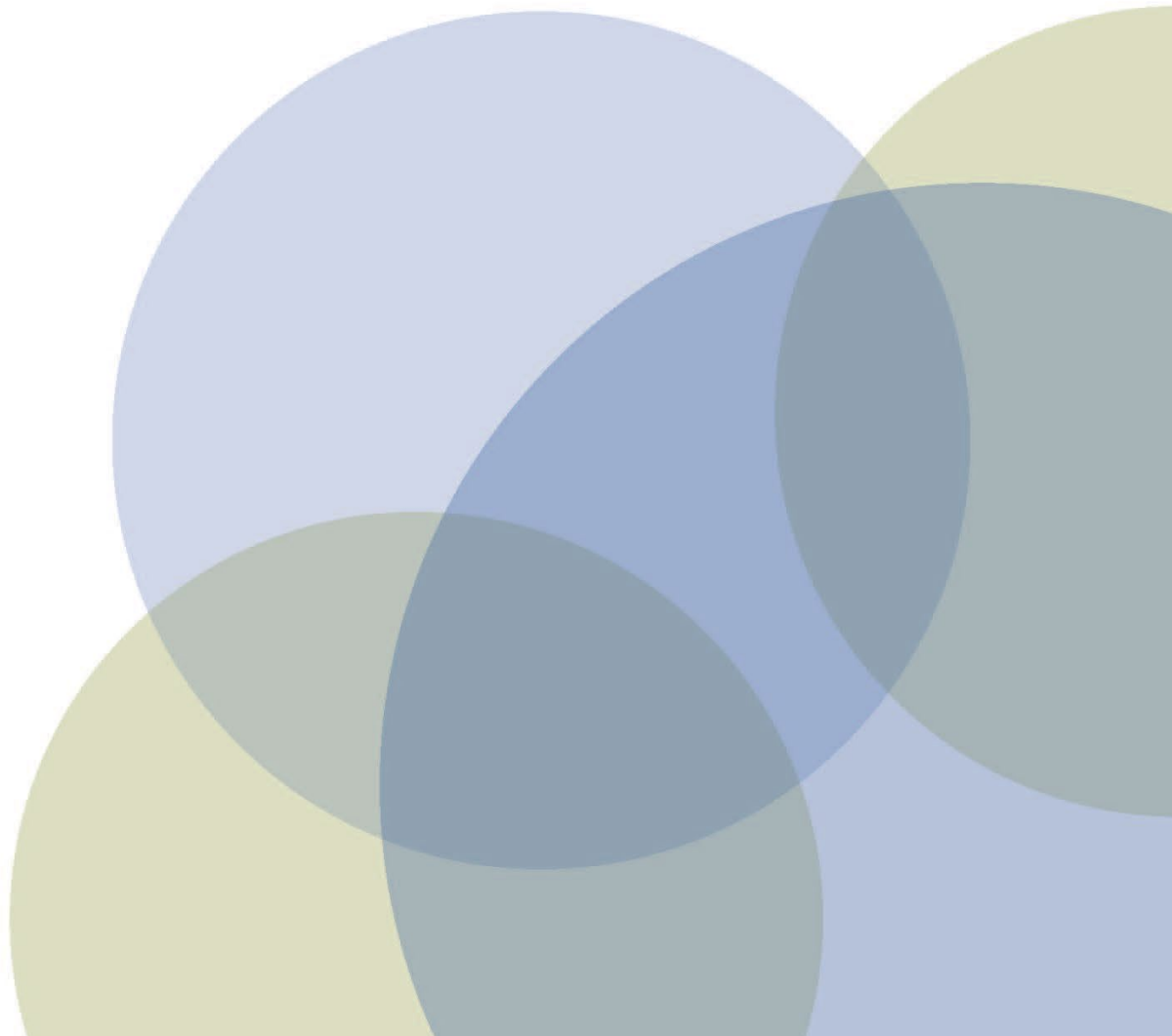# City of League City
Merchant Banking Services
RFP 23-032

Wednesday, September 20, 2023

Jeff Keller - Account Executive
One Tyler Drive, Yarmouth, ME 04096
Phone: 888.529.8248 ext: 187024
Email: Jeff.Keller@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.

Same Tyler Products, New Names

Since 1999 Tyler has been building the best array of software solutions for the public sector. If you have spoken with one of our representatives, attended a demonstration, or browsed our website before 2022, you may notice some changes in our products. Many of Tyler's products are getting new, simplified names. These updated names will be functional in nature, making it easier to understand what our products do.

