

License & Service Level Agreement

Munsoft Financial Software

Entered into by and between

MUNSOFT (Pty) LTD

P O Box 731457

Fairland

2030

('Licensor')

and

Waterberg District Municipality

Private Bag X 1018,

Modimolle

0510

('Customer')

Whereas the **Licensor** has the right to license the **Licensed Programs** and **Licensed Materials** described in **Schedule A** to this agreement

and

whereas the **Customer** desires to acquire a License to use the **Licensed Programs** and **Licensed Materials**.

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Disaster

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Now therefore the parties agree as follows:

1. **Grant**

- 1.1 **Licensor** herewith grants to the **Customer** a non-transferable and non exclusive license to use the **Licensed Programs** and **Licensed Materials** specified in **Schedule A** hereto on any processor and/or server at the location(s) specified in **Schedule A** hereto on the terms and conditions set out hereinafter and in **Schedule A**.
- 1.2 Each **Schedule** hereto duly dated and signed by the parties from time to time shall operate as a separate and distinct license agreement as if all the terms and conditions hereof which shall, with necessary changes, apply to such **Schedule**.

2. **Definitions**

For the purpose of this Agreement, the following are defined terms:

- a) The term '**Licensed Programs**' shall mean a series of machine readable instructions or statements which form a set of information processing programs relating to a particular application or optional feature Licensed for use under this agreement as specified in **Schedule A** hereto.
- b) The term '**System**' shall mean all **Licensed Programs** and **Licensed Materials** Licensed under this Agreement.
- c) The term '**Enhancement**' shall mean modifications, refinements and improvements made to a **Licensed Program** or **Licensed Materials** which **Licensor** elects to incorporate into and make a part of that **Licensed Program** or **Licensed Materials** and which **Licensor** does not separately market.
- d) The term '**Use**' shall mean copying any portion of a **Licensed Program** or **Licensed Materials** into a computer or transmitting those to a computer for processing of the instructions or statements contained in the **Licensed Program** or **Licensed Materials**, including such processing.
- e) **MUNSOFT (Pty) Ltd.** owns the rights to the source code of all versions of the software, namely; **Munsoft Financial System**

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- f) The term '**Location**' shall mean the **Municipal Offices of the Waterberg DM.**

3. **System Use**

The **Customer** is authorised to **Use** the **System** on any processor designated as the server in **Schedule A.**

4. **License Fees**

4.1 The license fees to be paid by the **Customer** are specified in **Schedule A.**

4.2 **Licensor** shall invoice the **Customer** in respect of all due license fees and the **Customer** shall pay to **Licensor** all amounts due and so invoiced within 30 (Thirty) days of receipt of the applicable invoice by the **Customer.**

4.3 Amounts not so paid within 30 (Thirty) days shall be subject to 1.5% (one and a half percent) interest per month until such time as it is paid by the **Customer.**

5. **Assignment of use**

5.1 The **Customer's** rights to the **System** under this agreement shall not be ceded, assigned, licensed or otherwise transferred by **Customer** without the prior written consent of **Licensor.**

6. **Maintenance & Support Services**

6.1 Maintenance and Support Services provided for under this agreement for the **Licensed Programs** are set out in **Service Level Agreement Section** of **Schedule A** hereto.

6.2 The maintenance fees to be paid by the **Customer** are specified in the applicable **Service Level Agreement Schedule A** hereto.



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7. **Term of Agreement**

- 7.1 The term of this agreement shall commence on date of signature hereof and shall remain in force perpetually unless terminated as provided in this agreement.
- 7.2 The agreement concluded by the execution of specific **Schedule** hereto shall be operative for the term specified in such **Schedule**. The effective date shall be the date of execution of such **Schedule**.

8. **Termination**

- 8.1 This agreement shall remain in full force and effect until each **Schedule** has lapsed and/or been terminated as provided.
- 8.2 The **Customer** may cancel any **Schedule(s)** hereto and/or the maintenance and support services pertaining to a specific **Schedule(s)** hereto with **30 (thirty) days** written notice to the **Licensor**.
- 8.3 If either party fails to perform its obligations as set out in this agreement or any **Schedule** thereto and such failure to perform is not corrected within thirty (30) days of written notification to so correct such failure from the other, this agreement or any **Schedule** thereto may be terminated immediately according to the terms and conditions of this section upon written notice of termination to the defaulting party.
- 8.4 Within (30) thirty days after the date of termination of this agreement or any **Schedule** thereto, **Customer** shall return to **Licensor** or destroy the applicable original and all copies of the **System**, in any form, in whole or in part, and an officer of the **Customer** shall certify to the foregoing in writing delivered to **Licensor**. Except where this would complicate/prejudice the customer in terms of data stored.
- 8.5 The **Customer** shall pay any accrued charges provided for in this agreement and **Schedule(s)** incurred prior to the date of termination. The **Licensor** shall pay any shipping and handling charges necessary to return the **System** to **Licensor**, except where termination is the result of **Customer's** default.



