PETPOINT APPLICATION SERVICE PROVIDER AGREEMENT

THIS AGREEMENT is made as of _____/_____/_____ by and between Pethealth Software Solutions (USA) Inc. ("Pethealth"), a Delaware corporation, and ___*WILLIAMSON COUNTY*_____ (the "Client").

WHEREAS Pethealth and the Client wish to enter into this Agreement for Pethealth to provide the Client with access to software and services on an application service provider ("ASP") basis under the terms and conditions described in this Agreement.

NOW THEREFORE in consideration of the premises and mutual covenants contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. **Right to Access and Use the Application.** Subject to the terms and conditions of this Agreement and attached Schedules A and B:

    (i) Pethealth hereby grants to the Client a limited, non-exclusive, non-transferable and revocable right to use the general production version of the PetPoint shelter data management software application, including all updates, improvements, enhancements and additions thereto (the "Application") on a remote basis through the ASP for the purposes set forth herein; and

    (ii) the Client is authorized to use all functionality and all configurations of the Application that are made available through the ASP, including all updates, that are made generally available by Pethealth.

    Upon request, Pethealth will provide a complete duplicate of the Client's data in Microsoft Access format (the "Client's Data") to the Client for their records on a monthly basis. Except for the limited rights granted by this Section 2, in no event will the Client acquire or retain any other right of access or use or otherwise acquire or retain any right, title or interest in or to the Application (or any modifications, improvements, enhancements or upgrades thereto or derivative works based thereon), whether in the form of intellectual property or other ownership rights or interests.

2. **Proprietary Rights.** The Client acknowledges that the Application (and all modifications, improvements, enhancements or upgrades thereto or derivative works based thereon) and all Proprietary Information of Pethealth are and shall at all times remain the sole and exclusive property of Pethealth (or its licensors). The Client agrees that it shall not: (i) permit any third party to use the Application or any services provided by Pethealth to the Client hereunder (the "ASP Services"), and (ii) use the Application or the ASP Services for the benefit of any third party. For the purposes of this Agreement, the term "Proprietary Information" means any and all information relating to the Application and the ASP Services, including the databases, computer programs, screen formats, report formats, interactive design techniques, formulae, processes, systems, software, and other information forming part of, relating to or made available as part of the Application and the ASP Services that is proprietary to Pethealth and/or its licensors and all copyrights, trademarks, service marks, trade secrets, patents, or other intellectual property and ownership rights of Pethealth and its relevant licensors related thereto.

3. **Confidentiality.** All information relating to the terms of this Agreement provided by either Pethealth or the Client in connection with the ASP Services, including any information relating to such party's business, operations, customers or otherwise ("Confidential Information") shall be used by the other party solely for the purpose of rendering services pursuant to this Agreement or otherwise discharging its obligations hereunder and, except as may be required to carry out this Agreement, shall not be disclosed to any third party without the prior consent of the party providing the information. Nothing herein shall be construed to prohibit Pethealth or the Client from disclosing Confidential Information when and to the extent required to do so by any regulatory authority, by judicial or administrative process or otherwise by applicable law or regulation.

4. **Warranties and Limitations.** The application is provided on an **"as is, where is"** basis without any representation or warranty or condition of any kind under applicable law, Pethealth disclaims all conditions, terms, representations and warranties, express or implied, written or oral, statutory or otherwise, including, but not limited to, warranties of merchantability, quality, fitness for a particular purpose, title or non-infringement of intellectual property. The client assumes the entire risk as to the performance of the application. Pethealth shall provide no on-site support or on-site maintenance for the application. Except in connection with claims arising as a result of misappropriation of any intellectual property provided hereunder, in no event shall either party be liable for damages resulting from special, incidental, indirect, punitive or consequential damages arising out of the use, inability to use, or the results of use of the Application.

5.   **No Indemnification by Client.** Pethealth acknowledges and agrees that under the Constitution and the laws of the State of Texas, Client cannot enter into an agreement whereby Client agrees to indemnify any other party, including but not limited to Pethealth; therefore, all references, excluding those in Section 4 above, of any kind to Pethealth indemnifying any other party, including but not limited to Client, for any reason whatsoever are hereby deemed void and deleted.

6.   **No Indemnification by Pethealth.** The Client agrees to hold the Pethealth, its employees, agents, officers, heirs, and assignees harmless from any and all claims, suits, judgments, or damages including court costs and attorney's fees arising out of intentional acts, negligence, or omissions by Pethealth, or its employees or agents, in the course of the operations of this Agreement. All references, excluding those in Section 4 above, of any kind regarding the Client holding any party harmless, including but not limited to Pethealth, for any reason whatsoever are hereby deemed void and deleted.

7.   **Force Majeure.** If Pethealth is prevented, hindered or delayed in whole or in part from or in performing any of its obligations under this Agreement due to any event beyond its reasonable control (each a "Force Majeure Event"), then its obligations under this Agreement shall be suspended for so long as the Force Majeure Event continues.