Our products are changing in name only. There will be no change in product functionality, support, or services. You can continue to expect the best with Tyler. We are excited to share this journey into the next evolution of Tyler Technologies.

For details, please visit https://www.tylertech.com/about-us/who-we-are/product-name-update-faq

Table of Contents

Wednesday, September 20, 2023

City of League City
Purchasing Department
City Hall
300 West Walker
League City, TX 77573

RE: Response to RFP for Merchant Banking Services RFP 23-032

Dear Procurement"

Tyler Technologies, Inc. (Tyler) is pleased to respond to the City of League City's RFP dated Wednesday, August 23, 2023, for Merchant Banking Services. The attached response will detail our complete offering, including:

- The Enterprise ERP powered by Munis software solution
- Necessary consultation to define scope of services
- Implementation of software and services
- Training on, and support of, provided software and services

Tyler Payments is the only payments solution that offers a seamless, natively integrated and real-time payment solutions to Tyler Technologies core/back-office application, Enterprise ERP, Enterprise Permitting & Licensing, along with Tyler Cashiering, and Resident Access for both over the counter and online payments. Tyler Payments also offers the only true one vendor relationship throughout the billing, payment and reconciliation process. This integrated solution will allow for ease of use both internally for City staff and externally for citizens.

This response and proposed cost shall be valid and binding for 90 days following the RFP due date. Except as set forth in this response, this document may be released in part or in total as public information in accordance with the requirements of the laws covering same.

One or more individuals in the Tyler Contracts Department have read and accepted the terms and conditions of the RFP and any amendments, except as modified by, taken exception to, or otherwise set forth in Tyler's response.

If you have any questions, please feel free to contact:

Jeff Keller, Account Executive
888.529.8248 ext: 187024 - Jeff.Keller@tylertech.com

Respectfully submitted,

Rob Kennedy-Jensen
Group General Counsel, Tyler Technologies, Inc.
Tyler Technologies, Inc. is a publicly traded corporation (NYSE: TYL), EIN: 75-2303920

RFP 23-041
Merchant Banking Services

Proposal Cover Sheet
Due Date: Wednesday September 20, 2023 by 10:00 a.m.

Tyler Technologies

Name of Firm/Company

Rob Kennedy-Jensen   Group General Counsel

Agent's Name (Please Print)   Agent's Title

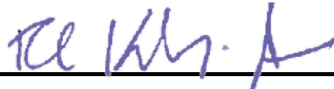1 Tyler Drive   Yarmouth   Maine   04096

Mailing Address   City   State   Zip

800-772-2260   Rob.Kennedy-Jensen@tylertech.com

Telephone Number   Email Address

[signature]   **   9/20/2023

Authorized Signature   Date

** Subject to Tyler's Proposal response and exceptions taken to herewith

---

Proposal Submission Checklist

Proposal submission package shall consist of the following:

[X] Proposal Cover Sheet

[X] Proposal (If hard copy submitted: one marked original, one marked copy and a flash drive)

[X] Proposal Cost Sheet

[X] Public Information Act Form

[X] Conflict of Interest Questionnaire (if required)

Proposal Certification and Addenda Acknowledgement

Proposer must initial next to each addendum received to verify receipt:

Addendum #1 RKJ_____ Addendum #2_____ Addendum #3_____

Addendum #4_____ Addendum #5_____ Addendum #6_____

TAB B - Rates, Fees, and Expenses

Provide a detailed fee schedule for discount fees and all other charges and expenses. Include any applicable gateway fees, set up fees, monthly account fees, transaction fees for processing, interchange fees, risk assessment fees, and fees for required reporting of all transactions. Specify all other fees and charges, included, but not limited to, implementation and conversion costs, chargebacks, voice, recorded, and offline authorizations, etc.

Please see Tyler's submitted proposal cost sheet and attached Investment Summaries. All applicable fees are detailed.

Specify differences in discount rates and fees for each type of card and each type of transaction, i.e.: debit vs. credit; point-of-sale terminal transaction vs. phone transaction vs. internet transaction.

Interchange fees vary by credit card company and are passed through.

Specify all applicable fees associated with electronic check conversion, including but not limited to set up fees, monthly access fees, per ACH transaction fees, ACH per item return fees.

Please see Tyler's submitted proposal cost sheet and attached Investment summaries in Tab B of Tyler's proposal. All applicable fees are detailed. eCheck fees are only applicable with Enterprise ERP and Enterprise Permitting and Licensing transactions.

Fees not specifically listed will not be allowed.

RFP 23-041
Merchant Banking Services

Proposal Cost Sheet
DUE DATE: Wednesday, September 20, 2023 by 10:00 a.m.