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8.6 Any further obligations of the parties shall cease except that the terms and conditions of the section entitled Confidentially shall continue in full force and effect for a period of 5 years after termination.

9. **Applicable Taxes**

9.1 In addition to the license fee, the **Customer** agrees to pay all taxes based on this agreement and **Schedule** for the **System**, its **Use**, or for any services performed in connection with this agreement, excluding taxes based on **Licensor's** net income.

10. **Delivery**

10.1 The **System** shall be delivered to the **Customer** on or before the delivery date specified in the applicable **Schedule** ('**The Delivery Date**').
Provided that if circumstances beyond the control of the parties shall temporarily make it impossible to deliver or accept delivery respectively as the case may be, then the principles of *force majeure* will apply and the applicable obligations of the parties will be temporarily suspended during the *force majeure* period to the extent that it is reasonable affected by said *force majeure* circumstances.

10.2 The **Delivery Date** is the date by which delivery of the **System** must be taken by the **Customer**. Should delivery not have taken place by the **Delivery Date**, the license fees or any balance thereof then outstanding shall be payable by the **Customer** against delivery by **Licensor** of the relevant **System**, subject to the provisions of clause 8 pertaining to termination.

11. **Warranties**

11.1 **Licensor** warrants that it is entitled to grant to the **Customer** a license to use the **System** as provided for by this agreement.

11.2 **Licensor** warrants that the **Licensed Program** will conform to the **Licensed Materials** as delivered by **Licensor** to the **Customer**. **Licensor** represents that the **Licensed Materials** accurately describe the features capabilities and designs of the **Licensed Program**, except as specifically stated otherwise.



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- 11.3 Should a **Licensed Program** not function in accordance with the **Licensed Materials**, except in a minor way, notwithstanding **Licensor's** attempt to correct non-conformances, the **Customer** shall be entitled to terminate the applicable **Schedule** with immediate effect.
- 11.4 The **Licensor** warrants that it has obtained the necessary authorization from the sole proprietary owner of all such copyright and intellectual property rights subsisting in the **System** to distribute and license the **System** and indemnifies the **Customer** at all times against any liability in respect of claims from the third parties for infringement thereof.
- 11.5 If as a result of any such claim the **Customer** is permanently precluded from using the **System**, the **Licensor** at its expense shall procure for the **Customer** the right to continue to use the **System** or provide a replacement or modification for the **System** so as to settle such claim. If modification of the **System** is not reasonably practical, the **Licensor** may discontinue and terminate this license upon written notice to the **Customer** and shall refund to the **Customer** all license fee paid to the **Licensor** under this agreement.

12. **Limitation of liability**

- 12.1 The warranties stated in this agreement are in lieu of all other warranties and conditions expressed or implied, including, but not limited to, those concerning merchantability and fitness for a particular purpose.
- 12.2 The **Licensor** shall not be liable for any loss, cost damage or expense arising directly or indirectly in connection with this agreement or any Amendments or Attachments to it, in excess of the amount of the license fee paid by the **Customer** to **Licensor**. In no event shall **Licensor** be liable for any special or consequential damages or for any indirect damages such as punitive damages even if **Licensor** has been notified of the possibility of such damages.

13. **Acknowledgement of no Program Rights**

- 13.1 The **Customer** acknowledges that the **System** is not the property of the **Customer** and that the **Licensor** intends that the **Customer** will use the **System** only under the terms and conditions of this agreement.

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14. **Confidentiality**

- 14.1 With respect to the **System**, the terms and conditions of this agreement, and to financial, statistical, business, technical, copyrighted and/or confidential information relating to each other's business which is submitted by either **Licensor** or the **Customer** in order to carry out this agreement, each party will instruct its personnel to keep such information confidential by using the same care and discretion that they use with similar data of their own.
- 14.2 The **Customer** further agrees to take reasonable steps to ensure that any program or materials relative to the operation of the **System**, including but not limited to flow charts, logic diagrams, and source code in any form are not provided or otherwise made available to any other parties other than employees of the **Customer** without written consent from **Licensor**.
- 14.3 Information regarding the system may be provided to the **Customer's** auditors only to the extent required by their audit function. The **Customer** may also disclose **Licensor** confidential information to the **Customer's** consultants who have been retained to perform work for hire in connection with the **Customer's use** of the **System**. All the **Customer's** consultants having access to **Licensor** confidential information will be required to execute a non-disclosure agreement acceptable to **Licensor** prior to disclosure.