8.   **Fees And Expenses.**

      (i)   **Application Use and ASP Services Fee**. The Client will pay Pethealth a monthly Application Use and ASP Services fee as specified on Schedule A hereto (the "Fee"). The Fee shall be due and payable on a quarterly basis, as specified on Schedule A hereto.

      (ii)   **Application Services Fees.** Upon the Client's reasonable request, and provided that Pethealth then has available the necessary resources, Pethealth will provide the Client additional database conversion, training, and support services in addition to the ASP Services ("Additional Services"), including services where required at the Client's facilities. The Client will pay Pethealth for all time and materials, quarterly in arrears, at Pethealth's then published service rates, for any Additional Services provided at the request of the Client.

      (iii)   **Discounts**. Pethealth will provide the Client with certain discounts to the Fee as described in Schedule A hereto.

      (iv)   **Taxes**. The Client shall be responsible for any sales, use, excise, value-added, services, consumption or other tax that is assessed on the grant of the right to use the Application or the provision of the ASP Services (or any part thereof) or on any payments due to Pethealth hereunder.

9.   **Term and Termination**. Each party shall be entitled to terminate this Agreement by providing thirty (30) days prior written notice to the other party. Either party shall be entitled to terminate this Agreement immediately if the opposing party commits a breach of this Agreement. Upon termination of this Agreement for any reason, the Client shall immediately cease use of the Application and Pethealth shall provide to the Client a complete duplicate of the Client's Data in Microsoft Access format.

10.   **General**. This Agreement shall not be assigned by the Client without the prior consent in writing of Pethealth. Any purported assignment in contravention of this provision shall be null and void. This Agreement shall be binding on and shall inure to the benefit of the Client and Pethealth and their respective successors and permitted assigns. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and the federal laws of the United States applicable therein without regard to the conflicts of law principles thereof. This Agreement, together with Schedule A attached hereto, constitutes the entire agreement between Pethealth and the Client on the subject matter hereof and supersedes and terminates as of the date hereof, all prior oral or written agreements, arrangements or understandings between the parties. The obligations imposed by Sections 2,3,4, and 5 shall survive the termination of this Agreement.

11.   **No Waiver of Immunities.** Nothing in this Agreement shall be deemed to waive, modify or amend any legal defense available at law or in equity to Client, its past or present officers, employees, or agents, nor to create any legal rights or claim on behalf of any third party. Client does not waive, modify, or alter to any extent whatsoever the availability of the defense of governmental immunity under the laws of the State of Texas and of the United States.

12.   **Governing Law and Venue.** Each party to this Agreement hereby agrees and acknowledges that venue and jurisdiction of any suit, right, or cause of action arising out of or in connection with this Agreement shall lie exclusively in either Williamson County, Texas or in the Austin Division of the Western Federal District of Texas, and the parties hereto expressly consent and submit to such jurisdiction. Furthermore, except to the extent that this Agreement is governed by the laws of the United States, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, excluding, however, its choice of law rules.

13.   **Severability.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted, so long as the material purposes of this Agreement can still be determined and effectuated.

14. **Independent Contractor Status.** Pethealth shall be considered an independent contractor in the performance of its duties and responsibilities under this Agreement. The Client shall neither have nor exercise any control or direction over the methods by which Pethealth shall perform its work and functions other than as provided herein. Nothing in this Agreement is intended to, nor shall be deemed to constitute, a partnership or a joint venture between the parties.

15. **Funding Out.** Client believes it has sufficient funds currently available and authorized for expenditure to finance the costs of this Agreement. Pethealth understands and agrees that the Client's payment of amounts under this Agreement is contingent on the Client receiving appropriations or other expenditure authority sufficient to allow the Client, in the exercise of reasonable administrative discretion, to continue to make payments under this Agreement. Pethealth and Client understand that Client has the right to perform an audit of the books and records of Pethealth concerning any good and services rendered by Pethealth to Client and any payment received by Pethealth from Client for those goods and services.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

PETHEALTH SOFTWARE SOLUTIONS (USA) INC. 1-866-630-7387	CLIENT:
3315 ALGONQUIN ROAD	ADDRESS:
SUITE 450	
ROLLING MEADOWS, IL 60008	
FAX: 866-409-8940	FAX:
NAME: Glen Tennison	NAME:
TITLE: Chief Financial Officer	TITLE:
SIGNED:	SIGNATURE:
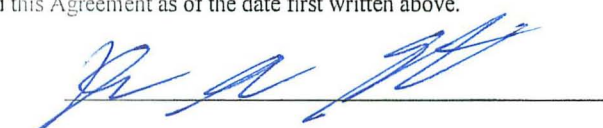
SCHEDULE A

FEES

(1)   **PetPoint Commitment Deposit.** The PetPoint Commitment Deposit is due and payable concurrent with signature of this Agreement and prior to use and implementation of the Application. In the event that the Client is still using the Application on a daily basis one year from signature of the Agreement the PetPoint Commitment Deposit will be refunded to Client by PetPoint in full.