Markup Rates (Enterprise ERP) __0.40% +__ $0.40

Markup Rates (Enterprise Permitting & Licesing __0.75% +__$0.75

Markup Rates (ERP Pro Courts) __0.88% +__ $0.88

Interchange Rates - rates vary by credit card issuer

Convenience Fee for Debit/Credit Card _____ %

Convenience Fee for ACH/eCheck __$1.95__ %

eCheck Rejects (EERP, EPL) __$5.00__

Credit Card Chargebacks (EERP, EPL $15.00

IVR Cost Additional $0.50 per transactionon top of Card and eCheck fee

Please see Tyler's detailed Investment Summaries included in Tab B of Tyler's proposal

Unit prices listed above are good for ninety (90) calendar days after receipts of proposal

Sales Quotation For:

City of League City
300 W Walker St
League City TX 77573-3898
Phone: +1 (281) 554-1000

Payments

	Use Case	List Price	Service %	Min	Basis Points	Rate	Cap	POS	Online	IVR
Payments - Client Card Cost - Interchange Plus										
Enterprise ERP										
Enterprise ERP Payments	Utility Billing				0.40%	$ 0.40		X	X	X
Enterprise ERP Payments	General Billing				0.40%	$ 0.40		X	X	X
Enterprise ERP Payments	Miscellaneous				0.40%	$ 0.40		X	X	X
Tyler Enterprise Payments	EMS				0.40%	$ 0.40		X	X	
Enterprise Permitting & Licensing										
Enterprise Permitting & Licensing Payments	Permits				0.75%	$ 0.75		X	X	
Payments - Other Fees										
Enterprise ERP										
Client eCheck Cost		$ 1.95								

eCheck Rejects	$ 5.00
Credit Card Chargebacks	$ 15.00

Enterprise Permitting & Licensing

Client eCheck Cost	$ 1.95
eCheck Rejects	$ 5.00
Credit Card Chargebacks	$ 15.00

Client Card Cost - Interchange Plus Per card transaction with Visa, MasterCard, Discover, and American Express for all transactions on top of industry-driven rates for bank fees, card brand fees, interchange fees, dues, assessments, and other processing fees.

Enterprise ERP Payments IVR Cost - Additional $0.50 per transaction on top of Card and eCheck fee.

Client eCheck Cost Per electronic check transaction.

eCheck Rejects When an eCheck transaction comes back as declined (e.g bounced check)

Credit Card Chargebacks If a card payer disputes a transaction at the card issuing bank (e.g. stolen card)

Summary	One Time Fees	Recurring Fees
Total Tyler License Fees	$ 0.00	$ 0.00
Total SaaS	$ 0.00	$ 0.00
Total Tyler Services	$ 0.00	$ 0.00
Total Third-Party Hardware, Software, Services	$ 0.00	$ 0.00
Summary Total	**$ 0.00**	**$ 0.00**
Contract Total	**$ 0.00**	

Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: _____   Date: _____

Print Name: _____   P.O.#: _____

Comments

Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the scope, level of engagement, and timeline as defined in the Statement of Work (SOW) for your project. The actual amount of services required may vary, based on these factors.

Tyler's pricing is based on the scope of proposed products and services contracted from Tyler. Should portions of the scope of products or services be altered by the Client, Tyler reserves the right to adjust prices for the remaining scope accordingly.

Unless otherwise noted, prices submitted in the quote do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

Tyler's prices do not include applicable local, city or federal sales, use excise, personal property or other similar taxes or duties, which you are responsible for determining and remitting. Installations are completed remotely but can be done onsite upon request at an additional cost.

In the event Client cancels services less than two (2) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the cancelled services if Tyler is unable to re-assign its personnel.

The Implementation Hours included in this quote assume a work split effort of 0% Client and 0% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

Your use of Payments and any related items included on this order is subject to the terms found at: https://www.tylertech.com/terms/payment-card-processing-agreement. By signing this order or the agreement in which it is included, you

agree you have read, understand, and agree to such terms. Please see attached Payments fee schedule.