15. **Copies of the System**

- 15.1 The **Customer** shall not copy the **System**, in whole or in part, except as expressly provided in this section.
- 15.2 The **System** may be copied, in whole or in part, in printed or machine-readable form for **use** by the **Customer** at the **Designated Site**, for archive or emergency restart purposes, to replace a worn copy, to understand the contents of such machine-readable materials, or to store at the off-premises location which the **Customer** uses for security storage purposes, provided however, that no more than two (2) printed copies and two(2) machine-readable copies will be in existence under the license at any one time without prior written consent from **Licensor**.



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15.3 The **Customer** agrees not to remove or destroy any proprietary marking or proprietary legends appearing on or contained within any **Licensed Program** or **Licensed Materials** and the **Customer** agrees that such proprietary marking or legends shall appear on all copies or partial copies of the **Licensed Program** and **Licensed Materials** made by the **Customer**.

16. **Notices**

16.1 Except for notices required under the termination section of this agreement, which shall be sent by registered or air mail, any notice, request or payment of statement hereunder shall be deemed to be sufficiently given or rendered when sent postal mail to the addresses of the parties set forth in this agreement or such other addresses, which may, from time to time, be designated by notice in writing by the parties.

17. **Rights within the Territories**

17.1 All of the **Customer's** rights to the **System** under this agreement shall apply only to **use** within, and may not be transferred outside of the **Territory** without the written consent of the **Licensor**.

18. **Entire Agreement**

18.1 This agreement including all the terms and conditions, and the attached **Schedule(s)** contains the entire understanding of the parties. There are no undertakings other than those expressly stated herein. This agreement may not be modified except by writing, executed by authorised representatives of **Licensor** and the **Customer**



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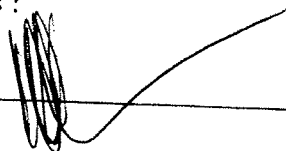
19. **Governing Law**

19.1 This agreement shall be deemed to have been entered into and shall be interpreted in accordance with the laws of the Republic of South Africa.

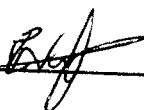
Signed at Mobimolle on 01 NOVEMBER 20 11

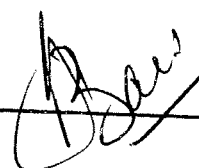
Witnesses :

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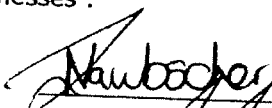


On behalf of **Licensor**
duly authorised thereto

Signed at Mobimolle on 01 NOVEMBER 20 11

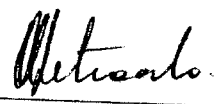
Witnesses :

1.



2.





On behalf of **Customer**
duly authorised thereto

License & Service Level Agreement

Munsoft Financial Software

Schedule 'A'

1. Licensed Programs.

Qty.	Concurrent Users	Description	Initial License Fee	Anniversary Date	Annual License Fee
1	33	Munsoft 4i	R132,000	July	R 16,500
1	Unlimited	Oracle 10g	R 50,000	July	R 12,000
1	33	Pro-IV	R 74,646	July	R 12,012
1	1	CaseWare	R150,000	July	R 68,000

Total Annual License Fees (Excl. Vat) R 108,512

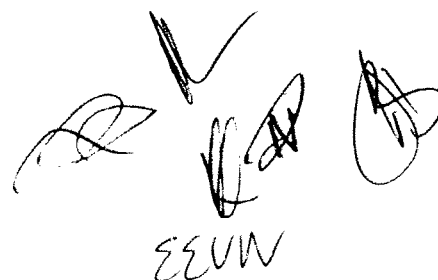
2. Maintenance & Support Fees

Qty.	Concurrent Users	Description	Anniversary Date	Monthly Fee
1	33	Munsoft Financial Software,	July	R 24,000
1		Telkom Diginet & Hardware	July	R 4,700

Total Monthly Support Fees (Excl. Vat) R 28,700

3. Licensed Programs Terms & Conditions

- 3.1 The **Customer** shall receive a single copy of the **Licensed Programs**. The **Licensed Programs** will be provided in object code form.
- 3.2 If the **Licensor** goes into liquidation other than a voluntary liquidation for the purpose of reconstruction or amalgamation, the **Licensor** shall forthwith provide to the **Customer** at no additional charge the current updated source code of the **Munsoft Financial System Only**, together with all the necessary associated documentation and the **Customer** shall be deemed to have a perpetual, non-exclusive royalty free license to use the source code.



