Certification to
the New York Stock Exchange
(NYSE) as required by the NYSE
Listed Company rules. We also
filed with the Securities and
Exchange Commission the
Chief Executive Officer and
Chief Financial Officer
certifications required under
Section 302 of the Sarbanes-
Oxley Act as exhibits to our
Annual Report on Form 10-K.

INVESTOR INFORMATION

Our annual report on Form 10-K
is available on the company's
website at www.tylertech.com.
A copy of the Form 10-K or
other information may also be
obtained by contacting the
Investor Relations Department
at corporate headquarters.

INVESTOR RELATIONS

972.713.3714
info@tylertech.com

COMMON STOCK

Listed on the New York
Stock Exchange under
the symbol "TYL"





Empowering people who serve the public®

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Tyler Pricing

Implementation Costs

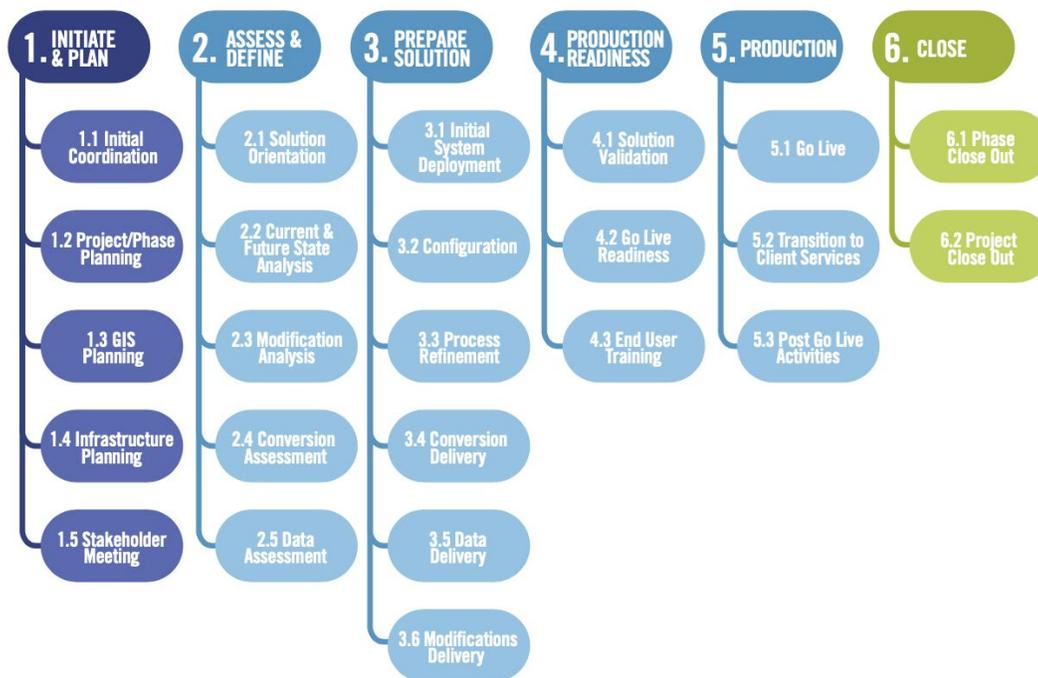
- SaaS: \$76,650
- On-Premises: \$76,650

Services Provided

1. Data and image conversion from legacy system uploaded into Eagle Recorder
2. Software installation, implementation, configuration to satisfy Los Alamos County Clerk workflow preferences
3. Full training of all staff pre-Go Live and Go Live support post Go-Live

Project Plan: Six Stages of the Project

Work Breakdown Structure (WBS)



Hardware / Equipment Costs

SaaS

- \$40,635 (\$1,680/year support)
- Includes: workstations, scanners, printers, etc. for office

On-Premises

- \$79,735 (\$1,680/year support)
- Includes
 - Workstations, scanners, printers, etc. for office
 - Database, application, web servers to host the software

On-going Maintenance & Support Costs

SaaS

- \$51,670/year
- Fixed fee for term of the contract
- Includes all software, technical support, software updates, Disaster recovery, hosting services (24/7/365 NOC “monitoring”), escrow services, database server, application server, web server.

On-Premises

- \$18,900/year
- One time software licensing fees: \$95,000
- First year fees waived.
- Annual fees invoiced in Year 2.
- Includes all technical support, software updates

Disaster Recovery and Back Up Costs

SaaS

- \$0 - included in Tyler SaaS Hosting Services

On-Premises

- \$5,658
- Includes Disaster Recovery, basic network services, escrow services

Records Retention (Microfilm) Costs

Phase 1: Previously scanned images

- \$64,228 for required services
 - Stage 2 - Reporting and Indexing
 - Stage 3 – Enhancing & Formatting

Phase 2: Scan Miscellaneous and Mortgage Books from Aperture Cards

- \$17,344 for required services
 - Stage 1 – Scanning & Extracting
 - Stage 2 - Reporting and Indexing
 - Stage 3 – Enhancing & Formatting

Optional

- Enhanced scanning services are available