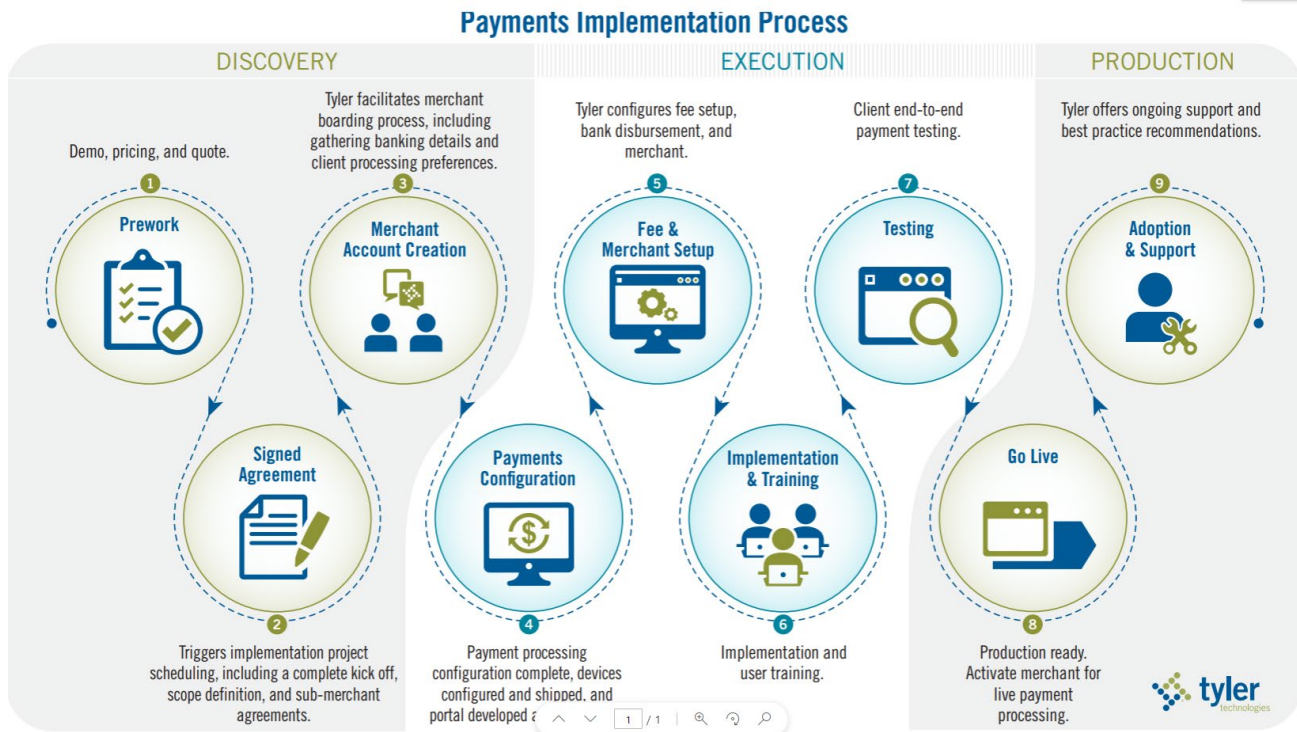| Tyler Payments Fee Schedule	
Client Electronic Payment Costs (Cost Plus Fee Model) If absorbing the transaction costs	
Client Card Cost – per card transaction with Visa, MasterCard, Discover, and American Express for transactions on top of bank and card brand fees Applies to: • Court: Online and In Person	0.88% + $0.88
Miscellaneous Costs	
Credit Card Chargebacks – if a card payer disputes a transaction at the card issuing bank (e.g. stolen card)	$15.00
Card Terminal Purchase – per device. Covers cost of PCI compliance, service, maintenance, real-time integration and support	Payments EMV Card Reader Purchase: $529 (one-time fee per device) Plus $180 annual per device PCI service fee

TAB C - Project Design and Methodology

Tyler is proposing a phased approach for implementation of this solution where Tyler will work with the City to establish the new merchant accounts and provide training on the new platform. The below checklist represents the key aspects of implementation.

Implementation Checklist
• Kickoff Meeting with Stakeholders • Discuss overall objectives • Determine and Confirm Flow of Funds • Discuss application integration methods • Prioritize city departments and services • Identify all settlement and post-capture data • Discuss financial reconciliation requirements and needs
• Board new merchant accounts • Set up/ Configure Payment Platform (Test and Prod)
• Begin Financial Disbursement Testing • Establish bank disbursement profile accounts • Set up Merchant/Services in TEST/PROD Payment platform
• Integration to Tyler Payment platform
• Test Integrations and POS Devices • Stage application in production environment • Conduct end-to-end testing of live transactions
• Discuss and Schedule Training • Administer testing plan for financial admin/reconciliation • Conduct Participant training
• Deployment Activities • Production Support Processes

Payments Implementation Process

If the successful firm provides a solution that differs from that currently in use by the City, specify the steps and procedures that will be put in place to ensure there is no interruption of service during the transition.