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- 3.3 Any number of INTEL PC compatible servers at the **Location** designated by the **Customer**, provided the number of concurrent users does not exceed the licensed number of concurrent users.
- 3.4 A complete set of all currently available documentation pertaining to the Licensed Programs.
- 3.5 Scheduled enhancements and upgrades made to the **Licensed Programs** by the **Licensor**.

4. **Maintenance & Support Fees Terms and Conditions**

- 4.1 **Unlimited** On-line Modem and telephonic support via **Sysaid**, the **Licensor's** Helpdesk call logging system. Special arrangement must be made by the **Customer** for after hours support.
- 4.2 Implementation of new releases, a minimum of two releases per annum as signed off by the **Munsoft IT Steering Committee**.
- 4.3 The **Monthly Maintenance & Support Fee** excludes all travel and accommodation costs for on-site support. An hourly rate of R550 (or any prevailing rate at that time) will be charged for on-site support.
- 4.4 Server monitoring and reporting, assist with IT Infrastructure and strategies regarding compliancy, disaster recovery, connectivity to remote offices and Internet.
- 4.5 Updating and distribution of user manuals in electronic format.

5. **Escalation Charges**

- 5.1 The **Licensor** shall be entitled to increase the License fees for each **Licensed Program** or **Monthly Maintenance Fee** on the anniversary date with 60 (sixty) days written notice to the **Customer**, provided that such increase shall not exceed the percentage increase in the Consumer Price Index (all Income Groups) ('CPI') for the month when the CPI was last published, compared with the CPI for the corresponding month of the previous year.

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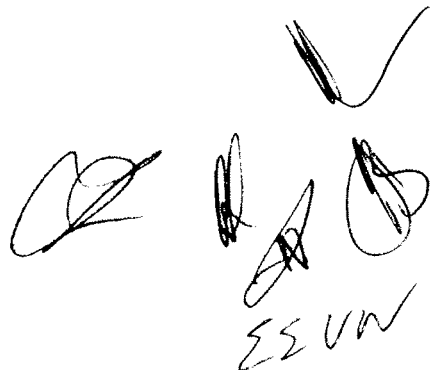
- 5.2 The on-going **Maintenance and Support** year runs from the 1st of July of every Year and continues until cancellation by giving **30 days notice** in writing in terms of this **License & Service Level Agreement**.

6. **Payment Terms**

- 6.1 All charges shall be payable monthly in advance within 30(Thirty) days after receipt of an invoice.
- 6.2 Should the **Customer** be 60 days or more in arrears with their monthly support payments then the **Licensor** will have the right to suspend all support services until payment within the payment terms is received.

7. **Non Performance Warranties**

- 7.1 It is noted that non-performance in terms of this Agreement does not entitle the customer to discontinue payment for support services.
- 7.2 Data corruption as a result of Server Malfunction, data imbalances due to the user error, for example, executing scheduled update procedures more than once, are not measured as part the performance warranty.
- 7.3 Should the communication link be unavailable, then resolution of the problem may require an on-site visit and in this event, resolution targets will be affected by the travel time. On-site support, travel and accommodation costs will be for the **Customer's** account.
- 7.4 The program maintenance targets listed below are measured and list monetary penalties that can be deducted from the monthly fee after clear measurement of non-conformance to the Program Maintenance targets set out hereunder.



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- 7.5 In the event of program non-conformance the **Licensor** undertakes to provide the Customer with a substantive response in accordance with the provisions as set out hereunder.