Shelter Category (intakes/yr)	PetPoint Commitment Fee
(<=500/yr)	$400
(501-1000)	$600
(1001-2,000)	$800
(2,001-3,000)	$1000
(3,001-5,000)	$1200
(5,001+)	$1500

(2)   **Monthly Application Use and Service Fee.** The Monthly Application Use and Service Fee is payable by the Client on a quarterly basis (every three months) and will be due on the first day of the first month of each quarter according to the following monthly fee structure:

Shelter Category (intakes/yr)	Monthly Fee	Annual Fee
Level 1 (<=1000/yr)	$100	$1200
Level 2 (1001-5000)	$200	$2400
Level 3 (5001-10,000)	$300	$3600
Level 4 (10,001-15,000)	$500	$6,000
Level 5 (15,001-20,000)	$800	$9,600
Level 6 (20,001-30,000)	$1,200	$14,400
Level 7 (>30,001)	$2,000	$24,000

(3)   **Discount Model.** A 100% discount will be applied to the Application Use and Service Fee noted above if the Client is participating in both the ShelterCare insurance and the 24PetWatch microchip recovery programs offered through Pethealth Services Inc. This discount is applicable only if the Client agrees to activate the ShelterCare insurance gift on behalf of every adopter of a canine or feline animal and the Client agrees to exclusively use the 24PetWatch microchip recovery program for the implantation of canine and feline companion animals offered for adoption as well as the implantation and identification of canine and feline companion animals in the community(ies) serviced by the Client. Both registration of the 24PetWatch microchip and activation of ShelterCare insurance must be done through the PetPoint application by the Client. For the purposes of clarification, the Client shall not be required to implant a 24PetWatch microchip into canine and feline companion animals that have already been microchipped and will not be required to activate the ShelterCare gift in situations where the adopter refuses to accept the gift.

(4)   **Monthly Access Fee.** Each Client will be provided with a unique access code. This access code will allow the Client to access the Application in order to configure their software and commence use of the Application. In the event that Client does not configure their software and commence use of the Application within thirty (30) days following receipt of the access code, a monthly fee will be charged until such time that the Client commences use of the Application.

SCHEDULE B

SHELTERCARE PET INSURANCE PROGRAM

1. The Client agrees to offer the first 30 days of Pethealth's ShelterCare Gift insurance policy to all adopters of dogs and cats from the Client's shelter or rescue through the Application as described in Schedule A, Section 2. The client agrees to message to the adopter that the first 30 days of coverage has been prepaid for the benefit of the adopter by the Client. This messaging will be evidenced in writing as part of the documentation that is provided to the adopter by the Client.

2. The Client agrees to ensure that proper training is provided to all paid and volunteer personnel that are employed by the Client in properly administering and presenting the ShelterCare Gift Program at the point of adoption.

3. The Client agrees to ensure physical separation of all ShelterCare Gift Program materials and documents from other adoption materials upon presentation to the adopter.

4. The Client agrees to print and properly discuss the ShelterCare Gift insurance policy documents printed through the Application with each adopter enrolled in a ShelterCare Gift insurance policy.

5. The Client agrees to insert the ShelterCare Gift insurance documents printed through the Application into the envelopes provided to Client by Pethealth and give them to the adopter prior to their leaving the Client's premises.

6. The Client agrees to display the ShelterCare Gift Program marketing materials prominently at their premises.

7. The Client agrees to re-order envelopes and other ShelterCare Gift Program materials on an "as-needed" basis.

8. The Client agrees to provide Pethealth with space on the home page of the Client's website with hyperlinks to Pethealth's website and / or other marketing opportunities through the Client's shelter or rescue group as mutually agreed. The client agrees to allow Pethealth to use their name and logo in Pethealth marketing materials.

9. The Client agrees to receive an invoice at the conclusion of each calendar year from Pethealth for the total premium value of the first 30 days of ShelterCare Gift insurance policy coverage for each pet that has been enrolled in the ShelterCare Gift program by the Client. The Client agrees to invoice Pethealth for the value of marketing and advertising provided to Pethealth from the Client at the conclusion of each calendar year. The value of such marketing and advertising not to exceed the total premium value of the first 30 days of ShelterCare Gift insurance policy coverage provided during the calendar year

10. Pethealth will defend, indemnify and hold harmless Client from and against any and all claims, actions, losses, liabilities, damages, settlements, judgments, arbitration awards, costs and expenses including reasonable attorneys' fees and expenses (collectively, "Claims") resulting from any Claims brought against Client based on Client offering Pethealth products.

11. Within the first 30 or 45 days of Pethealth's ShelterCare coverage, the adopters of dogs and cats shall not be obligated to continue coverage. In order to continue Pethealth's ShelterCare coverage, the adopters must notify Pethealth of the adopter's decision to "opt in" under the ShelterCare Pet Insurance Program. If an adopter does not take the affirmative action to "opt in" within the first 30 or 45 days of Pethealth's ShelterCare coverage, such coverage shall terminate.