Tyler has successfully completed

Describe your help desk/customer service and other support functions, including, but not limited to the size of staff and expertise, hours of operation during regular office hours and after-hours support, response time for system, and equipment failures and inquiries.

Tyler offers a customer centric, multi-tier, and omni-channel support program designed to meet the unique needs of our partners. We provide this support through a multi-level model with dedicated phone lines and email to provide enhanced service and rapid resolution for all system users. Tyler will work with the City and departments to develop a customized customer care strategy, leveraging our deep experience, enhanced by the City's unique needs and philosophies of service.

Describe the reconciliation and remediation procedures.

Please see Tyler's SLA supplied in the sample contract provided in Tyler's response.

Describe the firm's methodology to integrate with the City's ERP systems and other listed software including but not limited to Incode, Incode Self Service, ShelterLuv, Vermont Services (RecTrac), and CryWolf.

Tyler's family of ERP and Civic solutions provide robust, native integration, eliminating the need to manage third-party interfaces and integrations entirely. This includes **Enterprise Permitting & Licensing**, **Enterprise ERP**, **Enterprise Asset Management**, **Cashiering** and **Payments** for point-of-sale and online payment processing, **Content Manager**'s

streamlined access to records and documents, and **Enterprise Service Request Access** to manage non-emergency inquiries, incident reporting, complaints, and service requests.

File-based integration

Multiple file-based interfaces are included, and all are integrated as part of the application, designed for end users. Unlike systems that require a database administrator to import or export data with their system, users can easily import or export data through point-and-click user interface. User-defined templates specify the data layout for a specific system, so users can quickly choose the appropriate template at the time of import/export. Templates for commonly used third-party systems are also included out of the box. File-based interfaces can be scheduled for one-time or recurring, automated processing.

Imports can be configured with Workflow to send automated notifications or approval requests before the data updates a record. Workflow business rules can be set on a variety of data conditions specific to the imported data. This includes if data causes an account to go over budget, is over a certain dollar amount, or is related to a specific segment of your general ledger. Only after all workflow rules have been approved does the import update production data. Depending on the process, imports can also be rejected at the item or file level; rejected imports can be resubmitted at any time.

Productivity Software Support

Application data can be downloaded to a variety of formats including PDF, XLS, DOC, XML, and CSV. Any productivity suite capable of opening these file types can be used, such as Microsoft Office and Google Workspace. Data can also be uploaded to the system in these formats through the integrated import applications.

Most output include hyperlinks to the corresponding application record for easy access. Most output can also be automatically archived to Content Manager for quick retrieval at any time. Some applications also include mail merge support, allowing users to easily create and maintain form templates for completely customized presentation of application data. Any SMTP/IMAP server can be used to send email notifications, such as Microsoft Exchange and Gmail.

'Plug-and-Play' Application Support

Plug-and-play application support provides out-of-the-box integrations for a variety of third-party applications through pre-packaged web services. Tyler develops and maintains these integrations, requiring no development expertise from the client to configure.

API Catalog

API (Application Programming Interface) Toolkits and API Connectors add value to your organization by enabling you to create your own integrations to share data between Tyler and non-Tyler applications.

API Toolkits contain all exposed resources (or endpoints) available in a specific Tyler application module such as Enterprise ERP General Ledger, Accounts Receivable, or Enterprise Asset Management. API Connectors contain a subset or cross-section of API Toolkit resources with the purpose of facilitating a specific type of integration such as third-party cashiering, IVR, or applicant tracking systems.

The API Developer Portal is a powerful RESTful API gateway that makes accessing Tyler application data and processes through Toolkits and Connectors easy and intuitive. The Portal conforms to OpenAPI 3.0 and is secured with OAuth 2.0 through Tyler Identity. API resources include example calls and produce properly formatted commands, allowing you to easily exercise them against your data.

The API Developer Portal features include:

- Simplified, structured API documentation
- Industry standard OpenAPI 3.0 interface
- Authentication using OAuth 2.0 standard, offering multiple login flows to suit different app implementation scenarios.
- Data models and examples for each resource
- Produces HTTP URI and CURL commands to exercise resources from within the documentation and return data
- Real-time validation
- Standard HTTP status codes
- Documentation to aid in identifying and understanding normal resources used to complete a given integration.

Tab E - Integration Plan with the City's ERP System and Other City Software

Provide a detailed implementation plan for the merchant services to integrate with Enterprise ERP and Incode by posting in real time to the City's customer's accounts when payments are processed via the online customer self-service portals via Incode and Enterprise ERP.