8. System Support Targets

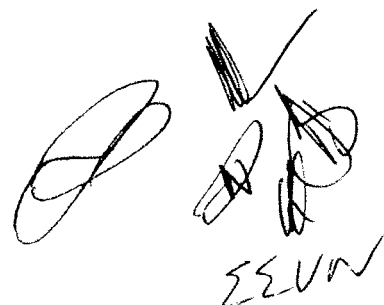
Severity level	Description	Response Times	Resolution Times
1	Critical. Unable to process which materially affects the Customers Business	0 - 2 Hrs.	0 - 16 Hrs
2	Non Critical. System active but users severely impacted	0 - 6 Hrs	3 days
3	Non Critical. System active but users not impacted	6- 2 Hrs	5 days

- 8.1 Response and Resolution times will be measures according to the history provided by the call logging system Sysaid. If a call is logged prior to the completion of a working day, deemed to be from 8.00 am to 5pm, measurement of the response and resolution targets shall be adjusted according to these times.
- 8.2 Should a temporary bypass be effected which results in the ability of the System to operate in such a way that it does not materially affect the **Customer's** business, this shall be deemed to be a resolution in terms of this clause, provided that a permanent fix is effected within 5(Five) days of the problem being logged.

9. Penalties

- 9.1 The parties will work in service periods of 1 (one) calendar month at a time and should the **Licensor's** performance in relation to this Schedule be unsatisfactory by virtue of non-delivery against agreed response and resolution times, the following penalties may be imposed by the **Customer** :

Severity 1 - non performance - 1/12 of Annual Maintenance Fee
Severity 2 - non performance - 1/24 of Annual Maintenance Fee
Severity 3 - non performance - 1/36 of annual Maintenance Fee



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10. **Special Provisions**

10.1 It is recorded that the source language code of the **Munsoft Financial System** shall be kept in escrow at a third party.

10.2 In the event of the **Licensor's** failure to perform its obligations in terms of this agreement, the **Customer** shall have the right of access to and use of such source language code held in escrow in order to enable the **Customer** to maintain the **Licensed Programs**.

Signed at

Madinolle

on

1st November 20 11

On behalf of **Licensor** duly authorised thereto

Signed at

Madinolle

on

NOVEMBER, 01 20 11

On behalf of **Customer** duly authorised thereto


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Munsoft Disaster Recovery Solution

Schedule 'E'

1. The Provision of a Disaster Recovery Solution.

- 1.1 Munsoft has designed and implemented a Backup Solution which allows our customers to protect their Munsoft data off-site. No need for Waterberg District Municipality to procure a 'duplicate' Munsoft server with all the additional license fees, setup costs, daily monitoring.
- 1.2 Munsoft will automatically align Waterberg District Municipality's Munsoft Data over the Munsoft/Telkom Managed Network to a Disaster Recovery Site based in Centurion every evening.
- 1.3 Once every 3 months a full restore of your Munsoft data will be performed onto the Disaster Back-up Server and by merely redirecting your users to the Backup Server, they will be able to work as normal.
- 1.4 The initial set up fee will be for setting up your municipality on the backup server with your mission critical users, securities and passwords as well as a complete set of your data as a starting point.
- 1.5 Monthly Disaster Recovery Service includes Restore and testing every 3 months, Daily Checks & Management of backup server, reporting on successes and failures and a support desk to assist with queries.



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2. Costing

Qty.	SLA	Description	Initial Fee	Monthly Service Fee
1	DRC	Initial Setup & alignment of data on Backup Server	R20,000.00 Excl.	
2	DRC	Monthly Management Fee		R6,500.00

Total Monthly Service Fee (Excl. Vat) **R6,500.00 pm**

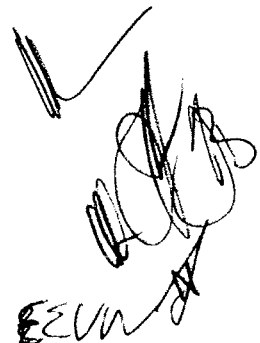
3. Payment Terms

- 3.1 All charges shall be payable monthly within 30 (Thirty) days after receipt of an invoice.

4. Term of Agreement

- 4.1 The term of this agreement shall commence on date of signature of **Schedule 'E'** and shall remain in force for an initial period of 1 (One) year from date of signature and there after perpetually unless terminated as provided in this agreement giving 30 days' notice.

- 4.2 The agreement concluded by the execution of this specific **Schedule** hereto shall be operative for the term specified in this **Schedule**. The effective date shall be the date of execution of this **Schedule**.



Handwritten signature and initials, possibly reading 'EEN'.

Signed at Mobimolle on 1st NOVEMBER 2011

[Signature]
On behalf of **Licensor** duly authorised thereto

Signed at Mobimolle on 01 NOVEMBER 2011

[Signature]
On behalf of **Customer** duly authorised thereto

[Signature] - Witness

[Signature]