Based on experience with other enterprise payment implementations, Tyler is proposing a phased approach for implementation for Enterprise ERP, Enterprise Permitting & Licensing, ERP Pro Courts. Tyler will review and refine this approach during the Project Planning phase to meet the City's expectations, and during Execution phase to allow Tyler and the City to account for any changes or improvements that need to be made during execution of the implementation plan.

Provide a detailed implementation plan for point of sale, IVR, and telephone payments to process in the following software ERP systems:

- *Enterprise ERP*

- *Incode*

- *ShelterLuv*

- *Vermont Services (RecTrac)*

- *CryWolf*

Provide a detailed implementation plan on merchant services will process weekly recurring credit cards initiated through Enterprise ERP.

Tyler will work to accommodate the City with a mutually agreeable implementation timeline.

Provide a detailed description of how merchant service will work with the City's ERP software company to ensure no service interruption and include a timeline if completion for implementation.

Tyler offers a customer centric, multi-tier, and omni-channel support program designed to meet the unique needs of our partners. We provide this support through a multi-level model with dedicated phone lines and email to provide enhanced service and rapid resolution for all system users. Tyler will work with the City and departments to develop a customized customer care strategy, leveraging our deep experience, enhanced by the City's unique needs and philosophies of service.

Tyler will work to accommodate the City with a mutually agreeable implementation timeline.

Tab F – Proposed Terms and Conditions

Please reference Terms & Conditions below.

https://www.tylertech.com/portals/0/terms/public-administration/Existing-Public-Administration-Group-Clients-SaaS-Migration.pdf

https://www.tylertech.com/client-terms/payment-processing-license-and-services-agreement

Tab G Forms (Attachment A)

Please see forms from Attachment A on the following pages.

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.	**OFFICE USE ONLY**

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. *See* Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

Date Received

---

1 **Name of vendor who has a business relationship with local governmental entity.**

Tyler Technologies

---

2 ☐ **Check this box if you are filing an update to a previously filed questionnaire.** (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

---

3 **Name of local government officer about whom the information is being disclosed.**

_____

Name of Officer

---

4 **Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.**

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

☐ Yes ☒ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

☐ Yes ☒ No

---

5 **Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.**

---

6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

[signature]

Signature of vendor doing business with the governmental entity

9/20/2023

Date

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at http://www.statutes.legis.state.tx.us/ Docs/LG/htm/LG.176.htm. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:
    (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
    (B) a transaction conducted at a price and subject to terms available to the public; or
    (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):
    (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:
        ***
        (2) the vendor:
            (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds $2,500 during the 12-month period preceding the date that the officer becomes aware that
                (i) a contract between the local governmental entity and vendor has been executed; or
                (ii) the local governmental entity is considering entering into a contract with the vendor;
            (B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than $100 in the 12-month period preceding the date the officer becomes aware that:
                (i) a contract between the local governmental entity and vendor has been executed; or
                (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)
    (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:
        (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
        (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
        (3) has a family relationship with a local government officer of that local governmental entity.
    (a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:
        (1) the date that the vendor:
            (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
            (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or
        (2) the date the vendor becomes aware:
            (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
            (B) that the vendor has given one or more gifts described by Subsection (a); or
            (C) of a family relationship with a local government officer.

Texas Public Information Act

Steps to Assert that Information is Confidential or Proprietary

All proposals, data, and information submitted to the City of League City are subject to release under the Texas Public Information Act ("Act") unless exempt from release under the Act. You are not encouraged to submit data and/or information that you consider to be confidential or proprietary unless it is absolutely required to understand and evaluate your submission.

On each page where confidential or proprietary information appears, you must label the confidential or proprietary information. Do not label every page of your submission as confidential as there are pages (such as the certification forms and bid sheet with pricing) that are not confidential. It is recommended that each page that contains either confidential or proprietary information be printed on colored paper (such as yellow or pink paper). At a minimum, the pages where the confidential information appears should be labeled and the information you consider confidential or proprietary clearly marked.
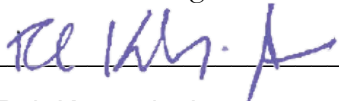
Failure to label the actual pages on which information considered confidential appears will be considered as a waiver of confidential or proprietary rights in the information.

In the event a request for public information is filed with the City which involves your submission, you will be notified by the City of the request so that you have an opportunity to present your reasons for claims of confidentiality to the Texas Attorney General.

In signing this form, I acknowledge that I have read the above and further state (Please check one):

☐ The proposal/bid submitted to the City **contains NO confidential information** and may be released to the public if required under the Texas Public Information Act.

☒ The proposal/bid submitted **contains confidential information** which is labeled and which may be found on the following pages: 10 - 12 Tab A, 15-20 Tab B, 25-30 Tab D
and any information contained on page number not listed above may be released to the public if required under the Texas Public Information Act.

Vendor/Proposer Submitting: Tyler Technologies

Signature: _____ Date: 9/20/2023

Print Name: Rob Kennedy-Jensen   Print Title: Group General Counsel

     b   T   a   a d   a

Tab H Exceptions

League City, TX ("Client")
Request for Proposal (RFP) 23-032 Merchant Banking Services

<u>Tyler's Statement of Exceptions to the Procurement Documents</u>

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. That methodology, and that contract, 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 waive Tyler's right to negotiate any and all terms to the mutual satisfaction of the parties.*** Tyler will be obligated to provide products and services only upon execution, and under the terms and conditions, of the mutually negotiated contract between Tyler and the Client.

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

- <u>Assignment</u>: Neither party may assign the contract without the prior written consent of the other party, except that Tyler may, without the prior written consent of the Client, 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.
     - *Re: Terms and Conditions: Assignment*

- <u>Backups (Data)</u>: Tyler will perform backups of the production system sufficient to support contracted RPO and RTO commitments. Tyler reserves the right to negotiate any additional obligations with respect to such backups.
     - *Re: §4.A(4d)*

- <u>Compliance with RFP</u>: Tyler's Proposal complies with and is subject to the RFP's terms**, except as modified by, taken exception to, and as otherwise provided in Tyler's Proposal**.

- <u>Contract</u>: Tyler expects to use the standard Tyler contract as the basis for beginning contract negotiations, as it contains language specific to the software industry, such as license grant and intellectual property infringement. Tyler recognizes that there may be clauses of particular importance to the Client that may not be included in the Tyler contract. Tyler is amenable to accommodating the Client's contract requests by incorporating mutually agreed clauses into the Tyler contract. If you ask to incorporate your procurement 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 procurement documentation.

     - *Re: Terms and Conditions: Award; Terms and Conditions: Conflicting Provisions*

- <u>Cooperative Procurement</u>: To the maximum extent permitted by applicable law, Tyler is amenable to using the contract as a cooperative procurement vehicle by eligible jurisdictions. Tyler reserves the right to negotiate and customize the terms and conditions set forth in the

contract, including but not limited to pricing, to the scope and circumstances of that cooperative procurement.
  - o *Re: Terms and Conditions: Interlocal Agreement*

- <u>Existing Client</u>: League City, Texas, and Tyler Technologies are parties to a License and Services Agreement dated September 10, 2015. If Tyler is the selected vendor, Tyler is willing to amend the existing contract to document the Client's procurement of Payments and any terms and conditions unique to that additional procurement.
  - o *Re: §3.A; §3.C.2.c; §3.E.2*

- <u>Financial Stability</u>: As a publicly traded company, information on Tyler's finances can be found at https://finance.yahoo.com/quote/tyl?ltr=1. Tyler reserves the right to reasonably negotiate the substance and form of information required to demonstrate financial stability.
  - o *Re: §4.A(1d)*

- <u>FOIA Requests</u>: With respect to public disclosure under Freedom of Information Act requests, disclosure may be made only to the extent disclosure is required by law, and provided, however, that the Client shall give prompt notice of the service of process or other documentation that underlies such requirement to Tyler so that it may obtain a protective order or otherwise protect the confidentiality of Tyler's confidential information.
  - o *Re: §1.C; §2.A(1); Terms and Conditions: Confidentiality*

- <u>Indemnification</u>: Tyler shall defend, indemnify, and hold harmless the Client from and against any and all direct claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) from third parties for personal injury or property damage arising from Tyler's negligence or willful misconduct; or Tyler's violation of a law applicable to Tyler's performance under the contract. The Client must notify Tyler promptly in writing of the claim and give Tyler sole control over its defense or settlement. The Client agrees to provide Tyler with reasonable assistance, cooperation, and information in defending the claim at Tyler's expense.

  Tyler does not agree to release the Client from any claims, demands, or causes of actions of every kind for any injury, death, loss or damage that is caused in whole or in part by the negligence of the Client. Tyler reserves the right to discuss the inclusion of any release language in the resulting contract.
  - o *Re: §5.B; §5.C*

- <u>Indemnification – intellectual property</u>: Tyler will defend, indemnify, and hold harmless the Client from third-party claims that the Tyler software and/or documentation infringes an intellectual property right in accordance with Tyler's standard contract.

  - o *Re: Terms and Conditions: Patents/Copyrights*

- <u>Insurance</u>: While performing services under an agreement with the Client, we will agree to maintain the following levels of insurance: (a) Commercial General Liability (CGL) of $1,000,000 per occurrence and in the aggregate; (b) Automobile Liability of $1,000,000; (c) Professional Liability of $1,000,000; (d) Workers' Compensation complying with applicable

statutory requirements; and (e) Excess/Umbrella Liability of $5,000,000 per occurrence and in the aggregate. We agree to secure our insurance from a carrier with a minimum AM Best rating of A-:VII. Tyler's insurance coverage is evidenced 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 made available only 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 caused, in whole or in part, by Tyler as respects 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. We agree that our insurance is primary for claims under our CGL or auto policies that are caused, in whole or in part, by Tyler as respects the contract. If required, Tyler will agree to waive subrogation, but only on claims under our CGL or auto policies that arise out of or relate to the contract and are between us and you, except to the extent the damage or injury is caused by you. If you require it in the contract, we will agree to provide you with notice of cancellation or non-renewal, or reduction in our insurance coverages below the minimum requirements set forth in the contract within thirty (30) days thereof unless replaced. Renewal certificates of insurance will be provided as close as practicable to the date the applicable policy or policies is/are renewed.

- *Re: Terms and Conditions: Insurance Requirements; Terms and Conditions: Liability and Indemnity*

- Laws and Regulations: 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.
  - *Re: Terms and Conditions: Payment Provisions; Terms and Conditions: Liability and Indemnity; Terms and Conditions: Contractual Limitations Period*

- Ownership: The Client may use the Tyler Proposal for its internal reference in evaluating proposals. Tyler shall retain ownership of all (i) software products licensed to the Client; and (ii) proprietary information contained in all deliverables. Tyler reserves the right to protest the public disclosure of its confidential and proprietary information, consistent with applicable public records laws. Tyler does not agree to work-for-hire provisions.
  - *Re: §2.A(1)*

- Payment Terms: 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 (45) days of invoicing.

  - *Re: Terms and Conditions: Payment Provisions; Terms and Conditions: Invoices*

- PCI-DSS Requirements: Tyler complies with applicable requirements to be considered PCI DSS compliant and has 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.

      o *Re: §3.E(3e); §4.A(4d)*

- Personnel – identify: Tyler will provide information on representative Tyler personnel. We are unable to assign personnel to a project until Tyler is selected and a contract is signed, in an effort to most effectively use resources.

      o *Re: §4.A(1a-b)*

- 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. 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 do not include any taxes. By giving written notice, Tyler may change Client's fees in accordance with the Payment Card Processing Agreement.

      o *Re: §3.K; §4.A(2)*

- Project Plan: Tyler's Proposal includes a sample project plan. Tyler will deliver the actual project plan upon obtaining further information from the Client.

  Software implementations are a collaborative process and require the resources and performance of both parties. Accordingly, Tyler does not guarantee compliance with the indicated project schedule but will work with the client during contract negotiations to establish an estimated timeline for project activities.

      o *Re: §4.A(3a)*

- Quantities: Where services are quoted and provided on a time and materials basis, the Client may increase or decrease quantities of services purchased at any time. The Client may not decrease quantities of software licensed after contract signing.

      o *Re: Terms and Conditions: Quantities*

- Renewal: Except as otherwise provided in Tyler's Proposal: Tyler's standard contract is designed with an initial term followed by automatic one-year renewal terms, which will continue unless terminated at least 60 days prior to end of the annual renewal term. Annual terms will renew at Tyler's then-current rates unless otherwise agreed to by the parties.

      o *Re: §5.A*

- Security and Disaster Recovery: Tyler's Disaster Recovery Plan is one of the controls that is audited in our SOC report. We do not share our Disaster Recovery Plan as that would create a security exposure that could be detrimental to keeping our services secure.

  Tyler's handling of security breaches, including notification to customers, conforms to applicable state and federal law. Tyler also has a documented security incident response plan (SIRP) continually reviewed by independent audits.

  o *Re: §4.A(4d)*

- 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-exemption certificate.

  o *Re: Terms and Conditions: Taxes*

- Termination – for cause: 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.
  o *Re: Terms and Conditions: Termination of Contract*

- Termination – for convenience: 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.
  o *Re: Terms and Conditions: Termination for Convenience*

- Warranties: For as long as the Client has an in-force maintenance or SaaS agreement, as applicable, Tyler warrants that the Tyler software will substantially conform to the functional descriptions of the Tyler software contained in Tyler's Proposal, 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. Tyler disclaims all implied warranties.

  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.

Re: Terms and Conditions: Warranty